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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 31, 2023

Cibus, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-38161**	**27-1967997**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

6455 Nancy Ridge Drive **San Diego, CA**	**92121**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (858) 450-0008

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Class A Common Stock, $0.0001 par value per share	CBUS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐

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

Introductory Note

On June 1, 2023, Cibus, Inc. (formerly Calyxt, Inc.) (the "***Company***", and prior to the completion of the business combination, "***Calyxt***"), filed a Current Report on Form 8-K (the "***Original 8-K***") to report that, among other things, on May 31, 2023, the Company completed its business combination in accordance with the terms of the Agreement and Plan of Merger, dated as of January 13, 2023, as amended by the First Amendment thereto dated as of April 14, 2023 (as amended, the "***Merger Agreement***," and the transactions contemplated thereby, the "***Transactions***"), by and among Calyxt, Calypso Merger Subsidiary, LLC, Cibus Global, LLC ("***Cibus Global***"), and certain blocker entities party thereto.

This Amendment No. 1 to the Original 8-K (this "***Amendment***") is being filed to include (i) certain historical financial information of Cibus Global and pro forma financial information of Calyxt and Cibus Global required by Items 9.01(a) and 9.01(b) of Form 8-K, respectively, and (ii) Cibus' Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2023 and 2022.

This Amendment does not amend any other items of the Original 8-K or purport to provide an update or discussion of any developments at the Company or its subsidiaries subsequent to the filing date of the Original 8-K. The information previously reported in or filed with the Original 8-K is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited financial statements of Cibus Global as of and for the years ended December 31, 2022 and 2021, and the unaudited interim financial statements for the three months ended March 31, 2023 and 2022 are attached hereto as Exhibits 99.4 and 99.5, respectively, and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma financial information required by Item 9.01(b) is filed as Exhibit 99.7 to this Amendment and is incorporated herein by reference.

(d) Exhibits

Exhibit Number	Description
23.1	Consent of BDO USA, LLP.
99.4	Audited Financial Statements of Cibus Global, LLC for the Years Ended December 31, 2022 and 2021.
99.5	Unaudited Financial Statements of Cibus Global, LLC for the Three Months Ended March 31, 2023 and 2022.
99.6	Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months Ended March 31, 2023 and 2022.
99.7	Unaudited Pro Forma Combined Financial Information for Cibus Global, LLC and Calyxt, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Cibus, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 29, 2023

CIBUS, INC.

By: /s/ Rory Riggs
Name: Rory Riggs
Title: Chief Executive Officer and Chairman

Exhibit 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-272177, 333-270245, 333-257972, 333-231336 and 333-219382) and Form S-3 (Nos. 333-267499 and 333-266302) of Cibus, Inc. of our report dated April 14, 2023, relating to the consolidated financial statements of Cibus Global, LLC (the "Company"), which appears in this Form 8-K/A. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

/s/ BDO USA, LLP

June 29, 2023

Exhibit 99.4

INDEX TO FINANCIAL STATEMENTS

CIBUS GLOBAL, LLC

Audited Consolidated Financial Statements as of December 31, 2022 and 2021 and for the Years Ended December 31, 2022 and 2021

Independent Auditor’s Report

Board of Directors
Cibus Global, LLC
San Diego, California

Opinion

We have audited the consolidated financial statements of Cibus Global, LLC (the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, comprehensive loss, members’ deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in 2022 due to the adoption of Accounting Standards Codification Topic 842, Leases.

Substantial Doubt About the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations, has a net capital deficiency, and has stated that substantial doubt exists about the Company’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ BDO USA, LLP

San Diego, California
April 14, 2023

Cibus Global, LLC
Consolidated Balance Sheets
(in thousands, except unit amounts)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$24,338	$19,744
Accounts receivable, net	67	175
Due from related parties, net	254	219
Prepaid expenses and other current assets	1,054	999
Total current assets	25,713	21,137
Property and equipment, net	5,831	3,969
Right-of-use asset	11,146	—
Other assets	493	299
Total assets	$43,183	$25,405
Liabilities and Members' deficit		
Current liabilities:		
Accounts payable	$ 4,103	$ 3,503
Accrued expenses	4,946	3,476
Due to related party	80	80
Deferred revenues	—	85
Notes payable, current portion	736	696
Deferred rent, current portion	—	307
Operating lease liabilities, current portion	4,654	—
Financing lease liabilities, current portion	150	—
Capital lease obligations, current portion	—	208
Other current liabilities	16	—
Total current liabilities	14,685	8,355
Notes payable, net of current portion	670	994
Operating lease liabilities, net of current portion	7,833	—
Financing lease liabilities, net of current portion	87	239
Deferred rent, net of current portion	—	1,035
Royalty liability - related parties	49,325	43,252
Other non-current liabilities	1,495	1,118
Total liabilities	74,095	54,993
Commitments and contingencies (See Note 15)		
Members' deficit		
Series A convertible preferred units, no par value; 83,300,852 units authorized at December 31, 2022 and 2021; 67,810,963 and 67,781,328 units issued and outstanding at December 31, 2022 and 2021, respectively	64,097	64,060
Series B convertible preferred units, no par value; 31,285,438 units authorized at December 31, 2022 and 2021; 30,817,791 units issued and outstanding at December 31, 2022 and 2021	54,710	54,710
Series C convertible preferred units, no par value; 38,173,979 units authorized at December 31, 2022 and 2021; 33,195,500 units issued and outstanding at December 31, 2022 and 2021	67,012	67,012

	December 31, 2022	December 31, 2021
Series D convertible preferred units, no par value; 44,000,000 units authorized at December 31, 2022 and 2021; 44,000,000 units issued and outstanding at December 31, 2022 and 2021	54,195	54,195
Series E convertible preferred units, no par value; 19,886,364 units authorized at December 31, 2022 and 2021; 19,884,227 units issued and outstanding at December 31, 2022 and 2021	34,381	34,381
Series F convertible preferred units, no par value; 50,000,000 and no units authorized at December 31, 2022 and 2021, respectively; 26,485,598 and none issued and outstanding at December 31, 2022 and 2021, respectively	52,810	—
Voting common units, no par value; 341,282,000 and 291,281,999 units authorized at December 31, 2022 and 2021, respectively; none issued and outstanding	—	—
Nonvoting common units, no par value; 66,414,403 units authorized at December 31, 2022 and 2021; 63,903,905 and 56,805,754 units issued and outstanding at December 31, 2022 and 2021, respectively	1,278	1,207
Unit subscription receivable	(4,078)	(4,072)
Additional paid-in capital	56,829	55,499
Accumulated other comprehensive income (loss)	(8)	5
Accumulated deficit	(412,138)	(356,585)
Total members’ deficit	(30,912)	(29,588)
Total liabilities and members’ deficit	$ 43,183	$ 25,405

The accompanying notes are an integral part of these consolidated financial statements.

Cibus Global, LLC
Consolidated Statements of Operations and Comprehensive Loss
(in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenue		
Collaboration and research	$ 202	$ 731
Collaboration and research - related party	908	832
Total revenue	1,110	1,563
Operating expenses		
Research and development	33,461	22,182
Selling, general and administrative	16,779	11,493
Total operating expenses	50,240	33,675
Loss from operations	(49,130)	(32,112)
Other (income) expense, net		
Interest income	(7)	(7)
Interest expense	291	318
Interest expense, royalty liability - related parties	6,073	3,571
Gain on extinguishment of debt	—	(2,178)
Other expense, net	66	146
Total other (income) expense, net	6,423	1,850
Net loss from continuing operations	(55,553)	(33,962)
Net loss from discontinued operations	—	(23)
Net loss	(55,553)	(33,985)
Other comprehensive income		
Foreign currency translation adjustment	(13)	41
Comprehensive loss	$(55,566)	$(33,944)

The accompanying notes are an integral part of these consolidated financial statements.

Cibus Global, LLC
Consolidated Statements of Members' Deficit
(in thousands, except unit amounts)

	Convertible Preferred Units		Nonvoting Common Units		Unit Subscription Receivable	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Members' Deficit
	Units	Amount	Units	Amount					
Balance at December 31, 2020	161,275,460	$222,078	36,862,960	$ 920	$ (4,066)	$ 53,301	$ (36)	$ (322,600)	$(50,403)
Issuance of Series D convertible preferred units, net of issuance costs of $250	14,519,159	17,899	—	—	—	—	—	—	17,899
Issuance of Series E convertible preferred units, net of issuance costs of $615	19,884,227	34,381	—	—	—	—	—	—	34,381
Issuance of restricted units	—	—	19,645,004	197	—	68	—	—	265
Issuance of restricted units for services	—	—	232,000	2	—	—	—	—	2
Issuance of common units for services	—	—	338,200	91	—	—	—	—	91
Issuance of common warrants for services	—	—	—	—	—	190	—	—	190
Repurchase of restricted units	—	—	(272,410)	(3)	—	(1)	—	—	(4)
Equity-based compensation	—	—	—	—	—	1,941	—	—	1,941
Interest on subscription receivable	—	—	—	—	(6)	—	—	—	(6)
Foreign currency translation	—	—	—	—	—	—	41	—	41
Net loss	—	—	—	—	—	—	—	(33,985)	(33,985)
Balance at December 31, 2021	195,678,846	274,358	56,805,754	1,207	(4,072)	55,499	5	(356,585)	(29,588)
Issuance of Series F convertible preferred units, net of issuance costs of $161	26,485,598	52,810	—	—	—	—	—	—	52,810
Issuance of Series A preferred units upon exercise of Series A preferred warrants	29,635	37	—	—	—	—	—	—	37
Issuance of restricted units	—	—	7,073,000	71	—	—	—	—	71
Issuance of restricted units for services	—	—	483,113	5	—	119	—	—	124
Repurchase of restricted units	—	—	(457,962)	(5)	—	(26)	—	—	(31)
Equity-based compensation	—	—	—	—	—	1,185	—	—	1,185
Warrant modification	—	—	—	—	—	52	—	—	52
Interest on subscription receivable	—	—	—	—	(6)	—	—	—	(6)
Foreign currency translation	—	—	—	—	—	—	(13)	—	(13)
Net loss	—	—	—	—	—	—	—	(55,553)	(55,553)
Balance at December 31, 2022	222,194,079	$327,205	63,903,905	$1,278	$ (4,078)	$ 56,829	$ (8)	$ (412,138)	$(30,912)

The accompanying notes are an integral part of these consolidated financial statements.

Cibus Global, LLC Consolidated
Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash flows from operating activities, continuing operations		
Net loss	$(55,553)	$(33,985)
Net loss from discontinued operations	—	23
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,713	1,471
Equity-based compensation	1,185	1,941
Non-cash interest expense, royalty liability - related parties	6,073	3,571
Non-cash issuance of restricted units to board of directors	119	—
Gain on extinguishment of debt	—	(2,178)
Other	(11)	109
Changes in operating assets and liabilities:		
Accounts receivable	158	(2)
Due from related parties	(33)	(49)
Prepaid expenses and other current assets	(5)	(563)
Other assets	(197)	(72)
Accounts payable	501	(2,572)
Accrued expenses	1,547	610
Due to related party	—	(89)
Deferred revenue	(85)	(357)
Operating right-of-use asset and lease liabilities, net	79	—
Deferred rent	—	(101)
Other current liabilities	(28)	—
Other non-current liabilities	(13)	—
Net cash used in operating activities, continuing operations	(44,550)	(32,243)
Cash flows from investing activities, continuing operations		
Purchases of property and equipment	(3,229)	(1,864)
Proceeds from sale of property and equipment	16	22
Net cash used in investing activities, continuing operations	(3,213)	(1,842)
Cash flows from financing activities, continuing operations		
Principal payments on financing leases	(201)	(246)
Proceeds from financing leases	—	424
Principal payments on notes payable	(904)	(486)
Proceeds from issuance of notes payable	619	1,038
Proceeds from exercise of Series A preferred warrants	37	—
Proceeds from issuance of Series D convertible preferred units, net of issuance costs	—	17,271
Proceeds from issuance of Series E convertible preferred units, net of issuance costs	—	34,381
Proceeds from issuance of Series F convertible preferred units, net of issuance costs	18,346	—
Proceeds from issuance of SAFE Notes	34,491	—
Repurchase of restricted units	(31)	(4)
Proceeds from issuance of restricted units	7	170
Net cash provided by financing activities, continuing operations	52,364	52,548
Effect of exchange rate changes on cash	(7)	(1)
Net increase in cash and cash equivalents, continuing operations	4,594	18,462
Discontinued Operations:		
Cash flows used in operating activities	—	(1,088)
Net decrease in cash and cash equivalents from discontinued operations	—	(1,088)
Cash and cash equivalents		
Cash and cash equivalents - beginning of period	19,744	2,370
Cash and cash equivalents - end of period	$ 24,338	$ 19,744

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Business and Organization

Cibus Global, LLC, a Delaware limited liability company, ("Cibus" or the "Company") was formed on May 10, 2019. At the time immediately prior to the effective date of the formation, Cibus was organized as a British Virgin Islands company ("Cibus Global, Ltd."), which was formed on November 5, 2001. In 2019 the Company was converted to be a Delaware limited liability company.

Cibus is a plant trait company using gene editing technologies to develop and license gene edited plant traits that improve farming productivity or produce renewable low carbon plant products.

Liquidity and Going Concern

The Company has experienced recurring net losses and negative cash flows from operations since its inception and has relied on its ability to fund its operations through equity financings. The Company expects to continue to incur net losses for at least the next several years. As of December 31, 2022, the Company had an accumulated deficit of $412.1 million and cash and cash equivalents of $24.3 million. The Company's expected operating losses and negative cash flows raise substantial doubt about the Company's ability to continue as a going concern within one year from the date these financial statements were available to be issued.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional funding. Management intends to raise additional capital through a combination of equity or equity-linked securities offerings, debt issuances, commercial sales transactions, and collaboration and license agreements. However, the Company may not be able to secure additional financing in a timely manner or on favorable terms, if at all. Furthermore, if the Company issues equity securities to raise additional funds, its existing members may experience dilution, and the new equity securities may have rights, preferences and privileges senior to those of the Company's existing members. If the Company raises additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to its potential products or proprietary technologies or grant licenses on terms that are not favorable to the Company. If the Company is unable to raise capital when needed or on attractive terms, it would be forced to delay, reduce or eliminate its research and development programs or other operations. If any of these events occur, the Company's ability to achieve the development and commercialization goals would be adversely affected.

The accompanying consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. They do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of Cibus Global, LLC and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the Company's consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management evaluates its estimates on an ongoing basis. Although estimates are based on the Company's historical experience, knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions. Key estimates made by the Company include revenue recognition, useful lives and impairment of long-lived assets, valuation of equity-based awards and related equity-based compensation expense, and the valuation of the Royalty Liability.

Fair Value Measurements of Financial Instruments

The Company follows Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities that are recognized or disclosed at fair value in these consolidated financial statements on a recurring basis. Under ASC 820, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts its business. ASC 820 clarifies fair value should be based on assumptions market participants would use when pricing the asset or liability and establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to observable unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The carrying amounts reflected in the accompanying consolidated balance sheets for accounts receivable, accounts payable and accrued expenses approximate their fair value due to their short-term nature. Based on the borrowing rates currently available to the Company for debt with similar terms and consideration of default and credit risk, the carrying value of the debt approximates fair value, which is considered a Level 2 fair value measurement.

Cash and Cash Equivalents

The Company considers all liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include cash in readily available checking and money market accounts. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses with these financial institutions. As of December 31, 2022 and 2021, the Company had cash balances deposited at major financial institutions.

Accounts Receivable

Accounts receivable are recorded at the amounts billed relating to contracted research and development services provided. The Company makes judgments as to its ability to collect outstanding receivables and provides an allowance for receivables when collection becomes doubtful. Accounts receivable are written off when management believes that all efforts to collect the amounts outstanding have been exhausted. The allowance for doubtful accounts is estimated by management based on evaluations of its historical bad debt, current collection experience and estimate of remaining collectability. Bad debt expense is recorded as necessary to maintain an appropriate level of allowance for doubtful accounts in selling, general and administrative expense in the accompanying consolidated statements of operations and comprehensive loss. Accounts receivable is presented net of allowance for doubtful accounts which was $0 as of December 31, 2022 and 2021.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation of lab equipment, furniture, and computer equipment and software is recorded using the straight-line method over the estimated useful lives of the respective assets, ranging from three to ten years. Amortization of leasehold improvements are recorded using a straight-line method over the lesser of the estimated useful lives of the improvements or the remaining life of the lease. Expenditures which substantially increase the useful life of an asset, are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

Assets in progress include the construction of lab equipment and software to be used in the Company's facility. The assets will be placed in service when the construction is completed and will be amortized over the useful life of the asset.

Long-Lived Assets

The Company periodically reviews the carrying value and estimated lives of all of its long-lived assets, including property and equipment, to determine whether indicators of impairment may exist which warrant adjustments to carrying values or estimated useful lives. Should an impairment exist, the impairment loss would be measured based on the excess of the carrying amount of the asset or asset group over the estimated asset's fair value. Management determined no impairment existed during the years ended December 31, 2022 and 2021.

Deferred Rent

The Company records rent expense on a straight-line basis over the lease term. Prior to the adoption of Topic 842, as defined below, on January 1, 2022, deferred rent was recorded for the accumulated difference between the actual rent and the recognized rent expenses over the term of the lease and results from certain rent escalation clauses and rent abatements. Deferred rent was $0 and $1.3 million as of December 31, 2022 and 2021, respectively.

Leases

The Company determines if an arrangement is or contains a lease at inception. Beginning January 1, 2022, for leases with a term greater than one year, lease right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company excludes short-term leases, if any, having initial terms of 12 months or less at lease commencement as an accounting policy election. In determining the net present value of lease payments, the Company uses its incremental borrowing rate, which represents an estimated rate of interest that the Company would have to pay to borrow equivalent funds on a collateralized basis, at the lease commencement date. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statements of operations and comprehensive loss. Variable lease payments primarily include common area maintenance, utilities, real estate taxes, insurance, and other operating costs that are passed on from the lessor in proportion to the space leased by the Company. The Company has elected the practical expedient to not separate between lease and non-lease components.

Asset Retirement Obligation

The Company records asset retirement obligations ("AROs") for the estimated cost of removing constructed leasehold improvement assets and restoring the leased premises back to their original condition, at the time when the contractual obligations are incurred. AROs represent the present value of the expected costs for the related restoration activities. The ARO assets and liabilities are recorded in property and equipment, net and other non- current liabilities, respectively, in the Company's balance sheets. The Company records accretion expense, which represents the increase in the asset retirement obligations, over the remaining or operational life of the associated leasehold improvements. Accretion expense is recorded as selling, general and administrative in the statements of operations using an accretion rate based on the credit adjusted risk-free interest rate. Changes resulting from revisions to the timing or amount of the original estimate of cash flows are recognized as an increase or a decrease in the asset retirement cost, or income when the asset retirement cost is depleted.

Revenue Recognition

The Company's revenues represent amounts earned from collaboration agreements related to contract research. The Company recognizes revenues under Topic 606 *Revenue from Contracts with Customers* ("Topic 606") when control of services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to receive from the Company's customers in exchange for those services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract and recognizing the revenue when the performance obligations have been satisfied. The Company recognizes revenue for satisfied performance obligations only when the Company determines there are no uncertainties regarding payment terms or transfer of control. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract.

Sales tax and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue.

Collaboration Agreements Related to Contract Research

Performance obligations under collaboration arrangements include providing intellectual property licenses, performing research and development consulting services and providing other materials. To date, the Company has concluded that the licenses of intellectual property in its collaboration arrangements have not been distinct, as intellectual property has not been licensed without related research and development support services.

Under Topic 606, milestone fees are variable consideration that is initially constrained and included in the arrangement consideration only when it is probable that the milestones will be achieved. Arrangement consideration, including upfront fees, milestone fees and fees for research services, is recognized over the period as services are provided using an input method to determine the amount to recognize each reporting period. The Company reviews the inputs each period, such as the Company's level of effort expended, including the time the Company estimates it will take to complete the activities, or costs incurred relative to the total expected inputs to satisfy the performance obligation. Generally, input measures are labor hours expended or a time-based measure of progress towards the satisfaction of the performance obligation.

Contract Assets and Liabilities

Contract assets primarily include amounts related to contractual rights to consideration for completed performance not yet invoiced. The Company had recorded no contract assets as of December 31, 2022 or 2021. The Company records contract liabilities when cash payments are received or due in advance of performance, primarily related to advances of upfront and milestone payments from contract research and collaboration agreements. Contract liabilities consist of deferred revenue on the accompanying consolidated balance sheets. The Company expects to recognize the amounts included in deferred revenues within one year. The deferred revenue balance of $0.1 million at December 31, 2021 was all recognized in 2022.

The following table represents the deferred revenue activity (in thousands):

Balance as of January 1, 2021	$ 441
Consideration earned	(1,563)
Consideration received	1,207
Balance as of December 31, 2021	$ 85
Consideration earned	(1,110)
Consideration received	1,025
Balance as of December 31, 2022	$ —

Costs to Obtain Contracts

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that otherwise would have been recognized is one year or less. These costs are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss. Deferred contract acquisition costs were zero as of December 31, 2022 and 2021.

Selling, General and Administrative Expenses

All selling and marketing expenses, including advertising expenses and allocated facility costs including rent, utilities, maintenance expenses and depreciation and amortization, are included in selling, general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

The Company expenses patent application costs and related legal costs for maintenance of such patents as incurred and are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

Research and Development Expenses

Research and development costs are expensed as incurred in performing research and development activities and include salaries, lab supplies, consultant fees, and allocated facility costs including rent, utilities, maintenance expenses and depreciation and amortization.

Royalty Liability – Related Parties

Pursuant to the warrant transfer and exchange agreement dated December 31, 2014 (the “Warrant Exchange Agreement”), management estimates the total amount of royalty payments over the life of the Warrant Exchange Agreement that the Company will be required to make to holders of certain warrants that were exchanged for the rights to future royalty payments (the “Royalty Liability”). The Royalty Liability is based on the Company’s current estimates of future royalties expected to be paid over the life of the arrangement. The Company will periodically assess the expected royalty payments using a combination of internal projections and external sources. In order to determine the amortization of the Royalty Liability, the Company is required to estimate the total amount of future royalty payments to the warrant holders over the life of the Warrant Exchange Agreement. This estimate contains significant assumptions that impact both the amount recorded at execution and the interest expense that will be recognized over the royalty period. The Company will periodically assess the estimated royalty payments and to the extent the amount or timing of such payments is materially different than the original estimates, an adjustment will be recorded prospectively to increase or decrease interest expense. There are a number of factors that could materially affect the amount and timing of royalty payments and correspondingly, the amount of interest expense recorded by the Company, most of which are not within the Company’s control. Such factors include, but are not limited to, delays or discontinuation of development of the Company’s products, regulatory approval, the introduction of competing products, manufacturing or other delays, intellectual property matters, adverse events that result in authority imposed restrictions on the use of the products, significant changes in foreign exchange rates as the royalties are made in U.S. dollars, and other events or circumstances that are not currently foreseen. Changes to any of these factors could result in increases or decreases to interest expense. See Note 11 for further details.

Equity-Based Compensation

Equity-based compensation to employees and nonemployee service providers, for awards of restricted units, is measured at the fair value of the award on the date of grant based on the total number of awards that are ultimately expected to vest, less any consideration to be paid by the employee. The Company recognizes forfeitures as they occur. The compensation expense resulting from equity-based compensation to employees is recognized ratably over the requisite service period, which generally is the vesting period, of the award in operating expenses in the accompanying consolidated statements of operations and comprehensive loss.

Income Taxes

Prior to May 10, 2019, the Company was a British Virgin Island Limited Company and elected to be treated as a partnership for income tax purposes in the United States. Commencing May 10, 2019, the Company operated as a Delaware limited liability company and elected to continue to be treated as a partnership for income tax purposes in the United States (see Note 1). As such, the Company is not a tax paying entity for United States federal income tax purposes. Each member is individually responsible for their share of the Company's net income (loss) for federal income tax purposes. The Company also has operations in jurisdictions outside the United States, some of which are subject to corporate tax. However, the Company's operations in these jurisdictions did not give rise to a material amount of corporate income tax during the period. Accordingly, the Company has not recorded a provision for income taxes in the accompanying consolidated statements of operations and comprehensive loss.

The Company accounts for uncertain tax positions in accordance with the provisions of Accounting Standards Codification (ASC) 740, *Income Taxes*. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. The Company does not have any material uncertain tax positions as of December 31, 2022 and 2021 and does not expect a material change in the next twelve months.

Foreign Currency

The accompanying consolidated financial statements are presented in United States dollars ("USD") as the reporting currency. For those foreign subsidiaries where the Company has determined that the functional currency is the entity's local currency, the assets and liabilities of such subsidiaries are translated into USD using exchange rates in effect at the balance sheet date. The revenue and expenses of such subsidiaries are translated into USD using average exchange rates in effect during the reporting period. Any translation adjustments are presented as accumulated other comprehensive income (loss), within members' deficit in the accompanying consolidated statements of members' deficit. Foreign currency transaction gains and losses are included in other (income) expense, net within the accompanying consolidated statements of operations and comprehensive loss and were immaterial for all periods presented.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the "FASB") or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position, results of operations, or cash flows upon adoption.

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, Leases ("Topic 842") ("ASC 842"), which establishes the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase by the lessee. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of the lease classification. ASC 842 provides lessees with the option to not account for leases with a term of 12 months or less as leases. ASC 842 supersedes the previous leases standard, ASC 840 Leases, and requires a modified retrospective transition approach for leases existing at, or entered into after the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued supplemental adoption guidance and clarification to ASC 842 within ASU No. 2018-10, Codification Improvements to Topic 842, Leases and ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. ASU No. 2018-11 provides another transition method in addition to the existing modified retrospective transition method by allowing entities to initially apply the new leasing standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of accumulated deficit in the period of adoption.

On January 1, 2022, the Company adopted ASC 842 using the modified retrospective approach. Accordingly, prior period financial information and disclosures have not been adjusted and continue to be reported in accordance with the Company's historical accounting under the previous lease standard. In addition, the Company elected the package of practical expedients available for existing contracts, which allowed it to carry forward historical assessments of lease identification, lease classification, and initial direct costs. As a result of adopting ASC 842, the Company recognized operating right-of-use assets and lease liabilities of $7.6 million and $8.8 million, respectively, on January 1, 2022, which are related to the Company's facility operating leases. The difference between the right-of-use assets and lease liabilities is primarily attributed to the elimination of deferred rent and unamortized lease incentives. There was no adjustment to the opening balance of accumulated deficit as a result of the adoption of ASC 842.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position, results of operations, or cash flows upon adoption.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The amendments in ASU 2016-13 affect entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. On April 8, 2020, the FASB has changed the effective date of this standard applicable to the Company to January 1, 2023. The Company is currently evaluating the potential impact of this standard on its financial position, results of operations, and cash flows.

3. Discontinued Operations

On October 27, 2020 (the "Closing Date"), the Company completed the sale of substantially all of its intangible assets related to the canola breeding program ("Breeding Program") to Farmer's Business Network ("FBN" or "Buyer"), including the Company's ownership interests in the canola germplasm and certain rights to agreements that are material to the breeding program (Breeding Program Assets). The sale excluded the net tangible assets, including SU Canola inventories and any rights and obligations under the commercialization agreements at the Closing Date, which were subsequently liquidated by the Company. As the consideration for the Breeding Program sale the Company received a $2.0 million upfront payment and additional success fees upon achievement of certain levels of gross sales of canola products by FBN.

The Company received a deposit of $1.0 million to cover amounts payable under a trait license to be applied to the Buyer's trait fee obligations under the trait license. The interest on the deposit is to be credited to the Buyer on the deposit until the end of the first calendar month in which the first commercial sale occurs. The deposit amount and related accrued interest are included in other non-current liabilities in the accompanying consolidated balance sheets.

Due to the resulting major strategic shift in the Company's operating activities, the sale of the Breeding Program met the accounting requirements for reporting as a discontinued operation. Accordingly, the accompanying consolidated financial statements for all periods presented reflect this group of nonfinancial assets as a discontinued operation. Discontinued operations include the results of the canola breeding and commercialization activities except for certain corporate overhead costs, which are included in continuing operations.

The following tables present amounts included in the discontinued operations on the Company's consolidated statements of operations and comprehensive loss and statements of cash flows for the years ended December 31, 2022 and 2021. No balances were recorded on the consolidated balance sheets as of December 31, 2022 or 2021.

	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in thousands)	
Revenue		
Product sales, net	$ —	$ 199
Total revenue	—	199
Operating expenses		
Cost of product sales	—	204
Selling, general and administrative	—	18
Total operating expenses	—	222
Net loss from discontinued operations	$ —	$ (23)

	Year Ended December 31, 2022	Year Ended December 31, 2021
	(in thousands)	
Cash flows from operating activities, discontinued operations		
Net loss from discontinued operations	$ —	$ (23)
Changes in operating assets and liabilities		
Inventory	—	405
Accounts payable	—	(1,160)
Accrued expenses	—	(136)
Deferred revenue	—	(174)
Net cash used in operating activities, discontinued operations	—	(1,088)
Cash flows from investing activities, discontinued operations		
Net cash used in investing activities, discontinued operations	—	—
Cash flows from financing activities, discontinued operations		
Net cash used in financing activities, discontinued operations	$ —	$ —

4. Property and Equipment, net

Property and equipment consists of the following (in thousands):

	Useful Life	December 31, 2022	December 31, 2021
Lab equipment	5-10 years	$ 11,252	$ 10,150
Leasehold improvements	5-7 years	4,154	3,208
Furniture	5 years	170	170
Computer equipment and software	3 years	2,636	1,494
Assets in progress	N/A	1,221	869
		19,433	15,891
Less: Accumulated depreciation and amortization		(13,602)	(11,922)
		$ 5,831	$ 3,969

Depreciation and amortization for the years ended December 31, 2022 and 2021 was $1.7 million and $1.5 million, respectively.

Asset Retirement Obligations

Certain lease agreements require the Company to return designated areas of leased space to its original condition upon termination of the lease agreement. At the inception of such leases, the Company records an asset retirement obligation and a corresponding capital asset in an amount equal to the estimated fair value of the obligation. To determine the fair value of the obligation, the Company estimates the cost for a third-party to perform the restoration work. In subsequent periods, for each asset retirement obligation, the Company records operating expense to accrete the asset retirement obligation liability to full value and depreciation expense against the asset retirement obligation, over the term of the associated lease agreement. The Company used a credit-adjusted risk free rate of 5.64% to discount the future obligation, and an inflation rate of 5% to determine the future value of the original estimate of restoration costs. The asset retirement obligation is expected to be resolved in July 2025. Asset retirement obligations were $0.3 million and $0 as of December 31, 2022 and 2021, respectively.

The following table presents the changes in asset retirement obligation during the year ended December 31, 2022 (in thousands):

Balance as of January 1, 2022	$—
Obligations incurred	252
Accretion expense	6
Balance as of December 31, 2022	$258

5. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 2022	December 31, 2021
Accrued salaries, wages, and payroll taxes	$2,844	$2,318
Accrued professional fees	1,389	736
Accrued field trials	604	289
Other	109	133
	$4,946	$3,476

6. Notes Payable

On May 5, 2020, the Company received a $2.2 million loan under the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP note bore interest at a fixed rate of 1% per annum and had an initial term of two years. The note was unsecured, and guaranteed by the Small Business Administration ("SBA"). The Company was permitted to prepay the PPP note at any time prior to maturity with no prepayment penalties. The principal amount and accrued interest of the PPP note was eligible for forgiveness if the proceeds were used for qualifying expenses, which includes payroll, rent, and utilities during the eight-week period commencing on May 5, 2020. The Company was obligated to repay any portion of the principal amount of the PPP note that was not forgiven, and any accrued interest.

In the second quarter of 2021, the Company received notification from the SBA that the entire $2.2 million PPP loan was forgiven. The forgiven debt was recorded as a gain on extinguishment of debt on the consolidated statement of operations and comprehensive loss for the year ended December 31, 2021.

The Company has also financed certain annual license costs. The Company has recorded notes payable related to financed license costs of $0.2 million on the consolidated balance sheet as of December 31, 2022 and 2021. The financing arrangements for the licenses have a term of one year and accrue interest at an annual rate between 9% and 10%. The Company makes monthly principal and interest payments. The notes related to annual licenses mature in July 2023.

Additionally, the Company has purchased various fixed assets using notes. The total notes payable balance related to financed equipment was $1.1 million and $1.5 million as of December 31, 2022, and 2021, respectively. The financed equipment is subject to annual interest rates between 7.3% and 17.6% and has a weighted average remaining term of 2.7 years. Notes used to finance equipment mature between January 2023 and December 2027.

The following table summarizes future payments on notes payable:

Years Ending December 31,	
2023	$ 835
2024	380
2025	277
2026	77
2027	15
	1,584
Less: Interest	(178)
	1,406
Less: Current portion	(736)
Noncurrent portion	$ 670

7. Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair-value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts of the Company's interest receivable, included in prepaid expenses and other current assets, accounts payable, accrued liabilities, and notes payable are generally considered to be representative of their fair value because of the short-term nature of these instruments. The Company's investments, which includes money market funds are measured at fair value in accordance with the fair value hierarchy.

(in thousands)	Fair Value	Quoted Market Price for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At December 31, 2022					
Assets					
Money market funds (1)	$ 20,202	$ 20,202	$ —	$ —	$20,202
At December 31, 2021					
Assets					
Money market funds (1)	$ 18,201	$ 18,201	$ —	$ —	$18,201

(1) Included in cash and cash equivalents on the accompanying consolidated balance sheets.

8. Convertible Preferred Units and Voting Common Units

The Company has authorized multiple series of convertible preferred units (collectively, the "Preferred Units"), in addition to voting and non-voting common units (see Note 10).

Preferred Units

The number of authorized and outstanding Preferred Units was as follows (in thousands, except unit amounts):

	December 31, 2022			
	Authorized Units	Outstanding Units	Carrying Value	Liquidation Preference
Series A convertible preferred units	83,300,852	67,810,963	$ 64,097	$ 111,428
Series B convertible preferred units	31,285,438	30,817,791	54,710	57,013
Series C convertible preferred units	38,173,979	33,195,500	67,012	69,711
Series D convertible preferred units	44,000,000	44,000,000	54,195	55,000
Series E convertible preferred units	19,886,364	19,884,227	34,381	34,996
Series F convertible preferred units	50,000,000	26,485,598	52,810	52,971
	266,646,633	222,194,079	$327,205	$ 381,119

	December 31, 2021			
	Authorized Units	Outstanding Units	Carrying Value	Liquidation Preference
Series A convertible preferred units	83,300,852	67,781,328	$ 64,060	$ 111,391
Series B convertible preferred units	31,285,438	30,817,791	54,710	57,013
Series C convertible preferred units	38,173,979	33,195,500	67,012	69,711
Series D convertible preferred units	44,000,000	44,000,000	54,195	55,000
Series E convertible preferred units	19,886,364	19,884,227	34,381	34,996
	216,646,633	195,678,846	$274,358	$ 328,111

Conversion

The Preferred Units are convertible, at the option of the holder at any time and without any additional consideration, into an equivalent number of voting common units. In addition, upon (i) the closing of a Qualified Public Offering (defined as a firm commitment underwritten public offering of the Company's equity securities to the public at a price per unit of at least (a) $4.00 per unit and gross proceeds of $200 million, or (b) $4.00 per share with a minimum market capitalization of $1.0 billion or (c) $4.00 per unit and an equity financing of at least $250), (ii) the closing of certain liquidation or change in control events, or (iii) a resolution of the Preferred Members, all issued and outstanding Preferred Units shall automatically be converted into voting common units on a one-for-one basis.

Liquidation

In the event of a voluntary or involuntary liquidation, proceeds or any other assets of the Company will be distributed to the Company's equity holders as follows:

(1) Unreturned Capital on Series F convertible preferred units ("Series F Preferred Units")

(2) Unreturned Capital on Series E convertible preferred units ("Series E Preferred Units")

(3) Unreturned Capital on Series D convertible preferred units ("Series D Preferred Units")

(4) Unreturned Capital on Series C convertible preferred units ("Series C Preferred Units")

(5) Unreturned Capital on Series B convertible preferred units ("Series B Preferred Units")

(6) Series A Preferred Return, if applicable

(7) Unreturned Capital on Series A convertible preferred units ("Series A Preferred Units, and together with the Series F Preferred Units, the Series E Preferred Units, the Series D Preferred Units, the Series C Preferred Units and the Series B Preferred Units, the "Preferred Units")

(8) Nonvoting and voting common units

Any distribution remaining, after the Series F, E, D, C, B, and A preferred members and nonvoting and voting common members have received their portion in proportion to and to the extent of each such holders' Unreturned Capital Amount, will be distributed to the holders of all units on a pro rata basis in proportion to their overall percentage interest. The "Unreturned Capital Amount" for members holding Series F, E, D, C, B, and A Preferred Units as of December 31, 2022 was $53.0 million, $35.0 million, $55.0 million, $69.7 million, $57.0 million, and $88.9 million, respectively. The members holding Series A Preferred Units accrued a cumulative Series A Preferred Return at 10% per annum, until the initial closing of the Series B Preferred Units purchase agreement at July 29, 2015. The cumulative Series A Preferred Return was $22.5 million as of December 31, 2022.

Redemption

The Preferred Units are not redeemable.

Preferred Unit Issuances

During the year ended December 31, 2022, 26.5 million Series F Preferred Units were issued at $2.00 per unit, with offering costs of $0.2 million. Of the 26.5 million Series F Preferred Units issued, 17.2 million units were issued in connection with the conversion of Simple Agreements for Future Equity ("SAFEs"). Additionally, during the year ended December 31, 2022, the Company issued 29,635 Series A Preferred Units as a result of the exercise of warrants to purchase Series A Preferred Units.

During the year ended December 31, 2021, 19.9 million Series E Preferred Units were issued at $1.76 per unit, with offering expenses of $0.6 million. During the year ended December 31, 2021, 14.5 million Series D Preferred Units were issued at $1.25 per unit, with offering expenses of $0.2 million.

Voting Common Units

Voting common units are reserved for the conversion of Series A, B, C, D, E and F Preferred Units and nonvoting common units. Each voting common unit entitles the holder to cast one vote at all member meetings. No voting common units have been issued as of December 31, 2022.

Simple Agreements for Future Equity

During the year ended December 31, 2022, the Company entered into SAFEs with various investors, totaling $34.5 million. These SAFEs converted into Series F Preferred Units upon the closing of the Series F Preferred Unit financing. SAFEs were carried at fair value during the year ended December 31, 2022, prior to conversion. No SAFEs were outstanding as of December 31, 2022.

9. Warrants to Purchase Preferred Units

The Company had warrants to purchase Preferred Units outstanding at December 31, 2022 and 2021 as follows:

	December 31, 2022		
	Preferred Units Underlying Warrants	Weighted Average Exercise Price	Expiry Date
Series A Preferred Units	15,489,402	$ 1.25	2023-2027
Series B Preferred Units	467,647	$ 1.85	2023
Series C Preferred Units	4,978,479	$ 2.10	2024-2027

	December 31, 2021		
	Preferred Units Underlying Warrants	Weighted Average Exercise Price	Expiry Date
Series A Preferred Units	15,519,524	$ 1.25	2022-2027
Series B Preferred Units	467,647	$ 1.85	2022-2023
Series C Preferred Units	4,978,479	$ 2.10	2024-2027

Warrants to Purchase Series A Preferred Units

The Company had outstanding warrants to purchase a total of 15.5 million Series A Preferred Units at December 31, 2022 and 2021. These warrants were primarily issued in connection with the sale of Series A Preferred Units.

The 15.5 million warrants to purchase Series A Preferred Units have an exercise price of $1.25 and were originally granted with expiration dates between February 2022 and January 2027. The warrants are classified as equity.

In June 2022, the Company extended the expiration date of 50,000 and 42,959 warrants to purchase Series A Preferred Units from April 30, 2022 and December 22, 2022, respectively, to December 31, 2022. The incremental fair value associated with the modification was immaterial.

Subsequently, in December 2022, the Company extended the expiration date of 50,000 and 39,433 warrants to purchase Series A Preferred Units from December 31, 2022 to June 30, 2023. The incremental fair value associated with the modification was immaterial.

During the year ended December 31, 2022, 487 warrants expired.

In December 2020, the Company received $6.2 million in cash from a related party for the right to exercise 8.2 million warrants to purchase Series A Preferred Units. This was recorded as a $4.1 million unit subscription receivable from the related party. In connection with the exercise, the Company granted 8.2 million warrants to purchase voting common units. These warrants have an exercise price of $1.25 per unit with a 6-year term and can be exercised immediately at the issuance date. This was accounted for as equity under the relevant accounting guidance applicable to derivative instruments. The unit subscription receivable bears simple interest at an annual rate of 0.15% and is collateralized by the Series A Preferred Units purchased with the note (the "Promissory Note"). The Promissory Note was originally payable on the earlier of (i) January 31, 2022 and (ii) the date of any qualified liquidation/change event as defined in the Company's LLC agreement. Subsequently, the payment due date was extended to the earlier of (i) January 31, 2024 and (ii) ninety (90) days after any underwriter "lock-up" period applicable to the related party after the date of the consummation of the Company's first underwritten public offering.

Warrants to Purchase Series B Preferred Units

The Company has outstanding warrants to purchase a total of 0.5 million Series B Preferred Units at December 31, 2022 and 2021. These warrants were issued for services provided in connection with the issuance of the Series B Preferred Units in 2016. Such warrants are fully exercisable and entitle the holder to purchase Series B Preferred Units at an exercise price of $1.85 per unit with a term of seven years from the date of issuance. The warrants are classified as equity.

In June 2022, the Company extended the expiration of 221,161 warrants to purchase Series B Preferred Units from September 30, 2022 to December 31, 2022. The incremental fair value associated with the modification was immaterial.

Subsequently, in December 2022, the Company extended the expiration date of 221,161 and 201,081 warrants to purchase Series B Preferred Units from December 22, 2022 and March 31, 2023, respectively, to June 30, 2023. The incremental fair value associated with the modification was immaterial.

Warrants to Purchase Series C Preferred Units

The Company has outstanding warrants to purchase a total of 5.0 million Series C Preferred Units at December 31, 2021 and 2020. These warrants were issued to existing members and directors in connection with the issuance of Series C Preferred Units and for services provided in connection with the offerings. Such warrants are fully exercisable and entitle the holder to purchase the Series C Preferred Units at an exercise price of $2.10 per unit and expire between September 2024 and September 2027. The warrants are classified as equity.

10. Non-voting Common Units and Equity-Based Compensation

Non-voting Common Units

The Company's non-voting common units include units issued under the Company's Stock Option Plan which was terminated in 2016 and units issued under the Company's Restricted Units Plan.

The following table summarizes the Company's non-voting common units according to these restrictions:

	December 31,	
	2022	2021
Vested non-voting units outstanding	1,475,059	1,475,059
Units outstanding under the restricted units plan, subject to threshold values		
Restricted units non-vested	21,993,944	21,019,984
Restricted units vested	40,434,902	34,310,711
	62,428,846	55,330,695
Total non-voting common units outstanding	63,903,905	56,805,754

Non-voting members and holders of vested restricted units issued under the Restricted Units Plan (defined below) are entitled to share in distributions from the Company (after members holding Series F, Series E, Series D, Series C, Series B and Series A Preferred Units receive their distributions), up to, the amount of the distribution exceeds a predetermined threshold value. Non-voting common units, except for nonvested restricted units, are to be converted to voting common units, upon certain qualified financing events, as defined in the underlying restricted unit purchase agreements.

Restricted Units

The Company's restricted units are issued in accordance with the restricted units purchase plan ("Restricted Units Plan") which allowed for a total of 66,414,403 units to be issued as of December 31, 2022, which number will automatically increase in connection with any future equity financing transactions undertaken by the Company such that the total number of common units which may be issued under the Restricted Units Plan shall represent 15% of the Company's outstanding equity on a fully-diluted basis. There are 7.8 million units that are excluded from the current Restricted Units Plan and will not count in the total which is allowed to be issued. Under the Restricted Units Plan, the Company issued restricted units to members of the Board, employees, advisors, consultants or similar other service providers. The restricted units are subject to both a vesting schedule and a defined threshold value, equal to the estimated fair value of a nonvoting common unit on the issuance date. Restricted units issued under the Restricted Units Plan vest based on a grant date vesting schedule as determined by the Board of Directors, generally over a period of 48 months. Units are sold to participants for $0.01 per unit. Holders of vested units are entitled to share in distributions from the Company after members holding Series F, Series E, Series D, Series C, Series B and Series A Preferred Units receive their distributions with respect to such Preferred Units and the amount of the distribution exceeds the predetermined threshold value. The Restricted Units Plan has a term ending on May 31, 2026, after which no additional units shall be issued pursuant to the Restricted Units Plan.

Under the Restricted Units Plan, the Company may exercise the right to repurchase certain units after the release of the vesting restriction if the holder ceases to provide continuous service to the Company. The repurchase price of vested units is the fair value of the units, as determined by the Company, at the date of the termination of continuous service subject to a previously defined threshold value. The repurchase price for nonvested units is $0.01, which is the price at which the units were initially purchased by the holders.

As of December 31, 2022, 40,434,902 of the units issued under the Restricted Units Plan had vested in accordance with the terms of the underlying purchase agreements, which were subject to a weighted average threshold value of $0.80 per unit, and 21,993,944 of the restricted units were nonvested. In the event of a qualified public offering, as defined in the underlying restricted unit purchase agreements, vested units convert to common units at a conversion rate of the then-fair-market value of each vested unit less the applicable threshold value of each vested unit, divided by the value of the qualified offering price per unit of common units.

During the years ending December 31, 2022 and 2021, the grant date fair value of the underlying common units for grants of restricted units was determined using an option pricing model ("OPM"). Under the OPM, once the fair market value of the enterprise value is established, units are valued creating a series of call options with exercise prices based on the liquidation preferences and conversion behavior of the different classes of equity. Accordingly, the aggregate equity value is allocated to each of the classes of member units issued and outstanding based on their rights and preferences. In order to determine the fair market value of the enterprise, the Company utilized a market approach to estimate the Company's equity value. The threshold units were valued using the Black-Scholes valuation model.

The following table summarizes the valuation inputs for restricted units granted:

	Year Ended December 31,	
	2022	2021
Risk-free interest rate	2.4% – 4.0%	1.0% – 1.4%
Expected volatility	67.5% – 73.1%	69.7% – 74.4%
Expected term (in years)	5.50 – 6.08	5.50 – 6.08
Expected distribution yield	0%	0%
Fair value of common units	$0.86 – $0.90	$0.27 – $0.86

The following table summarizes information regarding nonvested restricted units:

	Number of Units	Weighted Average Grant Date Fair Value
Restricted units nonvested at January 1, 2022	21,019,984	$ 0.28
Granted	7,556,113	$ 0.46
Vested	(6,124,191)	$ 0.19
Repurchased	(457,962)	$ 0.28
Restricted units nonvested at December 31, 2022	21,993,944	$ 0.37
Restricted units vested at December 31, 2022	40,434,902	
Total restricted units outstanding under the restricted units plan at December 31, 2022	62,428,846	

The total fair value of vested restricted units during the years ended December 31, 2022 and 2021 was $1.2 million and $4.0 million, respectively. The weighted-average grant-date fair value of restricted units granted during the year ended December 31, 2021 was $0.23 per unit.

Equity-Based Compensation

The Company recognizes equity-based compensation for the difference between the grant date fair value and the amount per unit paid by the employee. The grant date fair value of restricted units is estimated based on the valuation of the Company’s equity securities. Equity-based compensation is recognized ratably over the requisite service period, which is generally the vesting period. During the years ended December 31, 2022 and 2021, the Company recognized $1.2 million and $1.9 million, respectively, of equity-based compensation related to restricted units of which $0.8 million and $0.9 million, respectively, was included in selling, general and administrative expense and $0.4 million and $1.0 million, respectively, was included in research and development expense in the accompanying consolidated statements of operations and comprehensive loss. The Company has unrecognized compensation costs related to restricted units of $7.1 million as of December 31, 2022, and the weighted average period over which these costs are expected to be recognized is 3.4 years.

11. Royalty Liability – Related Parties

In 2014 the Company entered into the Warrant Exchange Agreement with certain members holding Series A Preferred Units, including members of the Board and management, who were also the holders of warrants to purchase Series A Preferred Units. Under the Warrant Exchange Agreement, the holders of certain warrants (the “Royalty Holders”) were provided the right to exchange their warrants for future royalty payments equal to 10% of the Subject Revenues. “Subject Revenues” include all revenues earned by the Company, including consideration attributable to canola seed products and other crop traits developed using the Company’s gene editing technology, but excludes specifically, (i) revenues attributable to the Nucelis product line, (ii) amounts received from the sale or disposition of the Company’s assets to the extent the purchaser agrees to be bound by the Warrant Exchange Agreement, (iii) payments for the Company’s capital stock, and (iv) revenues attributable to collaboration and research projects. Royalty payments will begin in the first fiscal quarter after which the aggregate Subject Revenues during any consecutive 12-month period equals or exceeds $50.0 million, at which point the Company will be obligated to pay all aggregated but unpaid payments under the Warrant Exchange Agreement. This condition had not occurred as of December 31, 2022. Additionally, the Company granted the Royalty Holders a continuing security interest in certain intellectual property of the Company to secure the payment and performance of the Company’s obligations under the Warrant Exchange Agreement. The initial term of the Warrant Exchange Agreement is 30 years and may be extended for an additional 30-year term if the holders provide written notice and make a payment of $100. The exchange right was limited to 12,397,200 warrants, which were fully exchanged in 2014 and 2015. The aggregate value of warrants exchanged was $9.9 million and the amount was initially recorded as a Royalty Liability in the years ended December 31, 2015 and 2014. Changes in the liability are accreted to interest expense using the effective interest method over the term of the royalty arrangement.

For purposes of determining the Royalty Liability, the Company estimates the total amount of future royalty payments required to be paid to Royalty Holders over the life of the agreement. The Company will periodically assess the expected royalty payments using a combination of internal projections and external sources. The Company’s estimate resulted in an effective annual interest rate of 27% and 9% for the years ended December 31, 2022 and 2021, respectively.

The Royalty Liability activity is as follows (in thousands):

Royalty liability at January 1, 2021	$39,681
Interest expense recognized	3,571
Royalty liability at December 31, 2021	43,252
Interest expense recognized	6,073
Royalty liability at December 31, 2022	$49,325

12. Related Party Transactions

Due to Related Parties

The Company is party to an arrangement with a company influenced by a member of the Board under which research and development services are performed for the Company. During the years ended December 31, 2022 and 2021, the Company incurred $0.3 million each year of research and development expenses under this arrangement. The amount outstanding at December 31, 2022 and 2021 was $0.1 million.

Due from Related Parties

The Company is party to a license and marketing agreement with a company controlled by a member of the Board, pursuant to which the amounts due from related parties are recorded at the amounts billed to the related parties for services provided or product sold. The Company makes judgments as to its ability to collect amounts outstanding from related parties and provides an allowance for amounts outstanding when collection becomes doubtful. Amounts due from related parties are written off when management believes that all realistic efforts to collect the amounts outstanding have been exhausted. The allowance for amounts due from related parties is estimated by management based on the current collection experience and estimate of remaining collectability. The amounts due from related parties presented on the consolidated balance sheets as of December 31, 2022 and 2021 were $0.3 million and $0.2 million, respectively.

License and Marketing Agreement

In July 2012, the Company entered into a license and marketing agreement with RTDC Company, Ltd (“RTDC”), which is controlled by a member of the Company’s Board. Under the agreement the Company develops and commercializes certain crop varieties that include traits produced using the Company’s proprietary technology and RTDC is obligated to make certain funding payments.

On January 21, 2020 (the “Agreement Date”), the Company and RTDC amended the license and marketing agreement, under which RTDC agreed to pay the Company $4.5 million. The parties also agreed to continue funding of the research and development activities. Continued funding is recorded in the consolidated statements of operations and comprehensive loss as revenue under Collaboration and research-related party. During the years ended December 31, 2022 and 2021 the Company recognized $0.9 million and $0.8 million, respectively, under the license and marketing agreement. In connection with the agreement with RTDC, the Company recorded $0.2 million as due from related parties on the consolidated balance sheet as of December 31, 2022 and 2021.

13. Supplemental Cash Flow Information

Non-cash investing and financing transactions are as follows (in thousands):

	Year Ended December 31, 2022	Year Ended December 31, 2021
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 191	$ 233
Cash paid for amounts included in the measurement of operating lease liabilities	$ 3,344	$ —
Cash paid for amounts included in the measurement of financing lease liabilities	$ 208	$ —
Supplemental disclosures of noncash investing and financing activities		
Property and equipment acquired through accounts payable	$ 103	$ 11
Series F issuance costs, accrued and unpaid	$ 27	$ —
Asset retirement obligation	$ 252	$ —
Right-of-use assets obtained in exchange for operating lease liabilities	$ 14,003	$ —

14. Collaboration Agreement

Research and Development Agreement

In August 2018, the Company entered into a research and development agreement with a China-based producer and marketer of specialty ingredients (the “Producer”) under which the Company employs its suite of technologies, including the Rapid Trait Development System (“RTDS”) to develop a series of bacterial strains with specific traits for the Producer. Under such agreement, the Company is entitled to an upfront cash payment, conditional payments based on achieving certain milestones and royalties based on the Producer’s commercial sales of products made using the bacterial strains. In April 2020, the Company and Producer amended such agreement to update the conditional payment terms and extended the period of service. The Company recognized revenue over time and utilized direct labor hours incurred to measure its progress in transferring control of the promised service. The Company recognized $0 and $0.3 million of revenue in the fulfillment of the performance obligation for the years ended December 31, 2022 and 2021. The contract was completed in 2021.

15. Commitments and Contingencies

Operating Leases

The Company has leases for its office space, including its corporate headquarters and laboratory space in San Diego, California, with terms that expire in May 2025 and August 2025, respectively. The Company has one option to extend the laboratory space lease for one year. As the Company is not reasonably certain to exercise this option at lease commencement, the option was not recognized as part of the associated operating lease right- of-use (“ROU”) asset or liability.

Additionally, the Company has certain leases for greenhouse and warehouse facilities, with terms that expire in September 2023 and August 2026, respectively. The Company has one option to extend the term of the greenhouse lease, for five years, and one option to extend the warehouse lease, for five years. However, as the Company is not reasonably certain to exercise either of those options at lease commencement, neither option was recognized as part of the associated operating lease ROU asset or liability.

Certain leases include rent abatement, rent escalations, tenant improvement allowances and additional charges for common area maintenance and other costs. The Company is required to pay base rent expense as well as its proportionate share of the facilities operating expenses. The non-lease components, consisting primarily of common area maintenance, are paid separately based on actual costs incurred. Therefore, the variable non-lease components were not included in the right of use asset and lease liability and are reflected as expense in the period incurred.

For the years ended December 31, 2022 and 2021, the Company incurred rent expenses under these leases of $3.4 million and $2.5 million, respectively.

Aggregate future minimum payments under operating leases, weighted average remaining term, and weighted average discount rate as of December 31, 2022 are as follows (in thousands):

Years Ending December 31,	
2023	$ 5,223
2024	5,264
2025	2,885
2026	87
Thereafter	—
Total minimum lease payments	13,459
Less: amounts representing interest	(972)
Present value of lease liabilities	12,487
Less: current portion	(4,654)
Non-current portion	$ 7,833

	December 31, 2022
Weighted-average remaining lease term (years)	2.6
Weighted-average incremental borrowing rate	6.23%

As of December 31, 2021, prior to adoption of ASC 842, the Company had aggregate future obligations for the Company’s operating leases as follows: $2.8 million in 2022, $2.8 million in 2023, $2.8 million in 2024, $1.2 million in 2025, and none thereafter.

Financing Leases

The Company has financing leases for certain equipment. During the year ended December 31, 2022, the Company recorded expense of $0.2 million related to the amortization of its financing lease right-of-use assets, and $35,000 related to interest on financing lease liabilities, for total financing lease costs of $0.3 million.

Aggregate future minimum payments under financing leases, weighted average remaining term, and weighted average discount rate as of December 31, 2022 are as follows (in thousands):

Years Ending December 31,	
2023	$ 168
2024	89
Thereafter	—
Total minimum lease payments	257
Less: amounts representing interest	(20)
Present value of lease liabilities	237
Less: current portion	(150)
Non-current portion	$ 87

	December 31, 2022
Weighted-average remaining lease term (years)	1.4
Weighted-average incremental borrowing rate	10.52%

As of December 31, 2021, prior to adoption of ASC 842, the Company had aggregate future obligations for the Company’s financing leases as follows: $0.2 million in 2022, $0.2 million in 2023, and $0.1 million in 2024.

Cibus Non-profit Foundation

During 2022, Cibus created the Cibus Charitable Foundation, Inc., a nonprofit legal entity referred to as the Cibus Foundation. As of December 31, 2022, the Cibus Foundation has not received any donations or commenced operations. Cibus is obligated to make donations to the Cibus Foundation each fiscal year at a rate of 1.0% of all net royalty revenue in the applicable fiscal year that is equal to or greater than $100 million up to, and including, $1.0 billion, and then steps up to 2.0% in respect of any portion of such net royalty revenue in excess of $1.0 billion. For purposes of this calculation, “net royalty revenue” refers to all royalty payments received by Cibus, net of all taxes (other than income taxes) and all amounts payable pursuant to the Royalty Liability. The donation payable by Cibus may be reduced, including to zero, to the extent necessary to comply with any covenant or obligation in any instrument evidencing third-party indebtedness, to permit a financing to occur, to preclude undercapitalization, to satisfy working capital requirements or provide for strategic needs of Cibus, to ensure timely payment of the Cibus’ liabilities and debts to third parties as they become due, or to comply with applicable law. Cibus has agreed not to enter any change of control transaction unless the surviving entity assumes the obligation to pay such donations to the Cibus Foundation.

This obligation is contingent upon the Cibus Foundation obtaining and maintaining its status as a charitable organization (IRS 501c3 registration not yet achieved) and must use all donations received consistent with its mission statement: to drive sustainable agriculture and sustainable agricultural communities in the developing world. Accordingly, as of December 31, 2022, the Company has not recorded a liability related to its obligations to the Cibus Foundation within the accompanying consolidated financial statements.

Litigation

The Company is subject to potential liabilities under various claims and legal actions that are pending or may be asserted.

These matters arise in the ordinary course and conduct of the business. The Company regularly assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in the consolidated financial statements. An estimated loss contingency is accrued in the consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

On May 3, 2019, Houston Casualty Company ("HCC") filed a Complaint for Declaratory Relief and Recoupment related to an insurance claim involving the Company's hybrid canola products sold in 2018. On October 10, 2019 the Company filed a counterclaim for certain breaches and damages. The Company is unable to estimate a range of reasonably possible outcomes for this matter since the proceedings are in the pre-trial stage with significant uncertainty as to factual issues. The Company does not believe, based on currently available information, that the outcome of this matter will have a material adverse effect on the Company's financial condition in the event HCC should prevail, though the outcome could be material to the Company's results of operations for a particular period.

16. Subsequent Events

The Company evaluated subsequent events from December 31, 2022 through April 14, 2023, which represents the date the financial statements were available to be issued.

Series F Preferred Units

In March 2023, the Company completed, in a private placement, the sale and issuance of 2,940,000 Series F Preferred Units at $2.00 per unit, for total gross proceeds of approximately $5.9 million.

Merger Agreement

On January 13, 2023, the Company entered into an agreement and plan of merger ("Merger Agreement") with Calyxt, Inc. ("Calyxt"), a Delaware corporation and Calypso Merger Sub, LLC., a wholly-owned subsidiary of Calyxt. Pursuant to the Merger Agreement, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company, with the Company continuing as a wholly owned subsidiary of Calyxt and the surviving corporation of the merger. The Merger Agreement and the transactions contemplated by the Merger Agreement were approved by the members of the board of directors of the Company, but are subject to numerous closing conditions, including Calyxt shareholder approval.

Subject to the terms and conditions of the Merger Agreement, at the closing of the transactions contemplated by the Merger Agreement, all of the issued and outstanding membership units of the Company, and all warrants or options to purchase membership units of the Company will be cancelled and converted into the right to receive Calyxt equity securities based on a specified exchange ratio provided for in the Merger Agreement (subject to adjustment for the Reverse Stock Splits).

Cibus Global, LLC
Condensed Consolidated Balance Sheets
(in thousands, except unit amounts)

	March 31, 2023 (unaudited)	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 13,997	$ 24,338
Accounts receivable	1,413	67
Due from related parties, net	196	254
Employee retention credit receivable	2,062	—
Notes receivable	1,000	—
Prepaid expenses and other current assets	1,182	1,054
Total current assets	19,850	25,713
Property and equipment, net	6,679	5,831
Right of use asset	10,150	11,146
Other assets	471	493
Total assets	$ 37,150	$ 43,183
Liabilities and Members' deficit		
Current liabilities:		
Accounts payable	$ 4,255	$ 4,103
Accrued expenses	6,273	4,946
Due to related party	79	80
Deferred revenues	1,292	—
Notes payable, current portion	614	736
Operating lease liabilities, current portion	4,659	4,654
Financing lease liabilities, current portion	152	150
Other current liabilities	1,067	16
Total current liabilities	18,391	14,685
Notes payable, net of current portion	727	670
Operating lease liabilities, net of current portion	6,735	7,833
Financing lease liabilities, net of current portion	49	87
Royalty liability - related parties	52,666	49,325
Other non-current liabilities	1,519	1,495
Total liabilities	80,087	74,095
Commitments and contingencies (See Note 13)		
Members' deficit		
Series A convertible preferred units, no par value; 83,300,852 units authorized at March 31, 2023 and December 31, 2022; 67,810,963 units issued and outstanding at March 31, 2023 and December 31, 2022	64,097	64,097
Series B convertible preferred units, no par value; 31,285,438 units authorized at March 31, 2023 and December 31, 2022; 30,817,791 units issued and outstanding at March 31, 2023 and December 31, 2022	54,710	54,710
Series C convertible preferred units, no par value; 38,173,979 units authorized at March 31, 2023 and December 31, 2022; 33,195,500 units issued and outstanding at March 31, 2023 and December 31, 2022	67,012	67,012
Series D convertible preferred units, no par value; 44,000,000 units authorized at March 31, 2023 and December 31, 2022; 44,000,000 units issued and outstanding at March 31, 2023 and December 31, 2022	54,195	54,195
Series E convertible preferred units, no par value; 19,886,364 units authorized at March 31, 2023 and December 31, 2022; 19,884,227 units issued and outstanding at March 31, 2023 and December 31, 2022	34,381	34,381
Series F convertible preferred units, no par value; 50,000,000 units authorized at March 31, 2023 and December 31, 2022; 29,425,598 and 26,485,598 issued and outstanding at March 31, 2023 and December 31, 2022, respectively	58,562	52,810
Voting common units, no par value; 341,282,000 units authorized at March 31, 2023 and December 31, 2022; none issued and outstanding	—	—
Nonvoting common units, no par value; 66,414,403 units authorized at March 31, 2023 and December 31, 2022; 64,424,305 and 63,903,905 units issued and outstanding at March 31, 2023 and December 31, 2022, respectively	1,284	1,278
Unit subscription receivable	(4,080)	(4,078)
Additional paid-in capital	57,311	56,829
Accumulated other comprehensive income (loss)	—	(8)
Accumulated deficit	(430,409)	(412,138)
Total members' deficit	(42,937)	(30,912)
Total liabilities and members' deficit	$ 37,150	$ 43,183

The accompanying notes are an integral part of these condensed consolidated financial statements.

Cibus Global, LLC
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands)
(unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue		
Collaboration and research	$ —	$ 174
Collaboration and research - related party	193	179
Total revenue	193	353
Operating expenses		
Research and development	9,822	5,983
Selling, general and administrative	5,208	4,259
Total operating expenses	15,030	10,242
Loss from operations	(14,837)	(9,889)
Other (income) expense, net		
Interest income	(2)	(2)
Interest expense	66	78
Interest expense, royalty liability - related parties	3,341	960
Other expense, net	29	8
Total other (income) expense, net	3,434	1,044
Net loss	$ (18,271)	$ (10,933)
Net loss	$ (18,271)	$ (10,933)
Other comprehensive income (loss)		
Foreign currency translation adjustment	8	(1)
Comprehensive loss	$ (18,263)	$ (10,934)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Cibus Global, LLC
Condensed Consolidated Statements of Members' Deficit
(in thousands, except unit amounts)
(unaudited)

	Convertible Preferred Units		Nonvoting Common Units		Unit Subscription Receivable	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Members' Deficit
	Units	Amount	Units	Amount					
Balance at January 1, 2022	195,678,846	$274,358	56,805,754	$ 1,207	$ (4,072)	$ 55,499	$ 5	$ (356,585)	$ (29,588)
Issuance of Series A convertible preferred units upon exercise of Series A preferred warrants	26,109	33	—	—	—	—	—	—	33
Issuance of restricted units	—	—	50,000	1	—	—	—	—	1
Repurchase of restricted units	—	—	(179,888)	(2)	—	(26)	—	—	(28)
Share-based compensation	—	—	—	—	—	340	—	—	340
Interest on subscription receivable	—	—	—	—	(1)	—	—	—	(1)
Foreign currency translation	—	—	—	—	—	—	(1)	—	(1)
Net loss	—	—	—	—	—	—	—	(10,933)	(10,933)
Balance at March 31, 2022	195,704,955	$274,391	56,675,866	$ 1,206	$ (4,073)	$ 55,813	$ 4	$ (367,518)	$ (40,177)
Balance at January 1, 2023	222,194,079	$327,205	63,903,905	$ 1,278	$ (4,078)	$ 56,829	$ (8)	$ (412,138)	$ (30,912)
Issuance of Series F convertible preferred units, net of issuance costs of $128	2,940,000	5,752	—	—	—	—	—	—	5,752
Issuance of restricted units	—	—	520,400	6	—	18	—	—	24
Share-based compensation	—	—	—	—	—	464	—	—	464
Interest on subscription receivable	—	—	—	—	(2)	—	—	—	(2)
Foreign currency translation	—	—	—	—	—	—	8	—	8
Net loss	—	—	—	—	—	—	—	(18,271)	(18,271)
Balance at March 31, 2023	225,134,079	$332,957	64,424,305	$ 1,284	$ (4,080)	$ 57,311	$ —	$ (430,409)	$ (42,937)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Cibus Global, LLC
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash flows from operating activities		
Net loss	$ (18,271)	$ (10,933)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	544	364
Share-based compensation	464	340
Non-cash interest expense, royalty liability - related parties	3,341	960
Other	29	1
Changes in operating assets and liabilities:		
Accounts receivable	(1,307)	158
Due from related parties, net	59	24
Employee retention credit available	(2,062)	—
Prepaid expenses and other current assets	(128)	288
Other assets	23	8
Accounts payable	68	198
Accrued expenses	1,300	(94)
Deferred revenue	1,292	(76)
Operating right-of-use asset and lease liabilities, net	(97)	(64)
Other current liabilities	—	(24)
Other non-current liabilities	(4)	—
Net cash used in operating activities	(14,749)	(8,850)
Cash flows from investing activities		
Purchases of property and equipment	(1,310)	(81)
Proceeds from sale of property and equipment	—	16
Notes receivable	(1,000)	—
Net cash used in investing activities	(2,310)	(65)
Cash flows from financing activities		
Principal payments on financing leases	(37)	(75)
Principal payments on notes payable	(247)	(195)
Proceeds from issuance of notes payable	183	—
Proceeds from exercise of Series A preferred warrants	—	33
Proceeds from issuance of SAFE Notes	—	29,215
Proceeds from issuance of Series F convertible preferred units, net of issuance costs	5,715	—
Proceeds received prior to and for the issuance of Series F convertible preferred units	1,050	—
Repurchase of restricted units	—	(28)
Proceeds from issuance of restricted units	51	1
Net cash provided by financing activities	6,715	28,951
Effect of exchange rate changes on cash	3	1
Net (decrease) increase in cash and cash equivalents	(10,341)	20,037
Cash and cash equivalents		
Cash and cash equivalents - beginning of period	24,338	19,744
Cash and cash equivalents - end of period	$ 13,997	$ 39,781

The accompanying notes are an integral part of these condensed consolidated financial statements.

Cibus Global, LLC
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Business and Organization

Cibus Global, LLC, a Delaware limited liability company (“Cibus” or the “Company”), was formed on May 10, 2019. At the time immediately prior to the effective date of the formation, Cibus was organized as a British Virgin Islands company (“Cibus Global, Ltd.”), which was formed on November 5, 2001. In 2019 the Company was converted to be a Delaware limited liability company.

Cibus is a plant trait company using gene editing technologies to develop and license gene edited plant traits that improve farming productivity or produce renewable low carbon plant products.

Merger Agreement

On January 13, 2023, the Company entered into an Agreement and Plan of Merger (as amended on April 14, 2023, “Merger Agreement”) with Calyxt, Inc. (“Calyxt”), a Delaware corporation, Calypso Merger Sub, LLC., a wholly-owned subsidiary of Calyxt (“Merger Subsidiary”), and certain blocker entities (the “Blockers”). Among other matters, the Merger Agreement provided for: (a) each of the Blockers to merge with and into Calyxt, (b) following these Blocker mergers, Merger Subsidiary to merge with and into the Company (the “Cibus Merger” and, collectively with the Blocker Mergers, the “Mergers”), with the Company as the surviving company and Merger Subsidiary ceasing to exist, and (c) in connection with the Mergers, for Calyxt to contribute all of its assets and liabilities to the Company, as a contribution to the capital of the Company, in exchange for newly issued membership units of the Company. The Merger Agreement and the transactions contemplated by the Merger Agreement were approved by the members of the board of directors of the Company. Closing of the Mergers was subject to numerous closing conditions, including Calyxt shareholder approval. On May 18, 2023, Calyxt’s shareholders approved the transactions contemplated by the Merger Agreement, and on May 31, 2023, transactions contemplated by the Merger Agreement closed.

At the closing of the Mergers, Calyxt issued an aggregate of approximately 16,527,484 shares of Class A Common Stock (including 1,019,282 shares of restricted Class A Common Stock) and 4,642,635 shares of Class B Common Stock to Cibus unitholders, based on an exchange ratio set forth in the Merger Agreement. The exchange ratios were determined in accordance with the Merger Agreement and the Allocation Schedule and were calculated in a manner to allocate legacy pre-closing Calyxt stockholders and legacy pre-closing Cibus unitholders a percentage of the combined company.

The accompanying financial statements have not been restated for the effect of the exchange ratio.

Pursuant to the Merger Agreement the Company and Calyxt agreed that beginning at the earlier of March 15, 2023, and the date Calyxt’s unrestricted cash balance first dropped below $1.5 million, Calyxt could request, and Cibus agreed to provide, an unsecured, interest-free revolving line of credit (the “Interim Funding”) of up to $3.0 million in cash, which limit was increased to $5.0 million on May 17, 2023 in connection with an extension of the outside date for the Mergers. Funds could be drawn by Calyxt in $0.5 million increments and only be used to fund operating expenses incurred in the ordinary course of business. As of March 31, 2023, the Company had loaned $1.0 million of Interim Funding to Calyxt, which is presented as notes receivable on the condensed consolidated balance sheet. Subsequent to March 31, 2023, the Company provided another $1.5 million of Interim Funding to Calyxt. The full outstanding balance of the Interim Funding was reduced to zero in connection with the closing of the Mergers.

Liquidity and Going Concern

The Company has experienced recurring net losses and negative cash flows from operations since its inception and has relied on its ability to fund its operations through equity financings. The Company expects to continue to incur net losses for at least the next several years. As of March 31, 2023, the Company had an accumulated deficit of $430.4 million and cash and cash equivalents of $14.0 million. The Company's expected operating losses and negative cash flows raise substantial doubt about the Company's ability to continue as a going concern within one year from the date these financial statements were available to be issued.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional funding. Management intends to raise additional capital through a combination of equity or equity-linked securities offerings, debt issuances, commercial sales transactions, and collaboration and license agreements. However, the Company may not be able to secure additional financing in a timely manner or on favorable terms, if at all. Furthermore, if the Company issues equity securities to raise additional funds, its existing members may experience dilution, and the new equity securities may have rights, preferences and privileges senior to those of the Company's existing members. If the Company raises additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to its potential products or proprietary technologies or grant licenses on terms that are not favorable to the Company. If the Company is unable to raise capital when needed or on attractive terms, it would be forced to delay, reduce or eliminate its research and development programs or other operations. If any of these events occur, the Company's ability to achieve the development and commercialization goals would be adversely affected.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. They do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP), for interim financial information, and pursuant to Article 8 of Regulation S-X of the Securities Act of 1933, as amended, or Securities Act. Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements have been prepared on the same basis as the Company's audited financial statements and include normal and recurring adjustments that the Company believes are necessary to fairly state the Company's financial position and the results of its operations and cash flows. The results for the three months ended March 31, 2023 are not necessarily indicative of the results expected for the full fiscal year, or any subsequent interim period. The condensed consolidated balance sheet as of December 31, 2022, has been derived from the audited financial statements at that date but does not include all disclosures required for complete financial statements by U.S. GAAP. Because all the disclosures required by U.S. GAAP for complete financial statements are not included herein, these unaudited condensed consolidated financial statements and the notes accompanying them should be read in conjunction with the Company's audited financial statements as of and for the year ended December 31, 2022. Any reference in these notes to applicable guidance is meant to refer to U.S. GAAP as found in the Accounting Standards Codification (ASC), and Accounting Standards Update, (ASU), of the Financial Accounting Standards Board (FASB).

The Company's significant accounting policies are disclosed in the audited financial statements for the periods ended December 31, 2022 and 2021, included in Calyxt's proxy statement/prospectus on Form S-4 filed on April 14, 2023. Since the date of those financial statements, there have been no changes to the Company's significant accounting policies.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Management evaluates its estimates on an ongoing basis. Although estimates are based on the Company's historical experience, knowledge of current events and actions it may undertake in the future, actual results may ultimately materially differ from these estimates and assumptions. Key estimates made by the Company include revenue recognition, useful lives and impairment of long-lived assets, valuation of equity-based awards and related equity-based compensation expense, and the valuation of the Royalty Liability.

Revenue Recognition

The Company's revenues represent amounts earned from collaboration agreements related to contract research. The Company recognizes revenues under Topic 606 *Revenue from Contracts with Customers* (Topic 606) when control of services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to receive from the Company's customers in exchange for those services. This process involves identifying the contract with a customer, determining the performance obligations in the contract, determining the contract price, allocating the contract price to the distinct performance obligations in the contract and recognizing the revenue when the performance obligations have been satisfied. The Company recognizes revenue for satisfied performance obligations only when the Company determines there are no uncertainties regarding payment terms or transfer of control. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract.

Contract Liabilities

The Company records contract liabilities when cash payments are received or due in advance of performance, primarily related to advances of upfront and milestone payments from contract research and collaboration agreements. Contract liabilities consist of deferred revenue on the accompanying condensed consolidated balance sheets. The Company expects to recognize the amounts included in deferred revenues within one year.

The following table represents the deferred revenue activity (in thousands):

Balance as of January 1, 2022	$ 85
Consideration earned	(1,110)
Consideration received	1,025
Balance as of December 31, 2022	$ —
Consideration earned	(193)
Consideration received	1,485
Balance as of March 31, 2023	$ 1,292

Royalty Liability – Related Parties

Pursuant to the warrant transfer and exchange agreement dated December 31, 2014 (the "Warrant Exchange Agreement"), management estimates the total amount of royalty payments over the life of the Warrant Exchange Agreement that the Company will be required to make to holders of certain warrants that were exchanged for the rights to future royalty payments (the "Royalty Liability"). The Royalty Liability is based on the Company's current estimates of future royalties expected to be paid over the life of the arrangement. The Company will periodically assess the expected royalty payments using a combination of internal projections and external sources. In order to determine the amortization of the Royalty Liability, the Company is required to estimate the total amount of future royalty payments to the warrant holders over the life of the Warrant Exchange Agreement. This estimate contains significant assumptions that impact both the amount recorded at execution and the interest expense that will be recognized over the royalty period. The Company will periodically assess the estimated royalty payments and to the extent the amount or timing of such payments is materially different than the original estimates, an adjustment will be recorded prospectively to increase or decrease interest expense. There are a number of factors that could materially affect the amount and timing of royalty payments and correspondingly, the amount of interest expense recorded by the Company, most of which are not within the Company's control. Such factors include, but are not limited to, delays or discontinuation of development of the Company's products, regulatory approval, the introduction of competing products, manufacturing or other delays, intellectual property matters, adverse events that result in authority imposed restrictions on the use of the products, significant changes in foreign exchange rates as the royalties are made in U.S. dollars, and other events or circumstances that are not currently foreseen. Changes to any of these factors could result in increases or decreases to interest expense. See Note 10 for further details.

Employee Retention Credit ("ERC")

The Company qualified for federal government assistance through ERC provisions of the CARES Act passed in 2020, for the 2020 second, third and fourth quarters, as well as the 2021 first and second quarters. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they are not working during the covered period because of the coronavirus outbreak. We recognize amounts to be refundable as tax credits if there is a reasonable assurance of compliance with the grant conditions and receipt of credits. As of March 31, 2023 and December 31, 2022, the Company expected one-time refunds totaling $2.1 million and $0, respectively, which are included on the condensed consolidated balance sheets as an employee retention credit receivable. For the three months ended March 31, 2023 and 2022 the company recorded $2.1 million and $0, respectively, on the condensed consolidated statement of operations and comprehensive loss as a credit to salary expenses.

Recently Adopted Accounting Pronouncements

In June 2016, FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The amendments in ASU 2016-13 affect entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in ASU 2016-13 require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The Company adopted this guidance on January 1, 2023. The adoption of the guidance did not have a material impact on the condensed consolidated financial statements and related disclosures and there was no allowance for losses recorded during the three months ended March 31, 2023.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective are not expected to have a material impact on the Company's financial position, results of operations, or cash flows upon adoption.

3. Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

	Useful Life	March 31, 2023	December 31, 2022
Lab equipment	5-10 years	$ 11,640	$ 11,252
Leasehold improvements	5-7 years	4,154	4,154
Furniture	5 years	170	170
Computer equipment and software	3 years	2,782	2,636
Assets in progress	N/A	1,990	1,221
		20,736	19,433
Less: Accumulated depreciation and amortization		(14,057)	(13,602)
		$ 6,679	$ 5,831

Depreciation and amortization for the three months ended March 31, 2023 and 2022 was $0.5 million and $0.4 million, respectively.

4. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	March 31, 2023	December 31, 2022
Accrued salaries, wages, and payroll taxes	$ 3,348	$ 2,844
Accrued professional fees	2,456	1,389
Accrued field trials	342	604
Other	127	109
	$ 6,273	$ 4,946

5. Notes Payable

The Company has financed certain annual license costs. The Company has recorded notes payable related to financed license costs of $0.1 million and $0.2 million on the condensed consolidated balance sheet as of March 31, 2023 and December 31, 2022, respectively. The financing arrangement for the licenses has a term of one year and accrues interest at an annual rate of 10%. The Company makes monthly principal and interest payments. The notes related to annual licenses mature in July 2023.

Additionally, the Company has purchased various fixed assets using notes. The total notes payable balance related to financed equipment was $1.2 million and $1.1 million as of March 31, 2023, and December 31, 2022, respectively. The financed equipment is subject to annual interest rates between 7.3% and 17.6% and has a weighted average remaining term of 3.0 years. Notes used to finance equipment mature between June 2023 and February 2028.

The following table summarizes future payments on notes payable:

Years Ended December 31,	
2023 (remaining nine months)	$ 593
2024	422
2025	324
2026	123
2027	62
Thereafter	8
Total payments	1,532
Less: amounts representing interest	(191)
Total principal payments	1,341
Less: current portion of notes payable	(614)
Notes payable, net of current portion	$ 727

6. Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair-value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts reflected in the accompanying condensed consolidated balance sheets for accounts receivable, accounts payable and accrued expenses approximate their fair value due to their short-term nature. Based on the borrowing rates currently available to the Company for debt with similar terms and consideration of default and credit risk, the carrying value of the debt approximates fair value, which is considered a Level 2 fair value measurement. The Company's investments, which include money market funds are measured at fair value in accordance with the fair value hierarchy.

(in thousands)	Fair Value	Quoted Market Price for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
At March 31, 2023					
Assets					
Money market funds (1)	$ 11,202	$ 11,202	$ —	$ —	$11,202
At December 31, 2022					
Assets					
Money market funds (1)	$ 20,202	$ 20,202	$ —	$ —	$20,202

(1) Included in cash and cash equivalents on the accompanying condensed consolidated balance sheets.

7. Convertible Preferred Units and Voting Common Units

The Company has authorized multiple series of convertible preferred units (collectively, the "Preferred Units"), in addition to voting and non-voting common units (see Note 9).

Preferred Units

The number of authorized and outstanding Preferred Units was as follows (in thousands, except unit amounts):

	March 31, 2023			
	Authorized Units	Outstanding Units	Carrying Value	Liquidation Preference
Series A convertible preferred units	83,300,852	67,810,963	$ 64,097	$ 111,428
Series B convertible preferred units	31,285,438	30,817,791	54,710	57,013
Series C convertible preferred units	38,173,979	33,195,500	67,012	69,711
Series D convertible preferred units	44,000,000	44,000,000	54,195	55,000
Series E convertible preferred units	19,886,364	19,884,227	34,381	34,996
Series F convertible preferred units	50,000,000	29,425,598	58,562	58,851
	266,646,633	225,134,079	$ 332,957	$ 386,999

	December 31, 2022			
	Authorized Units	Outstanding Units	Carrying Value	Liquidation Preference
Series A convertible preferred units	83,300,852	67,810,963	$ 64,097	$ 111,428
Series B convertible preferred units	31,285,438	30,817,791	54,710	57,013
Series C convertible preferred units	38,173,979	33,195,500	67,012	69,711
Series D convertible preferred units	44,000,000	44,000,000	54,195	55,000
Series E convertible preferred units	19,886,364	19,884,227	34,381	34,996
Series F convertible preferred units	50,000,000	26,485,598	52,810	52,971
	266,646,633	222,194,079	$ 327,205	$ 381,119

Conversion

The Preferred Units are convertible, at the option of the holder at any time and without any additional consideration, into an equivalent number of voting common units. In addition, upon (i) the closing of a Qualified Public Offering (defined as a firm commitment underwritten public offering of the Company's equity securities to the public at a price per unit of at least (a) $4.00 per unit and gross proceeds of $200 million, or (b) $4.00 per share with a minimum market capitalization of $1.0 billion or (c) $4.00 per unit and an equity financing of at least $250 million), (ii) the closing of certain liquidation or change in control events, or (iii) a resolution of the Preferred Members, all issued and outstanding Preferred Units shall automatically be converted into voting common units on a one-for-one basis.

Liquidation

In the event of a voluntary or involuntary liquidation, proceeds or any other assets of the Company will be distributed to the Company's equity holders as follows:

(1) Unreturned Capital on Series F convertible preferred units ("Series F Preferred Units")

(2) Unreturned Capital on Series E convertible preferred units ("Series E Preferred Units")

(3) Unreturned Capital on Series D convertible preferred units ("Series D Preferred Units")

(4) Unreturned Capital on Series C convertible preferred units ("Series C Preferred Units")

(5) Unreturned Capital on Series B convertible preferred units ("Series B Preferred Units")

(6) Series A Preferred Return, if applicable

(7) Unreturned Capital on Series A convertible preferred units (“Series A Preferred Units, and together with the Series F Preferred Units, the Series E Preferred Units, the Series D Preferred Units, the Series C Preferred Units and the Series B Preferred Units, the “Preferred Units”)

(8) Nonvoting and voting common units

Any distribution remaining, after the Series F, E, D, C, B, and A preferred members and nonvoting and voting common members have received their portion in proportion to and to the extent of each such holders’ Unreturned Capital Amount, will be distributed to the holders of all units on a pro rata basis in proportion to their overall percentage interest. The “Unreturned Capital Amount” for members holding Series F, E, D, C, B, and A Preferred Units as of March 31, 2023 was $58.9 million, $35.0 million, $55.0 million, $69.7 million, $57.0 million, and $88.9 million, respectively. The members holding Series A Preferred Units accrued a cumulative Series A Preferred Return at 10% per annum, until the initial closing of the Series B Preferred Units purchase agreement at July 29, 2015. The cumulative Series A Preferred Return was $22.5 million as of March 31, 2023.

Redemption

The Preferred Units are not redeemable.

Preferred Unit Issuances

During the three months ended March 31, 2023, 2.9 million Series F Preferred Units were issued at $2.00 per unit, with offering expenses of $0.1 million.

During the three months ended March 31, 2022, the Company issued 26,109 Series A Preferred Units as a result of the exercise of warrants to purchase Series A Preferred Units.

Voting Common Units

Voting common units are reserved for the conversion of Series A, B, C, D, E and F Preferred Units and nonvoting common units. Each voting common unit entitles the holder to cast one vote at all member meetings. No voting common units have been issued as of March 31, 2023.

8. Warrants to Purchase Preferred Units

The Company had warrants to purchase Preferred Units outstanding as follows:

	March 31, 2023		
	Preferred Units Underlying Warrants	Weighted Average Exercise Price	Expiry Date
Series A convertible preferred units	15,489,402	$ 1.25	2023-2027
Series B convertible preferred units	467,647	$ 1.85	2023
Series C convertible preferred units	4,978,479	$ 2.10	2024-2027

	December 31, 2022			
	Preferred Units Underlying Warrants	Weighted Average Exercise Price		Expiry Date
Series A convertible preferred units	15,489,402	$	1.25	2023-2027
Series B convertible preferred units	467,647	$	1.85	2023
Series C convertible preferred units	4,978,479	$	2.10	2024-2027

No warrants were granted, exercised, cancelled or expired during the three months ended March 31, 2023.

Warrants to Purchase Series A Preferred Units

The Company had outstanding warrants to purchase a total of 15.5 million Series A Preferred Units at March 31, 2023 and December 31, 2022. These warrants were primarily issued in connection with the sale of Series A Preferred Units.

In December 2020, the Company received $6.2 million in cash from a related party for the right to exercise 8.2 million warrants to purchase Series A Preferred Units. The remaining purchase price was recorded as a $4.1 million unit subscription receivable from the related party. In connection with the exercise, the Company granted 8.2 million warrants to purchase voting common units. These warrants have an exercise price of $1.25 per unit with a 6-year term and can be exercised immediately at the issuance date. This was accounted for as equity under the relevant accounting guidance applicable to derivative instruments. The unit subscription receivable bears simple interest at an annual rate of 0.15% and is collateralized by the Series A Preferred Units purchased with the note (the “Promissory Note”). The Promissory Note was originally payable on the earlier of (i) January 31, 2022 and (ii) the date of any qualified liquidation/change event as defined in the Company’s LLC agreement. Subsequently, the payment due date was extended to the earlier of (i) January 31, 2024 and (ii) ninety (90) days after any underwriter “lock-up” period applicable to the related party after the date of the consummation of the Company’s first underwritten public offering.

Warrants to Purchase Series B Preferred Units

The Company has outstanding warrants to purchase a total of 0.5 million Series B Preferred Units at March 31, 2023 and December 31, 2022. Such warrants are fully exercisable and entitle the holder to purchase Series B Preferred Units at an exercise price of $1.85 per unit with a term of seven years from the date of issuance. The warrants are classified as equity.

Warrants to Purchase Series C Preferred Units

The Company has outstanding warrants to purchase a total of 5.0 million Series C Preferred Units at March 31, 2023 and December 31, 2022. These warrants were issued to existing members and directors in connection with the issuance of Series C Preferred Units and for services provided in connection with the offerings. Such warrants are fully exercisable. The warrants are classified as equity.

9. Non-voting Common Units and Equity-Based Compensation

Non-voting Common Units

The Company’s non-voting common units include units issued under the Company’s Stock Option Plan which was terminated in 2016 and units issued under the Company’s Restricted Units Plan.

The following table summarizes the Company’s non-voting common units according to these restrictions:

	March 31, 2023	December 31, 2022
Vested non-voting units outstanding	1,475,059	1,475,059
Units outstanding under the restricted units plan, subject to threshold values		
restricted units non-vested	21,523,932	21,993,944
restricted units vested	41,425,314	40,434,902
	62,949,246	62,428,846
Total non-voting common units outstanding	64,424,305	63,903,905

Non-voting members and holders of vested restricted units issued under the Restricted Units Plan (defined below) are entitled to share in distributions from the Company (after members holding Series F, Series E, Series D, Series C, Series B and Series A Preferred Units receive their distributions), up to, the amount of the distribution exceeds a predetermined threshold value. Non-voting common units, except for nonvested restricted units, are to be converted to voting common units, upon certain qualified financing events, as defined in the underlying restricted unit purchase agreements.

Restricted Units

The Company’s restricted units are issued in accordance with the restricted units purchase plan (“Restricted Units Plan”) which allowed for a total of 66,414,403 units to be issued as of March 31, 2023, which number will automatically increase in connection with any future equity financing transactions undertaken by the Company such that the total number of common units which may be issued under the Restricted Units Plan shall represent 15% of the Company’s outstanding equity on a fully-diluted basis. There are 7.8 million units that are excluded from the current Restricted Units Plan and will not count in the total which is allowed to be issued. Under the Restricted Units Plan, the Company issued restricted units to members of the Board, employees, advisors, consultants or similar other service providers. The restricted units are subject to both a vesting schedule and a defined threshold value, equal to the estimated fair value of a nonvoting common unit on the issuance date. Restricted units issued under the Restricted Units Plan vest based on a grant date vesting schedule as determined by the Board of Directors, generally over a period of 48 months. Units are sold to participants for $0.01 per unit. Holders of vested units are entitled to share in distributions from the Company after members holding Series F, Series E, Series D, Series C, Series B and Series A Preferred Units receive their distributions with respect to such Preferred Units and the amount of the distribution exceeds the predetermined threshold value. The Restricted Units Plan has a term ending on May 31, 2026, after which no additional units shall be issued pursuant to the Restricted Units Plan.

Under the Restricted Units Plan, the Company may exercise the right to repurchase certain units after the release of the vesting restriction if the holder ceases to provide continuous service to the Company. The repurchase price of vested units is the fair value of the units, as determined by the Company, at the date of the termination of continuous service subject to a previously defined threshold value. The repurchase price for nonvested units is $0.01, which is the price at which the units were initially purchased by the holders.

As of March 31, 2023, 41,425,314 of the units issued under the Restricted Units Plan had vested in accordance with the terms of the underlying purchase agreements, which were subject to a weighted average threshold value of $1.06 per unit, and 21,523,932 of the restricted units were nonvested. In the event of a qualified public offering, as defined in the underlying restricted unit purchase agreements, vested units convert to common units at a conversion rate of the then-fair-market value of each vested unit less the applicable threshold value of each vested unit, divided by the value of the qualified offering price per unit of common units.

During the three months ended March 31, 2023 and 2022, the grant date fair value of the underlying common units for grants of restricted units was determined using an option pricing model (“OPM”). Under the OPM, once the fair market value of the enterprise value is established, units are valued creating a series of call options with exercise prices based on the liquidation preferences and conversion behavior of the different classes of equity. Accordingly, the aggregate equity value is allocated to each of the classes of member units issued and outstanding based on their rights and preferences. In order to determine the fair market value of the enterprise, the Company utilized a market approach to estimate the Company’s equity value. The threshold units were valued using the Black-Scholes valuation model.

The following table summarizes information regarding nonvested restricted units:

	Number of Units	Weighted Average Grant Date Fair Value
Restricted units non-vested at January 1, 2023	21,993,944	$ 0.37
Granted	520,400	$ 0.47
Vested	(990,412)	$ 0.22
Repurchased	—	
Restricted units non-vested at March 31, 2023	21,523,932	$ 0.37
Restricted units vested at March 31, 2023	41,425,314	
Total restricted units outstanding under the restricted units plan at March 31, 2023	62,949,246	

The total fair value of vested restricted units during the three months ended March 31, 2023 and 2022 was $0.2 million. The weighted-average grant-date fair value of restricted units granted during the three months ended March 31, 2023 and 2022 was $0.47 per unit and $0.40 per unit, respectively.

Equity-Based Compensation

The Company recognizes equity-based compensation for the difference between the grant date fair value and the amount per unit paid by the employee. The grant date fair value of restricted units is estimated based on the valuation of the Company's equity securities. Equity-based compensation is recognized ratably over the requisite service period, which is generally the vesting period. During the three months ended March 31, 2023 and 2022, the Company recognized $0.5 million and $0.3 million, respectively, of equity-based compensation related to restricted units of which $0.3 million and $0.2 million, respectively, was included in selling, general and administrative expense and $0.2 million and $0.1 million, respectively, was included in research and development expense in the accompanying condensed consolidated statements of operations and comprehensive loss. The Company has unrecognized compensation costs related to restricted units of $6.9 million as of March 31, 2023, and the weighted average period over which these costs are expected to be recognized is 3.2 years.

10. Royalty Liability – Related Parties

In 2014 the Company entered into the Warrant Exchange Agreement with certain members holding Series A Preferred Units, including members of the Board and management, who were also the holders of warrants to purchase Series A Preferred Units. Under the Warrant Exchange Agreement, the holders of certain warrants (the "Royalty Holders") were provided the right to exchange their warrants for future royalty payments equal to 10% of the Subject Revenues. "Subject Revenues" include all revenues earned by the Company, including consideration attributable to canola seed products and other crop traits developed using the Company's gene editing technology, but excludes specifically, (i) revenues attributable to the Nucelis product line, (ii) amounts received from the sale or disposition of the Company's assets to the extent the purchaser agrees to be bound by the Warrant Exchange Agreement, (iii) payments for the Company's capital stock, and (iv) revenues attributable to collaboration and research projects. Royalty payments will begin in the first fiscal quarter after which the aggregate Subject Revenues during any consecutive 12-month period equals or exceeds $50.0 million, at which point the Company will be obligated to pay all aggregated but unpaid payments under the Warrant Exchange Agreement. This condition had not occurred as of March 31, 2023. Additionally, the Company granted the Royalty Holders a continuing security interest in certain intellectual property of the Company to secure the payment and performance of the Company's obligations under the Warrant Exchange Agreement. The initial term of the Warrant Exchange Agreement is 30 years and may be extended for an additional 30-year term if the holders provide written notice and make a payment of $100. The exchange right was limited to 12,397,200 warrants, which were fully exchanged in 2014 and 2015. The aggregate value of warrants exchanged was $9.9 million and the amount was initially recorded as a Royalty Liability in the years ended December 31, 2015 and 2014. Changes in the liability are accreted to interest expense using the effective interest method over the term of the royalty arrangement.

For purposes of determining the Royalty Liability, the Company estimates the total amount of future royalty payments required to be paid to Royalty Holders over the life of the agreement. The Company will periodically assess the expected royalty payments using a combination of internal projections and external sources. The Company's estimate resulted in an effective annual interest rate of 27% as of March 31, 2023 and December 31, 2022.

The Royalty Liability activity is as follows (in thousands):

Royalty liability at January 1, 2023	$49,325
Interest expense recognized	3,341
Royalty liability at March 31, 2023	$52,666
Royalty liability at January 1, 2022	$43,252
Interest expense recognized	6,073
Royalty liability at December 31, 2022	$49,325

11. Related Party Transactions

Due to Related Parties

The Company is party to an arrangement with a company influenced by a member of the Board under which research and development services are performed for the Company. During the three months ended March 31, 2023 and 2022, the Company incurred $0.1 million each period of research and development expenses under this arrangement. The amount outstanding at March 31, 2023 and December 31, 2022 was $0.1 million.

Due from Related Parties

The Company is party to a license and marketing agreement with a company controlled by a member of the Board, pursuant to which the amounts due from related parties are recorded at the amounts billed to the related parties for services provided or product sold. The amounts due from related parties presented on the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022 were $0.2 million and $0.3 million, respectively.

License and Marketing Agreement

In July 2012, the Company entered into a license and marketing agreement with RTDC Company, Ltd ("RTDC"), which is controlled by a member of the Company's Board. Under the agreement the Company develops and commercializes certain crop varieties that include traits produced using the Company's proprietary technology and RTDC is obligated to make certain funding payments.

On January 21, 2020 (the "Agreement Date"), the Company and RTDC amended the license and marketing agreement, under which RTDC agreed to pay the Company $4.5 million. The parties also agreed to continue funding of the research and development activities. Continued funding of $0.2 million was recorded in the condensed consolidated statements of operations and comprehensive loss as revenue under collaboration and research-related party for the three months ended March 31, 2023 and 2022.

12. Supplemental Cash Flow Information

Supplemental cash flow information is as follows (in thousands):

	Three Months ended March 31, 2023		Three Months ended March 31, 2022	
Supplemental disclosure of cash flow information				
Cash paid for interest	$	41	$	63
Cash paid for amounts included in the measurement of operating lease liabilities	$	1,118	$	694
Cash paid for amounts included in the measurement of financing lease liabilities	$	42	$	87
Supplemental disclosures of noncash investing and financing activities				
Property and equipment acquired through accounts payable	$	83	$	205
Right-of-use assets obtained in exchange for operating lease liabilities	$	38	$	7,581

13. Commitments and Contingencies

Operating Leases

The Company has leases for its office space, including its corporate headquarters and laboratory space in San Diego, California, with terms that expire in May 2025 and August 2025, respectively. The Company has one option to extend the laboratory space lease for one year. As the Company is not reasonably certain to exercise this option at lease commencement, the option was not recognized as part of the associated operating lease right- of-use ("ROU") asset or liability.

Additionally, the Company has certain leases for greenhouse and warehouse facilities, with terms that expire in September 2023 and August 2026, respectively. The Company has one option to extend the term of the greenhouse lease, for five years, and one option to extend the warehouse lease, for five years. However, as the Company is not reasonably certain to exercise either of those options at lease commencement, neither option was recognized as part of the associated operating lease ROU asset or liability.

Certain leases include rent abatement, rent escalations, tenant improvement allowances and additional charges for common area maintenance and other costs. The Company is required to pay base rent expense as well as its proportionate share of the facilities operating expenses. The non-lease components, consisting primarily of common area maintenance, are paid separately based on actual costs incurred. Therefore, the variable non-lease components were not included in the right of use asset and lease liability and are reflected as expense in the period incurred.

For the three months ended March 31, 2023 and 2022, the Company incurred rent expenses under these leases of $1.2 million and $0.6 million, respectively.

Aggregate future minimum payments under operating leases, weighted average remaining term, and weighted average discount rate as of March 31, 2023 are as follows (in thousands):

Years Ended December 31,		
2023 (remaining nine months)	$	3,931
2024		5,279
2025		2,899
2026		88
Thereafter		
Total minimum lease payments		12,197
Less: amounts representing interest		(803)
Present value of lease liabilities		11,394
Less: current portion		(4,659)
Non-current portion	$	6,735

	March 31, 2023
Weighted-average remaining lease term (years)	2.3
Weighted-average incremental borrowing rate	6.24%

Financing Leases

The Company has financing leases for certain equipment. During the three months ended March 31, 2023, the Company recorded expense of $27,000 related to the amortization of its financing lease right-of-use assets, and $6,000 related to interest on financing lease liabilities, for total financing lease costs of $33,000.

Aggregate future minimum payments under financing leases, weighted average remaining term, and weighted average discount rate as of March 31, 2023 are as follows (in thousands):

Years Ended December 31,		
2023 (remaining nine months)	$	126
2024		89
Thereafter		—
Total minimum lease payments		215
Less: amounts representing interest		(14)
Present value of lease liabilities		201
Less: current portion		(152)
Non-current portion	$	49

	March 31, 2023
Weighted-average remaining lease term (years)	1.2
Weighted-average incremental borrowing rate	10.72%

Cibus Non-profit Foundation

During 2022, Cibus created the Cibus Charitable Foundation, Inc., a nonprofit legal entity referred to as the Cibus Foundation. As of March 31, 2023, the Cibus Foundation has not received any donations or commenced operations. Cibus is obligated to make donations to the Cibus Foundation each fiscal year at a rate of 1.0% of all net royalty revenue in the applicable fiscal year that is equal to or greater than $100 million up to, and including, $1.0 billion, and then steps up to 2.0% in respect of any portion of such net royalty revenue in excess of $1.0 billion. For purposes of this calculation, “net royalty revenue” refers to all royalty payments received by Cibus, net of all taxes (other than income taxes) and all amounts payable pursuant to the Royalty Liability. The donation payable by Cibus may be reduced, including to zero, to the extent necessary to comply with any covenant or obligation in any instrument evidencing third-party indebtedness, to permit a financing to occur, to preclude undercapitalization, to satisfy working capital requirements or provide for strategic needs of Cibus, to ensure timely payment of the Cibus’ liabilities and debts to third parties as they become due, or to comply with applicable law. Cibus has agreed not to enter any change of control transaction unless the surviving entity assumes the obligation to pay such donations to the Cibus Foundation.

This obligation is contingent upon the Cibus Foundation obtaining and maintaining its status as a charitable organization (IRS 501c3 registration not yet achieved) and must use all donations received consistent with its mission statement: to drive sustainable agriculture and sustainable agricultural communities in the developing world. Accordingly, as of March 31,2023, the Company has not recorded a liability related to its obligations to the Cibus Foundation within the accompanying condensed consolidated financial statements.

Litigation

The Company is subject to potential liabilities under various claims and legal actions that are pending or may be asserted. These matters arise in the ordinary course and conduct of the business. The Company regularly assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in the condensed consolidated financial statements. An estimated loss contingency is accrued in the condensed consolidated financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

On May 3, 2019, Houston Casualty Company ("HCC") filed a Complaint for Declaratory Relief and Recoupment related to an insurance claim involving the Company's hybrid canola products sold in 2018. On October 10, 2019 the Company filed a counterclaim for certain breaches and damages. The Company is unable to estimate a range of reasonably possible outcomes for this matter since the proceedings are in the pre-trial stage with significant uncertainty as to factual issues. The Company does not believe, based on currently available information, that the outcome of this matter will have a material adverse effect on the Company's financial condition in the event HCC should prevail, though the outcome could be material to the Company's results of operations for a particular period.

14. Collaboration Agreement

In January 2023, the Company entered into a Research and Collaboration Agreement with The Procter & Gamble Company (the "P&G Agreement"), pursuant to which the Company undertook to create a genetically edited soybean plant that meets certain specifications per the P&G Agreement. The Company is entitled to potential milestone-based payments under the P&G Agreement in an aggregate amount of approximately $8.6 million. The P&G Agreement also provides for certain additional milestone payments based upon the achievement of commercial milestones as well as sales-based royalties. Unless terminated earlier, the P&G Agreement will remain in effect for 10 years. Per the agreement the Company and P&G will bear the costs of any research and development activities undertaken by the parties and will not share in the cost of development. The Company recorded approximately $1.3 million of deferred revenue on the condensed consolidated balance sheet as of March 31, 2023, for upfront payments under the P&G Agreement. The Company has determined the P&G Agreement should be accounted for under Topic 606 and will recognize revenue over time proportional to the research and development activities performed by the Company related to the collaboration agreement.

15. Subsequent Events

The Company evaluated subsequent events through June 29, 2023, which represents the date the financial statements were available to be issued.

Series F Preferred Units

In May 2023, the Company completed, as the final tranche of its private placement, the sale and issuance of 29,802,497 Series F convertible preferred units at $2.00 per unit, for total gross proceeds of approximately $59.6 million.

Promissory Note

In May 2023, the Company elected to relieve the $4.1 million Promissory Note due from a related party, which is shown as an equity component in the condensed consolidated statement of members' deficit as of March 31, 2023. The Promissory Note was recorded in connection with the exercise of 8.2 million warrants to purchase Series A Preferred Units.

Merger Closing

In May 2023, transactions contemplated by the Merger Agreement closed. In connection with the closing of the Mergers, all outstanding Preferred Units of the Company were converted based on the exchange ratio set forth in the Merger Agreement into 11,523,147 shares of Class A Common Stock and 4,642,635 shares of Class B Common Stock.

CIBUS MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the purposes of this section, references to "Cibus," "Cibus Global," "us," "our," "we" and derivations thereof refer to Cibus Global LLC and its subsidiaries, in each case, during the periods presented.

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing in Exhibits 99.4 and 99.5 to Amendment No. 1 (the "Amended 8-K"), filed with the Securities and Exchange Commission (the "SEC") on June 29, 2023, to the Company's Current Report on Form 8-K initially filed with the SEC on June 1, 2023 (the "Closing 8-K"). Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties and assumptions. As a result of many factors, including those factors set forth in the "Risk Factors" attached as Exhibit 99.3 to the Closing 8-K, our actual results could differ materially from the results described in or implied by these forward-looking statements. You should carefully read these "Risk Factors to gain an understanding of the factors that could cause actual results to differ materially from our forward-looking statements. Please also see the sections titled "Cautionary Statement Concerning Forward-Looking Statements" and "Market and Industry Data."

Market and Industry Data

The following discussion and analysis of our financial condition and results of operations includes industry and market data that Cibus Global has obtained from industry publications, third-party studies and surveys, filings of public companies in their respective industries and related industry and internal company surveys. These sources include government and industry sources, which generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe the industry and market data to be reliable as of the date of this discussion and analysis, this information could prove to be inaccurate. Industry and market data could be wrong because of the method by which sources obtained their data and because information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. We do not know all of the assumptions regarding general economic conditions or growth that were used in preparing the forecasts from the sources relied upon or cited herein. Assumptions and estimates of future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the "Risk Factors" discussed above. These and other factors could cause future performance to differ materially from our assumptions and estimates.

Cautionary Statement Concerning Forward-Looking Statements

This discussion and analysis of our financial condition and results of operations contains "forward-looking statements" within the meaning of applicable securities laws, including The Private Securities Litigation Reform Act of 1995. All statements, other than statements of present or historical fact included herein, including statements regarding the benefits of our merger with Calyxt, Inc., our operational and financial performance, and our strategy, future operations, prospects and plans, are forward-looking statements. Forward-looking statements may be identified by words such as "anticipate," "believe," "intend", "expect," "plan," "scheduled," "could," "would" and "will," or the negative of these and similar expressions. These forward-looking statements are based on the current expectations and assumptions of Cibus Global's management about future events, which are based on currently available information. These forward-looking statements are subject to numerous risks and uncertainties, many of which are difficult to predict and beyond the control of Cibus Global. There are many factors that could cause Cibus Global's actual results, level of activity, performance or achievements to differ materially from those expressed or implied by forward- looking statements, including factors related to: (i) risks associated with the possible failure to realize certain anticipated benefits of the transactions contemplated by the merger with Calyxt, Inc. (the "Transactions"), including with respect to future financial and operating results; (ii) the effect of the completion of the Transactions on Cibus Global's business relationships, operating results and business generally; (iii) the outcome of any litigation related to the merger agreement or Transactions; (iv) competitive responses to the Transactions and changes in expected or existing competition; (v) challenges to Cibus Global's intellectual property protection and unexpected costs associated with defending Cibus Global's intellectual property rights; (vi) increased or unanticipated time and resources required for Cibus Global's platform or trait product development efforts; (vii) Cibus Global's reliance on third parties in connection with its development activities; (viii) Cibus Global's ability to effectively license its productivity traits and sustainable ingredient products; (ix) the recognition of value in Cibus Global's products by farmers, and the ability of farmers and processors to work effectively with crops containing Cibus Global's traits; (x) Cibus Global's ability to produce high- quality plants and seeds cost effectively on a large scale; (xi) Cibus Global's need for additional funding to finance its activities and challenges in obtaining additional capital on acceptable terms, or at all; (xii) regulatory developments that disfavor or impose significant burdens on gene-editing processes or products; (xiii) Cibus Global's ability to achieve commercial success; (xiv) commodity prices and other market risks facing the agricultural sector; and (xv) technological developments that could render Cibus Global's technologies obsolete. In addition to these factors, other known and unknown risks and uncertainties may adversely affect such forward-looking statements and cause Cibus Global's actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. In addition, the forward-looking statements included in this discussion and analysis represents our views as of the date hereof. Cibus Global specifically disclaims any obligation to update such forward- looking statements in the future, except as required under applicable law. These forward-looking statements should not be relied upon as representing Cibus Global's views as of any date subsequent to the date hereof.

Business Overview

Cibus® is a leading agricultural technology company that develops and licenses plant traits to seed companies for royalties. Its primary business is using gene editing to develop Productivity Traits in the major agricultural crops: Canola, Rice, Soybean, Corn, and Wheat. Productivity Traits are crop traits that improve crop yields and make farmers more productive, thereby driving greater farming profitability. They do this in several ways such as: (i) making plants resistant to diseases or pests, thereby reducing the use of chemicals like fungicides and insecticides, (ii) enabling plants to process nutrients more efficiently, thereby reducing the use of fertilizers, and (iii) making crops more adaptable to their environment and to climate change. In addition, as a leader in the development of sustainable low carbon ingredients, Cibus aims to help major corporations meet their Net Carbon Zero climate goals.

Gene editing is a tool used in plant breeding that can precisely and predictably introduce new traits or improve upon existing ones. Gene editing, like breeding, is the science of optimizing plant genetics to increase a plant's yield potential and to improve its ability to withstand challenges, such as climate change, diseases, and pests, as well as to deliver end-use characteristics such as nutritional quality or renewable plant-based ingredients. What differentiates gene editing from traditional breeding is that it makes deliberate edits in the existing DNA sequence of a plant as opposed to the lengthy and random conventional breeding process. The promise of gene editing is that it can change the scale and range of possible genetic solutions from breeding by its ability to make genetic changes in less time and more accurately. As challenges to farming sustainability increase with climate change, the ultimate promise of gene editing is that it can help meet those challenges with a timely and predictable process.

What differentiates Cibus in the gene editing industry is its patented Rapid Trait Development System™ ***RTDS®*** technology platform and its crop specific Trait Machine™ process. Using ***RTDS***, Cibus developed the Trait Machine: the first standardized end-to- end semi-automated crop specific gene editing system that directly edits a seed company's elite germplasm. The Trait Machine transforms the lengthy and random conventional breeding process into a timebound, reproducible and predictable science-based breeding process. Cibus believes that the Trait Machine represents the technological breakthrough in plant breeding that is the ultimate promise of plant gene editing: the ability to change the scale and range of possible genetic solutions from breeding and to develop desired characteristics or traits with greater speed and accuracy. Cibus expects to have its stand-alone Trait Machine Facility operational in 2023. The Trait Machine drives and differentiates Cibus' operating plan and its commercial model.

Cibus trait products are indistinguishable from plant traits developed using conventional breeding processes. Cibus has a pipeline of six Productivity Traits, three of which are fully developed. Each of Cibus' developed traits has initial customers, and Cibus has begun transferring each of these traits to those customers in their elite germplasm for commercialization. The lead developed trait is Pod Shatter Reduction (PSR) in Canola, which has ten leading seed company customers for whom Cibus is currently editing PSR into their elite germplasm.

Cibus' business and its products are based on the use of its gene editing technologies to develop and license a new generation of high value Productivity Traits and Sustainable Plant-Based Low Carbon Ingredients.

- **Productivity Traits:** Productivity Traits are the plant traits that are associated with improving crop yields in the face of challenges such as weeds, pests, and diseases, in the face of factors such as heat and drought as a result of climate change, as well as environmental challenges such as fertilizer use. They are the primary target of plant breeding programs and a key basis of competition in the "seed and trait" business. The key application of Cibus' Trait Machine is the development of a new class of high value Productivity Traits. Cibus' product goal for its Productivity Trait business is a new generation of high value Productivity Traits that make crops more adaptable to their environment and have increased yields while reducing chemical inputs. Its focus is on the five major crops: Canola, Rice, Soybean, Wheat, and Corn. Together these crops are grown on over one billion acres and represent over 90% of the world's protein and 70% of the world's vegetable oils.
- **Sustainable Low Carbon Ingredients:** Low Carbon Ingredients are a key target market for Cibus' gene editing platform. The goal of the Global Net Carbon Zero Climate Goals being set by many multi-national companies is to replace the many ingredients that are fossil fuel-based or linked to environmental challenges. Using gene editing to develop plant- or micro-organism-based solutions is a key element of this drive to new renewable low carbon materials. To address this market, Cibus is using its Trait Machine platform, as well as ASAP™, its advanced microbial fermentation platform, and, following the merger with Calyxt, Inc., Plant Cell Matrix™ (PCM™) technology platform.

Cibus now has a pipeline of six traits, including three fully developed gene edited trait products, it has leading seed company partners/customers, it has completed the transfer of its first three traits in the elite germplasm of customers in two different crops, and it is completing the industry's first trait production facility.

We are an early-stage company and have incurred net losses since our inception. As of March 31, 2023, we had an accumulated deficit of $430.4 million. Our net losses for three months ended March 31, 2023 and 2022 were $18.3 million and $10.9 million, respectively. Substantially all of our net losses resulted from costs incurred in connection with our research and development programs and from selling, general and administrative expenses associated with our operations. As we continue to develop our pipeline of product candidates and as a result of our limited commercial activities, we expect to continue to incur significant expenses and operating losses for the foreseeable future, and those expenses and losses may fluctuate significantly from quarter-to-quarter and year-to-year. See "*Risk Factors—Risks Related to Cibus—Risks Related to Cibus' Business and Operations—Cibus has incurred significant losses and anticipates that it will continue to incur significant losses for several years*" included in the Closing 8-K.

Accordingly, until such time that we can generate a sufficient amount of revenue from product sales or other sources, if ever, we expect to finance our operations through private or public equity or debt financings, loans or other capital sources, which could include income from collaborations, partnerships or other marketing, distribution, licensing or other strategic arrangements with third parties, or from grants. However, we may be unable to raise additional capital from these sources on favorable terms, or at all. Our failure to obtain sufficient capital on acceptable terms when needed could have a material adverse effect on our business, results of operations or financial condition, including requiring us to delay, reduce or curtail our research, product development or future commercialization efforts. We may also be required to license rights to product candidates at an earlier stage of development or on less favorable terms than we would otherwise choose. We cannot provide assurance that we will ever generate positive cash flow from operating activities.

The 2019 Corporate Conversion

In May 2019, we domesticated from a British Virgin Islands business company under the name of Cibus Global, Ltd. into a Delaware limited liability company.

Recent Developments

Merger Agreement

On January 13, 2023, Cibus entered into an Agreement and Plan of Merger (as amended on April 14, 2023, "Merger Agreement") with Calyxt, Inc. ("Calyxt"), a Delaware corporation, Calypso Merger Sub, LLC., a wholly-owned subsidiary of Calyxt ("Merger Subsidiary"), and certain blocker entities (the "Blockers"). Among other matters, the Merger Agreement provided for: (a) each of the Blockers to merge with and into Calyxt, (b) following these Blocker mergers, Merger Subsidiary to merge with and into Cibus (the "Cibus Merger" and, collectively with the Blocker Mergers, the "Mergers"), with Cibus as the surviving company and Merger Subsidiary ceasing to exist, and (c) in connection with the Mergers, for Calyxt to contribute all of its assets and liabilities to Cibus, as a contribution to the capital of Cibus, in exchange for newly issued Cibus membership units. Closing of the Mergers was, subject to numerous closing conditions, including Calyxt shareholder approval. On May 31, 2023, the transactions contemplated by the Merger Agreement closed.

At the closing of the Mergers, Calyxt issued an aggregate of approximately 16,527,484 shares of Class A Common Stock (including 1,019,282 shares of restricted Class A Common Stock) and 4,642,635 shares of Class B Common Stock to Cibus unitholders, based on an exchange ratio set forth in the Merger Agreement. The exchange ratios were determined in accordance with the Merger Agreement and the Allocation Schedule and were calculated in a manner to allocate legacy pre-closing Calyxt stockholders and legacy pre-closing Cibus unitholders a percentage of the combined company.

Components of Results of Operations

Revenue

The following table presents Cibus Global's revenue for the periods indicated (in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Collaboration and research	$ —	$ 174
Collaboration and research - related party	193	179
	$ 193	$ 353

Collaboration and research revenues are primarily related to revenues earned from performance obligations under collaboration arrangements. Pursuant to the terms of the collaboration agreements, we receive non-refundable payments for ongoing research and development activities, reimbursements of research and development costs, and milestone payments upon the achievement of certain scientific, regulatory, or commercial milestones. Pursuant to the collaboration agreements, we also will receive royalty payments in connection with the sale of commercialized products containing the traits that are subject to those agreements.

Collaboration and research—related party revenues represent revenues earned under an agreement with RTDC Company Limited ("RTDCCL"), a company influenced by Mark Lu, a member of the Cibus Board, to develop and commercialize certain crop varieties that include traits produced using our proprietary technology.

In the future, we may continue to generate revenue from collaboration and research agreements, but we expect an increasing amount of our revenue to come from our trait development efforts. We are using advanced technologies, including ***RTDS***, to develop desirable plant traits for the global seed industry. We plan to sell or license our traits developed in the future with revenue from these licensing agreements increasingly becoming our main source of future revenues.

Our ability to generate substantial revenue from plant traits depends upon the ability to further expand our Trait Machine/***RTDS*** platforms, which are fundamental for multiple different plant traits. We are advancing the commercialization of traits developed using ***RTDS*** and currently have three "developed" traits for two global crops.

Operating Expenses

Research and Development Expenses

Research and development expenses consist of expenses incurred while performing research and development activities to discover and develop potential product candidates and to establish Trait Machine/ ***RTDS*** platforms.

Our research and development expenses consist primarily of:

- personnel costs, including salaries and related benefits, for our employees engaged in scientific research and development functions;
- cost of third-party contractors and consultants who support our product candidate and Trait Machine/ ***RTDS*** platform development;
- development costs associated with seed increases (small-scale and large-scale testing) for trait validation;
- purchases of laboratory supplies and non-capital equipment used for our research and development activities;
- facilities costs, including rent, utilities and maintenance expenses, allocated to our research and development activities; and
- costs of in-licensing or acquiring technology from third parties.

Our research and development efforts are focused on advancing our existing product candidates, enhancing our product candidate pipeline through the development of additional traits within our Trait Machine/***RTDS*** platforms, and establishing additional Trait Machine/***RTDS*** platforms for the development and advancement of additional traits. Our infrastructure resources are utilized across multiple research and development programs. In addition, employees typically work across multiple research and development programs. We manage certain activities, such as field trials and seed production, through third-party vendors. Due to the number of ongoing projects and our ability to use resources across several projects, we do not record or maintain information regarding the costs incurred for our research and development programs on a program-specific basis.

Our research and development efforts are central to our business and account for a significant portion of our operating expenses. We expect that our research and development expenses will increase for the foreseeable future as we expand our product candidate pipeline, establish additional Trait Machine/***RTDS*** platforms, develop or acquire additional technologies and hire additional personnel to support our product development. Additionally, product candidates in later stages of development generally have higher development costs than those in earlier stages of development, primarily due to the increased expense associated with large-scale field testing and seed increases (small-scale and large-scale) for trait validation.

We recognize research and development expenses as they are incurred, primarily due to the uncertainty of future commercial value. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our current product candidates or any new product candidates that we may identify and develop. The duration, costs and timing of development of our product candidates are subject to numerous uncertainties and will depend on a variety of factors, including:

- our levels of hiring and retaining research and development personnel;
- the extent to which we encounter any serious adverse events in our field trials;
- the impact of any business interruptions to our operations or to those of the third parties with whom we work; and
- the impact of any new or changing government regulations related to our product candidates;

Any of these factors could significantly impact the costs, timing and viability associated with the development of our product candidates.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of personnel-related expenses, including salaries and related benefits, for our executive, business development, intellectual property, finance, legal, human resource and other administrative functions. Other selling, general and administrative expenses include facility-related costs not otherwise allocated to research and development expense, professional fees for auditing, tax and legal services, expenses associated with obtaining and maintaining patents, consulting costs and costs of our information systems.

We expect that our selling, general and administrative expenses will increase in the future to support the commercialization of our product candidates. In addition, upon completion of the Mergers, we will incur significant additional expenses associated with being part of a public company, including expenses related to accounting, audit, legal, regulatory, public company reporting and compliance, director and officer insurance, investor and public relations, and other administrative and professional services.

Other (Income) Expense, Net

Interest Expense, Royalty Liability – Related Parties

Interest expense, royalty liability – related parties ("Royalty Liability") primarily consists of estimated future royalty payments due to certain related parties as a result of the Warrant Exchange Agreement, in which certain warrants were exchanged for rights to future royalty payments. Pursuant to the Warrant Exchange Agreement, we granted participating warrant holders a right, over a 30-year period, to receive an aggregate of 10% of revenue attributable to product sales, license fees, distribution fees, milestone payments and maintenance payments relating to products developed or manufactured by, or otherwise utilizing, our ***RTDS*** technologies, subject to certain exclusions ("Subject Revenues"). Royalty payments on Subject Revenues will commence in the first fiscal quarter in which the aggregate Subject Revenues during any consecutive 12-month period equals or exceeds $50 million, at which point we will be obligated to pay all aggregated but unpaid amounts due under the Warrant Exchange Agreement. This condition has not yet occurred as of March 31, 2023. The initial term of the Warrant Exchange Agreement is 30 years and may be extended for an additional 30-year term if the holders provide written notice and make a payment of $100. Our payments under, and performance of, the obligations under the Warrant Exchange Agreement, including payment of the Royalty Liability, are secured by a security interest in substantially all of our intellectual property.

We expect the Royalty Liability balance to continue to increase each year until the accretion of interest expense, which increases the liability, outpaces the cash payments for royalties due, which decreases the liability. Similarly, we also expect the related non-cash interest expense we record to increase in conjunction with the underlying liability balance. There are risks associated with the Royalty Liability. See "*Risk Factors—Risks Related to Cibus' Organization and Operation—Cibus' Royalty Liability may contribute to net losses for Cibus and cause the value for securities of Cibus to fluctuate*," included in the Closing 8-K.

Interest Expense

Interest expense primarily consists of interest incurred related to financed equipment and license payments.

Other Expense, Net

Other expense, net primarily consists of realized and unrealized net losses on foreign currency remeasurement.

Results of Operations

Comparison of the Three Months Ended March 31, 2023 and 2022

The following table summarizes key components of our results of operations for the periods indicated (in thousands):

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue		
Collaboration and research	$ —	$ 174
Collaboration and research - related party	193	179
Total revenue	193	353
Operating expenses		
Research and development	9,822	5,983
Selling, general and administrative	5,208	4,259
Total operating expenses	15,030	10,242
Loss from operations	(14,837)	(9,889)
Other (income) expense, net		
Interest income	(2)	(2)
Interest expense	66	78
Interest expense, royalty liability - related parties	3,341	960
Other expense, net	29	8
Total other (income) expense, net	3,434	1,044
Net loss	$ (18,271)	$ (10,933)

Revenues

Revenues were $0.2 million for the three months ended March 31, 2023, compared to $0.4 million for the three months ended March 31, 2022, representing a decrease of $0.2 million. The decrease was primarily attributable to the completion of a research and development agreement that ended in 2022.

Research and Development Expenses

Research and development expenses were $9.8 million for the three months ended March 31, 2023, compared to $6.0 million for the three months ended March 31, 2022, representing an increase of $3.8 million. The increase was primarily attributable to increased salary expenses and employee benefits of $2.3 million due to a more competitive employment market and additional headcount of 54 employees, increases in information technology and facilities expenses of $1.2 million, and increases in depreciation and other expenses of $0.3 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $5.2 million for the three months ended March 31, 2023, compared to $4.3 million for the three months ended March 31, 2022, representing an increase of $0.9 million. The increase was primarily attributable to an increase in professional services costs, offset in part by decreases in payroll taxes resulting from an Employee Retention Credit receivable.

Interest Expense, Royalty Liability - Related Parties

Interest expense, Royalty Liability—Related Parties was $3.3 million for the three months ended March 31, 2023, compared to $1.0 million for the three months ended March 31, 2022, representing an increase of $2.3 million. The increase was attributable to an increase in our estimate of future royalties owed, mostly driven by the interest growth and the revenue assumptions used in the Royalty Liability calculation.

Liquidity and Capital Resources

Sources of Liquidity

We have experienced net losses and negative cash flows from operations since our inception, and we expect to continue to incur net losses for at least the next several years. To date, we have funded our operations primarily through private placements of our Cibus Preferred Units for gross proceeds of $424.1 million before issuance costs. As of March 31, 2023, we had cash and cash equivalents of $14.0 million.

As described in Note 1 to our condensed consolidated financial statements, management has prepared cash flow forecasts which indicate that based on our expected operating losses and negative cash flows, there is substantial doubt about our ability to continue as a going concern without raising additional capital within 12 months after the date that the financial statements for the three months ended March 31, 2023 were issued. Our ability to continue as a going concern is dependent upon our ability to raise additional funding. In the near-term, we intend to raise additional capital through a combination of equity or equity-linked securities offerings, debt issuances, commercial sales transactions, and collaboration, and licensing agreements. However, we may not be able to secure additional financing in a timely manner or on favorable terms, if at all. Furthermore, if we issue equity or equity-linked securities to raise additional funds, our existing members may experience dilution, and the new equity securities may have rights, preferences and privileges senior to those of our existing stockholders. If we raise additional funds through collaboration, licensing or other similar agreements, it may be necessary to relinquish valuable rights to our potential products or proprietary technologies or grant licenses on terms that are not favorable to us. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or other operations. If any of these events occur, our ability to achieve the development and commercialization goals would be adversely affected.

Our primary uses of cash to date have been to fund our research and development activities, including with respect to our ***RTDS*** programs and our other programs, business planning, establishing and maintaining our intellectual property portfolio, hiring personnel, raising capital, and providing general and administrative support for these activities.

Future Capital Requirements

In the future, we expect our operating and capital expenditures to increase as we increase headcount, expand our sales and marketing activities, grow our customer base, and incur costs associated with operating as a public company. Our estimates of the period of time through which our financial resources will be adequate to support our operations and the costs to support research and development and our sales and marketing activities are forward-looking statements and involve risks and uncertainties and actual results could vary materially and negatively as a result of a number of factors, including the factors discussed in the section "*Risk Factors*" of this proxy statement/prospectus. We have based our estimates on assumptions that may prove to be wrong and we could utilize our available capital resources sooner than we currently expect. Our future funding requirements will depend on many factors, including:

- market acceptance of our products;
- the cost of our research and development activities;
- the effect of competing technological and market developments; and
- the cost and timing of establishing additional sales, marketing and distribution capabilities.

We may be unable to obtain additional funds on acceptable terms, or at all. If we raise additional funds by issuing equity or equity-linked securities, our equity holders may experience dilution. Future debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or equity financing that we raise may contain terms that are not favorable to us or our equity holders. If we raise additional funds through collaboration, licensing or other similar agreements, it may be necessary to relinquish valuable rights to our potential products or proprietary technologies or grant licenses on terms that are not favorable to us. If we do not have or are not able to obtain sufficient funds, we may have to reduce our commercialization efforts or delay our development of new products. We also may have to reduce marketing, customer support or other resources devoted to our products or cease operations.

Cash Flows

The table below summarizes our sources and uses of cash for the periods presented (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net cash used in operating activities	$ (14,749)	$ (8,850)
Net cash used in investing activities	(2,310)	(65)
Net cash provided by financing activities	6,715	28,951
Effect of exchange rate changes on cash	3	1
Net (decrease) increase in cash and cash equivalents	$ (10,341)	$ 20,037

Cash Flows from Operating Activities

Net cash used in operating activities was $14.7 million and $8.9 million for the three months ended March 31, 2023 and 2022, respectively. The $5.8 million increase in net cash used in operating activities compared to the previous period primarily reflects an increase in net loss of $7.4 million, offset in part by the effects of changes in operating assets and liabilities primarily driven by increases in accrued expenses and deferred revenue. The increase in net loss was further offset by an increase in non-cash items of $2.6 million.

Cash Flows from Investing Activities

Net cash used in investing activities was $2.3 million and $0.1 million for the three months ended March 31, 2023 and 2022, respectively. The $2.2 million increase in net cash used in investing activities was due to an increase in purchases of property and equipment of $1.2 million during the three months ended March 31, 2023, compared to the same period in 2022, and the issuance of a $1.0 million loan during the three months ended March 31, 2023.

Cash Flows from Financing Activities

Net cash provided by financing activities was $6.7 million for the three months ended March 31, 2023, which consisted of proceeds related to the Cibus Series F convertible preferred units of $6.8 million and proceeds from issuance of notes payable of $0.2 million, offset in part by principal payments on notes payable and financing leases of $0.3 million.

Net cash provided by financing activities was $29.0 million for the three months ended March 31, 2022, which consisted of proceeds from the issuance of Simple Agreements for Future Equity of $29.2 million, offset in part by principal payments on notes payable and capital leases of $0.3 million.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of March 31, 2023 (in thousands):

	Total	Remainder of 2023	2024	2025	Thereafter
Operating lease obligations	$12,197	$ 3,931	$5,279	$2,899	$ 88
Financing lease obligations	215	126	89	—	—
Notes payable including interest	1,532	593	422	324	193
	$13,944	$ 4,650	$5,790	$3,223	$ 281

We have also entered into agreements in the normal course of business with certain vendors for the provision of goods and services. These agreements may include certain provisions for purchase obligations and termination obligations that could require payments for the cancellation of committed purchase obligations or for early termination of the agreements. The amount of the cancellation or termination payments vary and are based on the timing of the cancellation or termination and the specific terms of the specific agreement. These obligations and commitments are not separately presented. In addition, the table does not include obligations under the Royalty Liability and the Cibus Non-Profit Foundation, each described below, because such obligations are dependent on future events that are uncertain.

Additionally, we have recorded an asset retirement obligation of $0.3 million as certain lease agreements require us to return designated areas of leased space to their original condition upon termination of the lease agreement.

The Royalty Liability

In connection with two series of financings between November 2013 and December 2014, we issued to each investor in these financings warrants to purchase Cibus Series A Preferred Units. Subsequently, certain of the investors sold the warrants in exchange for ongoing quarterly payments equal to a portion of our aggregate amount of certain worldwide revenues received during such quarter. We refer to our ongoing warrant purchase payment obligations as its “Royalty Liability.” Pursuant to its Royalty Liability, we are required to make quarterly royalty payments equal in aggregate to 10% of all revenue attributable to its ***RTDS*** technologies, subject to certain exceptions, to the applicable investors, who include individuals who will serve as directors and officers of Cibus, Inc. The requirement to make quarterly payments pursuant to the Royalty Liability commences with the first quarter in which the aggregate revenue attributable to ***RTDS*** technologies during any consecutive 12-month period equals or exceeds $50 million. At commencement, we will be required to pay all aggregated but unpaid royalty payment amounts. The Royalty Liability has an initial term of 30 years following the date on which the first royalty payment becomes due and payable, subject to a subsequent 30-year extension, at the option of the holders, for a payment of $100. Our payments under, and performance of, the Royalty Liability are secured by a security interest in substantially all of our intellectual property.

Cibus Non-Profit Foundation

During 2022, we created the Cibus Charitable Foundation, Inc., a nonprofit legal entity referred to as the Cibus Foundation. As of the date of this proxy statement/prospectus, the Cibus Foundation has not received any donations or commenced operations. We are obligated to make donations to the Cibus Foundation each fiscal year at a rate of 1.0% of all net royalty revenue in the applicable fiscal year that is equal to or greater than $100 million up to, and including, $1.0 billion, and then up to 2.0% in respect of any portion of such net royalty revenue in excess of $1.0 billion. For purposes of this calculation, "net royalty revenue" refers to all royalty payments we receive, net of all taxes (other than income taxes) and all amounts payable pursuant to the Royalty Liability. The donation payable by us may be reduced, including to zero, to the extent necessary to comply with any covenant or obligation in any instrument evidencing third-party indebtedness, to permit a financing to occur, to preclude undercapitalization, to satisfy working capital requirements or provide for strategic needs of our company, to ensure timely payment of our liabilities and debts to third parties as they become due, or to comply with applicable law. We have agreed not to enter any change of control transaction unless the surviving entity assumes the obligation to pay such donations to the Cibus Foundation.

This obligation is contingent upon the Cibus Foundation obtaining and maintaining its status as a charitable organization (IRS 501(C)3 registration not yet achieved) and must use all donations received consistent with its mission statement: to drive sustainable agriculture and sustainable agricultural communities in the developing world.

Off-Balance Sheet Arrangements

We enter into seed and grain production agreements with settlement values based on acreage and production yield. Otherwise, we do not have any off-balance sheet arrangements as defined under SEC rules.

Critical Accounting Policies and Estimates

Some of the accounting methods and policies used in preparing our condensed consolidated financial statements and related disclosure in conformity with U.S. GAAP require us to make estimates and assumptions that affect the reported amounts. Estimates are based on past experience as well as assumptions and assessments deemed realistic and reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on a periodic basis. The actual value of our assets, liabilities and stockholders' equity and of our losses could differ from the value derived from these estimates if conditions changed and these changes differ from the assumptions adopted.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this proxy statement/prospectus, we believe that the following accounting policies are critical to understanding our historical and future performance, as the policies relate to the more significant areas involving management's judgments and estimates used in the preparation of our financial statements.

Royalty Liability—Related Parties

Our Royalty Liability relates to our obligations under the Warrant Exchange Agreement that was a component of the Cibus Series A Preferred Unit financing transaction. In 2014, we entered into the Warrant Exchange Agreement with certain members holding Cibus Series A Preferred Units, including current and former members of the Cibus Board, who were also the holders of warrants to purchase Cibus Series A Preferred Units. Under the Warrant Exchange Agreement, the holders of certain warrants (the "Royalty Holders") were provided the right to exchange their warrants for future royalty payments equal to 10% of the Subject Revenues. The exchange right was limited to 12,397,200 warrants, which were fully exchanged in 2014 and 2015. The aggregate value of warrants exchanged was $9.9 million, and the amount was initially recorded as a Royalty Liability in the years ended December 31, 2015 and 2014. See Note 2 of our unaudited condensed consolidated financial statements for further information.

Changes in expected royalty payments, as a result of changes to estimates of the underlying revenues, are accreted to interest expense using the effective interest method. As royalties are paid over the life of the arrangement, we estimate the total amount of future royalty payments over the life of the Royalty Liability that will be required to be paid to holders of royalty rights. We reassess these estimated royalty payments periodically and, if the amount or timing of royalty payments differs materially from our prior estimates, we will prospectively adjust the accretion of the effective interest expense. If global net sales of our products developed using ***RTDS*** technologies are greater than or less than expected, the interest expense recorded with respect to the Royalty Liability would be greater or less, respectively, over the term of the arrangement. Our estimate resulted in an effective annual interest rate of 27% as of March 31, 2023 and December 31, 2022.

As the Royalty Liability is calculated based on certain management assumptions including future projected revenues through the life of the Warrant Exchange Agreement, potential material adjustments to the Royalty Liability could occur in future periods if these estimates are incorrect. No such material changes to these assumptions have occurred in the current periods presented.

Equity-Based Compensation

We recognize awards for incentive purposes of non-voting restricted units to employees, non-employee directors, consultants and independent advisors as equity-based compensation based on their fair value on the grant date, determined based on the estimated number of awards that are ultimately expected to vest, less any consideration to be paid by the employee. We do not apply a forfeiture rate to estimate forfeitures expected to occur. The compensation expense resulting from equity-based compensation to employees is recognized in operating expenses ratably over the vesting period of the award.

Determination of the Fair Value of our Common Units

We are required to estimate the fair value of our common units underlying our equity-based awards when performing the fair value calculations using either the probability-weighted expected return model or the Black- Scholes Merton option pricing model. Because our common units are not currently publicly traded, the fair value of the common units underlying our equity-based awards has been determined on each grant date by the Cibus Board, with input from management, considering our most recently available third-party valuation of common units. All options to purchase our common units are intended to be granted with an exercise price per unit no less than the fair value per unit of our common units underlying those options on the date of grant, based on the information known to us on the date of grant.

The third-party valuations of our common units were performed using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: *Valuation of Privately Held Company Equity Securities Issued as Compensation* ("Practice Aid"). In accordance with the Practice Aid, the Cibus Board considered the following methods:

- Probability-Weighted Expected Return Method. The probability-weighted expected return method (PWERM) is a scenario-based analysis that estimates the fair value of equity securities based upon an analysis of future values for the business, assuming various outcomes. The equity security's value is based on the probability-weighted present value of expected future investment returns considering each of the possible forecasted outcomes as well as the rights of each class of stock. The future value of the equity security under each outcome is discounted back to the valuation date at an appropriate risk- adjusted discount rate and probability weighted to arrive at a non-marketable indication of value for such equity security.

- Option Pricing Method. Under the option pricing method (OPM), equity securities are valued by creating a series of call options, representing the present value of the expected future returns to the equity holders, with exercise prices based on the liquidation preferences and conversion terms of each equity class. The estimated fair values of the equity securities are inferred by analyzing these options.
- Current Value Method. Under the Current Value Method, once the fair value of the enterprise is established based on the balance sheet, the value is allocated to the various series of equity securities based on their respective liquidation preferences or conversion values, whichever is greater.
- Hybrid Method. The Hybrid Method is a blended approach using aspects of both the PWERM and OPM, in which the equity value in one of the scenarios is calculated using an OPM.

In addition, the Cibus Board considered various objective and subjective factors to determine the fair value of our common units, including:

- the prices of our Cibus Preferred Units sold to investors in arm’s length transactions;
- the rights, preferences and privileges of our Cibus Preferred Units as compared to those of our common units, including the liquidation preferences of our Cibus Preferred Units;
- our results of operations and financial position;
- the composition of, and changes to, our management team and the Cibus Board;
- the lack of liquidity of our common units as a private company;
- the material risks related to our business and industry;
- external market conditions affecting the life sciences and biotechnology industry sectors;
- U.S. and global economic conditions;
- the likelihood of achieving a liquidity event for the holders of our common units, such as an initial public offering, or a sale of our company, given prevailing market conditions; and
- the market value and volatility of comparable companies.

During the three months ended March 31, 2023 and 2022, the fair value of the underlying Cibus common units was determined using an option pricing model (“OPM”). Under the OPM, once the fair market value of the enterprise value is established, equity securities are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion behavior of the different classes of equity. Accordingly, the aggregate equity value is allocated to each of the classes of equity securities issued and outstanding based on their rights and preferences. In order to determine the fair market value of the enterprise, we utilized a market approach to estimate the equity value.

The assumptions underlying these valuations represented the Cibus Board and our management’s best estimates, which involved inherent uncertainties and the application of management’s judgment. As a result, if we had used significantly different assumptions or estimates, the fair value of our equity-based compensation expense could be materially different.

Following the Closing, the fair value of our common units will be the closing price thereof on the date of the grant.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial condition and results of operations is disclosed in Note 2 of our unaudited condensed consolidated financial statements for further information.

Quantitative and Qualitative Disclosures About Market Risks

Interest Rate Risk

As of March 31, 2023, our cash and cash equivalents consisted of readily available checking and money market accounts. We seek to engage in prudent management of our cash and cash equivalents, with cash held in a non-interest-bearing operating account at a financial institution and cash equivalents. Due to the short-term duration and low risk profile of our investments, the interest rate risk related to cash and cash equivalents is not significant.

Foreign Currency Exchange Risk

We are exposed to a limited amount of foreign currency exchange risk, principally in Euros, primarily as a result of our foreign subsidiaries, whose revenues and expenses are translated into U.S. dollars using average exchange rates in effect during the applicable reporting period. We do not currently engage in any hedging activity to reduce our potential exposure to currency fluctuations, although we may choose to do so in the future. We believe a hypothetical 100 basis point increase or decrease in foreign exchange rates during any of the periods presented would not have had a material impact on our financial condition or results of operations.

Exhibit 99.7

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

Introductory Note

On May 31, 2023, Cibus, Inc. (the "Company", and prior to the closing of the Mergers, "Calyxt, Inc." or "Calyxt") completed its business combination in accordance with the terms of the Agreement and Plan of Merger, dated as of January 13, 2023, as amended by the First Amendment thereto dated as of April 14, 2023 (as amended, the "Merger Agreement"), by and among Calyxt; Calypso Merger Subsidiary, LLC, a wholly-owned subsidiary of Calyxt ("Merger Subsidiary"); Cibus Global, LLC, ("Cibus Global"); and certain blocker entities (the "Blockers"), pursuant to which, among other matters, (a) each of the Blockers merged with and into Calyxt, (c) following the Blocker Mergers, Merger Subsidiary merged with and into Cibus Global (the "Cibus Merger" and, collectively with the Blocker Mergers, the "Mergers"), with Cibus Global as the surviving company and Merger Subsidiary ceasing to exist. In connection with the Mergers, Calyxt contributed all of its assets and liabilities to Cibus Global, as a contribution to the capital of Cibus Global, in exchange for newly issued membership units of Cibus Global, pursuant to a contribution agreement between Calyxt and Cibus Global. Pursuant to the Merger Agreement, upon the effective time, the Company changed its name from Calyxt, Inc. to Cibus, Inc.

On May 31, 2023 and prior to the Mergers, Calyxt effected a 1-for-5 reverse stock split of its common stock (the "Second Reverse Stock Split"). In addition, on April 24, 2023, Calyxt effected a 1-for-10 reverse stock split of its common stock (the "First Reverse Stock Split" and, together with the Second Reverse Stock Split, the "Reverse Stock Splits").

At the closing of the Mergers, each share of Calyxt common stock existing and outstanding immediately prior to the Mergers remained outstanding as a share of Class A Common Stock and the Company issued an aggregate of 16,527,484 shares of Class A Common Stock (and together with the Class B Common Stock, the "Shares"), including 1,019,282 shares of restricted Class A Common Stock, and 4,642,635 shares of Class B Common Stock to Cibus unitholders, based on an exchange ratio set forth in the Merger Agreement.

Unaudited Pro Forma Combined Financial Information

The following unaudited pro forma combined financial information presents the combination of the historical financial statements of Calyxt, Inc. and the historical financial statements of Cibus Global, after giving effect to the Mergers.

The following unaudited pro forma combined financial information gives effect to the transaction accounting adjustments, which consist of the Mergers, and the Reverse Stock Splits.

In the unaudited pro forma combined financial information, the Mergers have been accounted for as a business combination, using the acquisition method of accounting under U.S. GAAP where Calyxt, Inc. is considered the acquirer of Cibus Global for accounting purposes. For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. The determination of whether control has been obtained begins with the evaluation of whether control should be evaluated under the variable interest or voting interest model pursuant to ASC Topic 810, Consolidation ("ASC 810"). If the acquiree is a variable interest entity, the primary beneficiary would be the accounting acquirer. Cibus Global meets the definition of a variable interest entity, and Calyxt, Inc., which is the managing member of Cibus Global, has been determined to be the primary beneficiary.

Under the acquisition method of accounting, the assets and liabilities associated with Cibus Global are recorded at their estimated fair value as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired, if applicable, are recognized as goodwill. For purposes of the unaudited pro forma combined balance sheet, the purchase consideration has been allocated to the assets acquired and liabilities assumed of Cibus Global based upon management's preliminary estimate of their fair values and are subject to change. Accordingly, the value of Cibus Global assets and liabilities recognized should be treated as preliminary values.

The unaudited pro forma combined balance sheet data as of March 31, 2023 assumes that the Mergers took place on March 31, 2023 and combines the Calyxt, Inc., and Cibus Global historical balance sheets as of March 31, 2023. The unaudited pro forma combined statement of operations data for three months ended March 31, 2023 and for the year ended December 31, 2022 gives effect to the Mergers as if they took place on January 1, 2022 and combines the historical results of Calyxt, Inc. and Cibus Global for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively.

The historical financial statements of Calyxt, Inc. and Cibus Global have been adjusted to give pro forma effect to reflect the accounting for the transactions in accordance with U.S. GAAP. The adjustments presented on the unaudited pro forma combined financial statements have been identified and presented to provide relevant information necessary for an accurate understanding of the Company, including all of its subsidiaries (including Cibus Global) (collectively on a consolidated basis, the “Combined Company”) upon consummation of the Mergers.

The unaudited pro forma combined financial information is based on assumptions and adjustments that are described in the accompanying notes and is for illustrative purposes only. The unaudited pro forma combined financial information should not be relied upon as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the Combined Company will experience. The actual amounts recorded as of the completion of the Mergers may differ materially from the information presented in the unaudited pro forma combined financial information as a result of finalization of the fair value of Cibus Global’s assets and liabilities assumed that will occur after the completion of the Mergers.

The unaudited pro forma combined financial information, including the notes thereto, should be read in conjunction with the audited consolidated financial statements of Cibus Global as of and for the year ended December 31, 2022, included elsewhere in the Current Report on Form 8-K/A of Cibus, Inc. filed with the SEC on June 29, 2023 (the “Form 8-K/A”), Cibus Global’s interim financial statements as of and for the three-month period ended March 31, 2023, which are included in the Form 8-K/A, and the audited financial statements of Calyxt, Inc. as of and for the year ended December 31, 2022, which are included in Calyxt Inc.’s annual report on Form 10-K/A, filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 3, 2023, and the interim financial statements of Calyxt, Inc. as of and for the three-month period ended March 31, 2023, which are included in Calyxt, Inc.’s quarterly report on Form 10-Q, filed with the SEC on May 1, 2023.

Unaudited Pro Forma Combined Balance Sheet
As of March 31, 2023
(in thousands)

	Calyxt, Inc.	Cibus Global	Transaction Accounting Adjustments	Note 5	Pro Forma Combined Total
Assets					
Current assets:					
Cash and cash equivalents	$ 2,054	$ 13,997	$ —		$ 16,051
Accounts receivable	—	1,413	—		1,413
Due from related parties, net	—	196	—		196
Employee retention credit receivable		2,062			2,062
Notes receivable	—	1,000	(1,000)	**(i)**	—
Prepaid expenses and other current assets	529	1,182	—		1,711
Total current assets	2,583	19,850	(1,000)		21,433
Land, buildings, and equipment	4,104	6,679	3,624	**(h)**	14,407
Operating lease right-of-use-assets	13,493	10,150	—		23,643
Other non-current assets	105	471	—		576
Intangible assets, net	—	—	43,966	**(h)**	43,966
Goodwill	—	—	659,376	**(h)**	659,376
Total assets	$ 20,285	$ 37,150	$ 705,966		$ 763,401
Liabilities, redeemable noncontrolling interest and shareholders' equity (deficit)					
Current liabilities:					
Accounts payable	$ 327	$ 4,255	$ —		$ 4,582
Accrued expenses	1,052	2,925	5,434	**(a)(f)**	9,411
Accrued compensation	180	3,348	—		3,528
Due to related party	63	79	—		142
Deferred revenue	—	1,292	—		1,292
Notes payable, current portion	—	614	—		614
Current portion of financing lease obligations	—	152	—		152
Common stock warrants	1,110	—	—		1,110
Short-term debt	1,000	—	(1,000)	**(i)**	—
Other current liabilities	483	5,726	—		6,209
Total current liabilities	4,215	18,391	4,434		27,040
Notes payable, net of current portion	—	727	—		727
Operating lease obligations	13,342	6,735	—		20,077
Financing lease obligations	—	49	—		49
Royalty liability - related parties	—	52,666	29,278	**(h)**	81,944
Other non-current liabilities	61	1,519	—		1,580
Total liabilities	17,618	80,087	33,712		131,417
Redeemable noncontrolling interest	—	—	138,235	**(j)**	138,235
Shareholders' equity:					
Series A convertible preferred units	—	64,097	(64,097)	**(j)**	—
Series B convertible preferred units	—	54,710	(54,710)	**(j)**	—
Series C convertible preferred units	—	67,012	(67,012)	**(j)**	—
Series D convertible preferred units	—	54,195	(54,195)	**(j)**	—
Series E convertible preferred units	—	34,381	(34,381)	**(j)**	—
Series F convertible preferred units	—	58,562	(58,562)	**(j)**	—
Voting common units	—	—	—		—
Nonvoting common units	—	1,284	(1,284)	**(j)**	—
Common stock	1	—	1	**(b)(j)**	2
Common stock in treasury, at cost	(1,043)	—	—		(1,043)
Unit subscription receivable	—	(4,080)	4,080	**(c)(j)**	—
Additional paid-in capital	221,254	57,311	443,608	**(c)(j)**	722,173
Accumulated other comprehensive income (loss)	—	—	—	**(c)(j)**	—
Accumulated deficit	(217,545)	(430,409)	420,571	**(c)(j)**	(227,383)
Total shareholders' equity (deficit)	2,667	(42,937)	534,019		493,749
Total liabilities, redeemable noncontrolling interest and shareholders' equity (deficit)	$ 20,285	$ 37,150	$ 705,966		$ 763,401

Unaudited Pro Forma Combined Statement Of Operations
For the Three Months Ended March 31, 2023
(in thousand, except share and per share amounts)

	Calyxt, Inc.	Cibus Global	Transaction Accounting Adjustments	Note 5	Pro Forma Combined Total
Revenue					
Collaboration and research - related party	$ —	$ 193	$ —		$ 193
Revenue	42	—	—		42
Total revenue	42	193	—		235
Operating expenses					
Research and development	2,209	9,822	—		12,031
Selling, general and administrative	2,296	5,208	(905)	**(a)(h)**	6,599
Total operating expenses	4,505	15,030	(905)		18,630
Loss from operations	(4,463)	(14,837)	905		(18,395)
Interest income	—	(2)	—		(2)
Interest expense	21	66	—		87
Interest expense, royalty liability - related parties	—	3,341	—		3,341
Other (income) expense, net	910	29	—		939
Total other (income) expense, net	931	3,434	—		4,365
Net loss	$ (5,394)	$ (18,271)	$ 905		$ (22,760)
Net loss attributable to redeemable noncontrolling interest	—	—	(4,978)	**(g)**	(4,978)
Net loss attributable to combined company	$ (5,394)	$ (18,271)	$ 5,883		$ (17,782)
Net loss per share attributable to common stockholders, basic and diluted	$ (5.46)				$ (1.22)
Weighted average common shares outstanding, basic and diluted	988,139		10,954,470	**(d)**	14,526,123

Unaudited Pro Forma Combined Statement of Operations
For the Year Ended December 31, 2022
(in thousands, except share and per share amounts)

	Calyxt, Inc.	Cibus Global	Transaction Accounting Adjustments	Note 5	Pro Forma Combined Total
Revenue					
Collaboration and research	$ —	$ 202	$ —		$ 202
Collaboration and research - related party	—	908	—		908
Revenue	157	—	—		157
Total revenue	157	1,110	—		1,267
Operating expenses					
Research and development	11,553	33,461	—		45,014
Selling, general and administrative	10,974	16,779	12,178	**(a)(e)(f)(h)**	39,931
Total operating expenses	22,527	50,240	12,178		84,945
Loss from operations	(22,370)	(49,130)	(12,178)		(83,678)
Interest income	—	(7)	—		(7)
Interest expense	87	291	—		378
Interest expense, royalty liability - related parties	—	6,073	—		6,073
Other (income) expense, net	(5,566)	66	—		(5,500)
Total other (income) expense, net	(5,479)	6,423	—		944
Net loss	$ (16,891)	$(55,553)	$ (12,178)		$ (84,622)
Net loss attributable to redeemable non controlling interest	—	—	(18,510)	**(g)**	(18,510)
Net loss attributable to combined company	$ (16,891)	$(55,553)	$ 6,332		$ (66,112)
Net loss per share attributable to common stockholders, basic and diluted	$ (18.36)				$ (4.64)
Weighted average common shares outstanding, basic and diluted	919,951		10,885,266	**(d)**	14,254,388

NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

1. Basis of Presentation

The unaudited pro forma combined financial information was prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of Article 11 of Regulation S-X. The unaudited pro forma combined balance sheet as of March 31, 2023 was prepared using the historical consolidated balance sheets of Calyxt, Inc. and Cibus Global as of March 31, 2023. The unaudited pro forma combined statement of operations for the three months ended March 31, 2023 and the year ended December 31, 2022 was prepared using the historical consolidated statements of operations of Calyxt, Inc. and Cibus Global for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively, and gives effect to the Mergers as if they occurred on January 1, 2022.

The unaudited pro forma combined financial information has been prepared using the acquisition method of accounting under U.S. GAAP. Calyxt, Inc. is deemed the accounting acquirer in the Mergers for accounting purposes and Cibus Global is treated as the accounting acquiree. For accounting purposes, the acquirer is the entity that has obtained control of another entity and, thus, consummated a business combination. The determination of whether control has been obtained begins with the evaluation of whether control should be evaluated under the variable interest or voting interest model pursuant to ASC 810. If the acquiree is a variable interest entity, the primary beneficiary would be the accounting acquirer. Cibus Global meets the definition of a variable interest entity and Calyxt, Inc., which is the managing member of Cibus Global, has been determined to be the primary beneficiary.

The application of acquisition accounting to Cibus Global is dependent upon other factors such as the share price of Calyxt, Inc. as well as certain valuations that have yet to progress to a stage where there is sufficient information for a definitive measurement. Following the closing of the Mergers, the Combined Company is in the process of completing the valuations and will finalize the purchase price allocation as soon as practicable within the measurement period, but in no event later than one year following the closing of the Mergers. The assets and liabilities of Cibus Global and other pro forma adjustments have been measured based on various preliminary estimates using assumptions the Company believes are reasonable, based on information that is currently available. Accordingly, the pro forma adjustments are preliminary. Differences between these preliminary estimates and the final acquisition accounting could be significant, and these differences could have a material impact on the accompanying unaudited pro forma combined financial information and the Combined Company’s future results of operations and financial position.

The unaudited pro forma combined financial information does not include the impact of any cost or other operating synergies that may result from the Mergers or any related restructuring costs that may be contemplated.

To the extent there are significant changes to the business of the Combined Company following completion of the Mergers, the assumptions and estimates set forth in the unaudited pro forma combined financial information could change significantly. Accordingly, the pro forma adjustments are subject to change as additional information becomes available and as additional analyses are conducted following the completion of the Mergers. There can be no assurances that these additional analyses will not result in material changes, including the estimates of fair value of Cibus Global’s assets and liabilities.

2. Purchase Price

The accompanying unaudited pro forma combined financial information reflects a purchase price of approximately $634.8 million, which consists of the following:

Number of Shares received by Cibus Global equityholders as merger consideration (1)	20,150,837
Multiplied by the fair value per share of the Calyxt common stock (2)	$ 31.50
Estimated purchase price	$634,751,334

(1) This Share number represents the aggregate number of Shares issued to Cibus Global members in the Merger and comprises: 15,508,202 shares of Class A Common Stock and 4,642,635 shares of Class B Common Stock. This Share number excludes 1,019,282 restricted shares of Class A Common Stock, which are subject to vesting conditions.

(2) Reflects the assumed purchase price per share of Calyxt, Inc. common stock, which is the closing price of Calyxt, Inc.’s common stock on May 31, 2023, the closing date of the Merger.

3. Purchase Price Allocation

The Company has performed a preliminary valuation analysis of the fair market value of Cibus Global's assets and liabilities. The following table summarizes the preliminary purchase price allocation as of the acquisition date (in thousands):

Cash and cash equivalents	$ 13,997
Accounts receivable	1,413
Due from related parties, net	196
Employee retention credit receivable	2,062
Note receivable	1,000
Prepaid expenses and other current assets	1,182
Property and equipment	10,303
Operating lease right-of-use-assets	10,150
Other assets	471
In-process research and development, intangible asset	43,966
Goodwill	659,376
Accounts payable	(4,255)
Accrued expenses	(6,273)
Due to related party	(79)
Deferred revenue	(1,292)
Notes payable, current portion	(614)
Operating lease liabilities, current portion	(4,659)
Financing lease liabilities, current portion	(152)
Other current liabilities	(1,067)
Notes payable, net of current portion	(727)
Operating lease liabilities, net of current portion	(6,735)
Financing lease liabilities, net of current portion	(49)
Royalty liability - related parties	(81,944)
Other non-current liabilities	(1,519)
Estimate of consideration expected to be transferred	$634,751

This preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheet. The final purchase price allocation will be determined when the Combined Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include material changes in allocations to the Royalty Liability, tax receivables liability, deferred tax liabilities and intangible assets such as trademark, developed technologies, in-process research and development technologies as well as goodwill and other changes to assets and liabilities.

4. Shares Issued to Cibus Unitholders upon Closing of the Mergers

At the closing of the Mergers, all outstanding Cibus Global equity converted into the right to receive Shares as consideration for the Mergers in the amounts as set forth in an allocation schedule provided for in the Merger Agreement and updated as of May 31, 2023, which resulted at the closing of the Mergers, in the Company issuing to holders of Cibus Global equity instruments and aggregate number of Shares representing approximately 95% of the aggregate number of outstanding Shares at closing. The allocation schedule is based on an exchange ratio of approximately 0.0634 determined as of January 13, 2023 based on stipulated values of Cibus Global and Calyxt, Inc. At closing of the Mergers, the Company issued an aggregate of 20,150,837 Shares to holders of Cibus Global equity instruments, determined as follows:

Cibus Global:	
Cibus Global non-voting common units with threshold (1)	45,797,340
Cibus Global warrants (1)	29,751,050
Total pre-closing Cibus Global warrants and non-voting common units with threshold	75,548,390
Weighted average exchange ratio applicable to Cibus Global warrants and non-voting common units with threshold	
Exchange ratio (rounded)	0.0515
Total Cibus, Inc. post-Mergers Shares for Cibus Global warrants and non-voting common units with threshold	3,891,509
Plus:	
Cibus Global non-voting common units	1,475,059
Cibus Global preferred units	254,936,576
Total pre-closing Cibus Global preferred units and non-voting common units	256,411,635
Exchange ratio (rounded)	0.0634
Total Cibus, Inc. post-Mergers Shares for Cibus Preferred Units and non-voting common units	16,259,328
Total Cibus, Inc. post-Mergers Shares	20,150,837

(1) Per the Merger Agreement, the outstanding non-voting restricted common units of Cibus Global, as well as outstanding warrants to purchase units of Cibus Global, converted based on the fair value of such units, as a percentage of the Calyxt Inc. common stock value, multiplied by the conversion ratio of approximately 0.0515. This resulted in a weighted average conversion ratio applicable to the units which varies from the conversion ratio applied to Cibus Global preferred units and pre-Mergers Cibus Global non-voting common units without an applied threshold value.

The exchange ratio has been adjusted to give retrospective effect to the Reverse Stock Splits.

5. Pro Forma Adjustments

The unaudited pro forma combined financial information includes pro forma adjustments that reflect transaction accounting adjustments, as well as other adjustments deemed to be directly related to the Mergers and the Reverse Stock Splits, irrespective of whether or not such adjustments are deemed to be recurring.

Based on the Company's review of Cibus Global's summary of significant accounting policies, the nature and amount of any adjustments to the historical financial statements of Cibus Global to conform to the Company's accounting policies are not expected to be significant.

The unaudited pro forma combined financial information reflects the Reverse Stock Splits.

The pro forma adjustments, based on preliminary estimates that may change significantly as additional information is obtained, are as follows:

(a) To reflect preliminary estimated transaction costs of $3.8 million in connection with the Mergers, such as adviser, legal, and accounting expenses that are expected to be incurred by Calyxt, Inc.; an increase in selling, general and administrative expenses in the unaudited proforma combined statement of operations for the year ended December 31, 2022; a decrease of $1.2 million in selling general and administrative expense in the in the unaudited proforma combined statement of operations for the three months ended March 31, 2023 for the portion of costs expensed in the period; and a $2.6 million increase in accrued liabilities and accumulated deficit in the unaudited pro forma combined balance sheet as of March 31, 2023 for the portion of costs not yet incurred or accrued as of the balance sheet date.

(b) To reflect the change in Calyxt, Inc.'s common stock's par value and additional paid-in capital upon the exchange of Cibus Global equity interests for Shares upon the closing of the Mergers.

	Common Shares
Shares to Cibus Global holders (1)	20,150,837
Shares held by Calyxt Stockholders	1,074,397
Total shares	21,225,234
Par value per share	$ 0.0001
Aggregate par value of shares (in thousands)	2
Aggregate par value of Calyxt Common Stock (in thousands)	(1)
Par value adjustment (in thousands)	$ 1

(1) This Share number represents the aggregate number of Shares issued to Cibus Global members in the Merger and comprises: 15,508,202 shares of Class A Common Stock and 4,642,635 shares of Class B Common Stock. This Share number excludes 1,019,282 restricted shares of Class A Common Stock, which are subject to vesting conditions.

(c) To reflect the elimination of Cibus Global's historical accumulated deficit, accumulated other comprehensive loss, unit subscription receivable, and additional paid-in capital balances.

(d) The pro forma combined basic and diluted net loss per share of Class A Common Stock have been adjusted to reflect the pro forma net loss for the three months ended March 31, 2023 and the year ended December 31, 2022. In addition, the number of shares of Class A Common Stock used in calculating the pro forma combined basic and diluted net loss per share of Class A Common Stock has been adjusted to reflect the total number of shares of Class A Common Stock that are outstanding as of the closing of the Mergers, including all Series F preferred units issued prior to the closing of the Mergers. $59.6 million of gross proceeds related to the Series F preferred units, which was received subsequent to March 31, 2023, is not reflected in the pro forma adjustments in the balance sheet.

For the three months ended March 31, 2023 and year ended December 31, 2022, the pro forma weighted average shares of Class A Common Stock outstanding has been calculated as follows:

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
Historical Cibus Global weighted-average common units outstanding	40,743,549	38,624,893
Impact of Cibus Global convertible preferred units assuming conversion as of January 1, 2022	222,194,079	222,194,079
Impact of Cibus Global convertible preferred units converted to Class B Common Stock as of January 1, 2022	(73,217,113)	(73,217,113)
Subtotal	189,720,515	187,601,859
Application of exchange ratio to historical Cibus Global convertible preferred units outstanding (rounded)	0.0634	0.0634
(a) Subtotal	12,030,016	11,895,673
Impact of accelerated vesting for Cibus Global non-voting common units with threshold, assuming conversion as of January 1, 2022	3,766,988	3,766,988
Application of weighted average exchange ratio for accelerated vesting of non-voting common units with threshold (rounded)	0.0570	0.0570
(b) Subtotal	214,803	214,803
Impact of Cibus Global warrants, assuming conversion as of January 1, 2022	29,751,050	29,751,050
Application of exchange ratio to historical Cibus Global warrants outstanding (rounded)	0.0402	0.0402
(c) Subtotal	1,195,752	1,195,752
Adjusted Cibus Global weighted-average common units outstanding (after giving effect to the Exchange Ratio) (a + b + c)	13,440,571	13,306,228
Historical Calyxt, Inc. weighted-average shares of common stock outstanding	988,139	919,951
Impact on Calyxt, Inc. Common Stock of acclerated vesting of equity awards as of January 1, 2022	97,413	28,209
Total weighted average units outstanding	14,526,123	14,254,388
Less: Historical Cibus Global weighted-average units outstanding	2,583,514	2,449,171
Less: Historical Calyxt, Inc. weighted-average shares of common stock outstanding	988,139	919,951
Total weighted average units outstanding - pro forma adjustment	10,954,470	10,885,266

(e) To reflect $4.4 million in share-based compensation expense for Calyxt, Inc. as a result of the transaction, based on the fair value of awards for which vesting was accelerated based on the original grant terms, in connection with the Mergers.

(f) To reflect Calyxt, Inc.'s estimated compensation expense of $2.8 million related to severance payments resulting from pre-existing employment agreements that are payable in cash in connection with the Mergers but were not incurred as of December 31, 2022. These expenses are reflected as an increase to accrued expenses and accumulated deficit in the unaudited pro forma combined balance sheet. Calyxt, Inc.'s compensation costs of $2.8 million are reflected as selling, general and administrative expenses in the unaudited pro forma combined statement of operations for the year ended December 31, 2022.

(g) To reflect the impact of the redeemable noncontrolling interest created upon the election of historical holders of Cibus units to elect to receive "Up-C" units as consideration in connection with the Mergers, which is approximately 22% of the historical Cibus Global units.

(h) To reflect the impact of the preliminary purchase price allocation as described in Note 3, including the preliminary estimate of goodwill, the acquisition date fair value of land, buildings, and equipment, the royalty liability—related parties, and the deferred tax liability, and recognition of the intangible assets at the preliminary fair value, offset by the associated impact on amortization expense. The following table summarizes the intangible assets acquired (in thousands):

	Preliminary Fair Value	Estimated Weighted-Average Useful Life	Amortization Expense for Three Months Ended March 31, 2023	Amortization Expense for Year Ended December 31, 2022
IPR&D (1)	$ 20,371		$ —	$ —
Developed technology	9,995	20	125	500
Trade name	13,600	20	170	680
Total Pro forma Adjustment	$ 43,966		$ 295	$ 1,180

(1) In-process research and development ("IPR&D") assets are initially recognized at fair value and are classified as indefinite-lived assets until the successful completion or abandonment of the associated research and development efforts. Accordingly, during the research and development period after the closing date of the Mergers, these assets will not be amortized. Such IPR&D projects will become amortizable when applicable products, which are currently in various stages of development, are complete.

(i) To reflect the elimination of the $1.0 million note receivable / short-term interim financing debt for amounts borrowed from Cibus Global by Calyxt, Inc. pursuant to the Merger Agreement, which was settled in connection with the closing of the Mergers.

(j) The total impact to redeemable noncontrolling interest and equity for the above adjustments is reflected in the table below. The redeemable noncontrolling interest has been classified within mezzanine equity due to the presence of conditions that would allow holders to cause redemption:

		Common Stock									
		Cibus Global		Calyxt, Inc.							
(amounts in thousands, except share amounts)		Units	Amount	Shares	Amount	Additional Paid-in-Capital	Unit Subscription Receivable	Accumulated Deficit	AOCI	Stockholders Equity	Non-Controlling Interest
Purchase price allocation fair value	(h)	—	—	—	—	677,688	—	—	—	677,688	—
Pre-combination stock-based compensation costs for Calyxt, Inc.	(e)	—	—	—	—	4,404	—	(4,404)	—	—	—
Elimination of historical Cibus Global APIC and accumulated deficit	(c)	—	—	—	—	(434,489)	4,080	430,409	—	—	—
Exchange of outstanding Cibus Global member units into Calyxt, Inc. common stock based on the assumed exchange ratio	(b)	(272,406,478)	(334,241)	20,150,837	1	334,240	—	—	—	—	—
Severance payments to Calyxt, Inc. employees	(f)	—	—	—	—	—	—	(2,834)	—	(2,834)	—
Transaction costs incurred by Calyxt Inc., associated with the Mergers	(a)	—	—	—	—	—	—	(2,600)	—	(2,600)	—
Impact of redeemable noncontrolling interest	(g)	—	—	—	—	(138,235)	—	—	—	(138,235)	138,235
Pro forma adjustment		(272,406,478)	$(334,241)	20,150,837	$ 1	$ 443,608	$ 4,080	$ 420,571	$—	$ 534,019	$ 138,235