Celyad Oncology

Annual Report 2020

www.celyad.com

2020 ANNUAL REPORT

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ANNUAL REPORT 2020

This Annual Report (the "Report") is dated March 24, 2021 and contains all required information as per the Belgian Code of the Companies and Associations (the "CCA").

The affiliates included in this Report are Celyad Oncology SA, Biological Manufacturing Services SA, Celyad Inc., and CorQuest Medical Inc.

Celyad Oncology SA and its affiliates will be collectively referred to as "the Company", "the Group", "Celyad", "we" or "us".

LANGUAGE OF THE ANNUAL REPORT 2020

The Company publishes this Report in French, in accordance with Belgian laws. The Company also provides an English translation. In case of a difference of interpretation, the French version will prevail.

AVAILABILITY OF THE ANNUAL REPORT 2020

A printed copy of the Report is available free of charge upon request to:

Celyad Oncology SA
Investor Relations
Rue Edouard Belin 2,
B-1435 Mont-Saint-Guibert, Belgium
Tel: +32 10 394100
E-mail: **investors@celyad.com**

An electronic version of this Report is available on the Company website: **http://www.celyad.com/investors/regulated-information**

FORWARD LOOKING STATEMENTS

In addition to historical facts or statements of current condition, this report contains forward-looking \ statements, within the meaning of applicable securities laws, including the Private Securities Litigation Reform Act of 1995. Forward-looking statements may include statements regarding: the safety and clinical activity of Celyad Oncology's pipelines and financial condition, results of operation and business outlook. Forward-looking statements may involve known and unknown risks and uncertainties which might cause actual results, financial condition, performance or achievements of Celyad Oncology to differ materially from those expressed or implied by such forward-looking statements. Such risk and uncertainty includes our development of additional shRNA-based allogenic candidates from our CYAD-200 series towards clinical trial and the duration and severity of the COVID-19 pandemic and government measures implemented in response thereto. A further list and description of these risks, uncertainties and other risks can be found in Celyad Oncology's U.S. Securities and Exchange Commission (SEC) filings and reports, including in its Annual Report on Form 20-F filed with the SEC on March 24, 2021 and subsequent filings and reports by Celyad Oncology. These forward-looking statements speak only as of the date of publication of this document and Celyad Oncology's actual results may differ materially from those expressed or implied by these forward-looking statements. Celyad Oncology expresslydisclaims any obligation to update any such forward-looking statements in this document to reflect any change in its expectations withregard thereto or any change in events, conditions or circumstances on which any such statement is based, unless required by law or regulation.

Shareholder Letter

Dear Shareholder,

As I reflect on the past year, I'm proud of our team's dedication to advancing the Company's goals while facing head-on the challenges associated with the COVID-19 global pandemic. Our team's commitment has truly been unparalleled during this time.

Despite these unprecedented times, I firmly believe this was a pivotal year in our Company's history as we worked to further unlock the full potential of allogeneic CAR T therapy with learnings that we will take into 2021.

A Focused Strategy Committed to Patients

Our journey continues as we follow our mission to bring new and innovative CAR T therapies to cancer patients with poor prognosis. This commitment to cancer patients and the advancements across our development pipeline of next-generation CAR T programs were major drivers behind rebranding the Company to Celyad Oncology, which we announced in the first half of 2020. We believe this change more accurately reflects our team's expertise in developing innovative cell therapies against hard-to-treat cancers. In addition, our focus and drive speak directly to our position as a leader in the CAR T cell therapy industry.

With several assets in our pipeline entering 2020, we completed a strategic review of our programs and decided to prioritize the clinical development of our allogeneic CAR T therapies. Importantly, we still firmly believe that autologous CAR T cell therapies will play an important role in the treatment of cancers, and we continue to pursue the development of our autologous candidate CYAD-02.

We believe the future of allogeneic CAR T therapies provides greater potential to address broader markets by tackling challenges in treating solid tumors while also expediting and expanding patient access to novel treatment options. Also, the strategic shift towards allogeneic candidates allows for the Company to more efficiently allocate our resources and capital to deliver on important milestones across multiple differentiated product candidates in 2021.

2020 Highlights – Driving Opportunities into the Clinic

One of my goals as CEO has been to heighten awareness and elevate recognition for our differentiated approach to developing novel CAR Ts, including use of our proprietary technology platforms. The team has continued to successfully deliver on this objective by providing a stream of data announcements over the past few years at major scientific and medical conferences as well as highlighting key developments of our pipeline through our R&D days.

Looking ahead, we have several key clinical milestones expected throughout 2021 as we continue to ramp up our non-gene edited allogeneic CAR T programs CYAD-101 and CYAD-211, while we further delve into CYAD-02's potential.

Leading CAR T Development in Solid Tumors

We saw great progress with our lead allogeneic program CYAD-101 for the treatment of metastatic colorectal cancer (mCRC), a devastating disease and historically, a difficult indication for immunotherapies. Colorectal cancer is the third most diagnosed cancer worldwide and has the fourth highest mortality rate of cancer deaths. There is a high unmet need for novel therapies for those with mCRC and we are working hard to address these late-stage patients who have no other options.

In December 2020, we started dosing patients in the expansion cohort of the alloSHRINK trial which evaluates CYAD-101 following FOLFIRI preconditioning chemotherapy at the recommended dose of one billion cells per infusion. This clinical program was the first to generate evidence of clinical activity for an

allogeneic CAR T investigational therapy in any solid tumor indication, a major challenge for the industry. To date, we've seen encouraging data showing an improvement in median overall survival and median progression free survival, the gold standards for assessing treatments of mCRC, as compared to historical treatments. We look forward to potentially building upon these positive clinical data for CYAD-101 in patients with mCRC and expect to announce preliminary data from the expansion cohort during the first half of 2021.

In addition, later this year, in collaboration with MSD, a subsidiary of Merck & Co., we plan to initiate the Phase 1b KEYNOTE-B79 trial which will evaluate CYAD-101 with MSD's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab), in refractory mCRC patients with microsatellite stable (MSS) / mismatch-repair proficient (pMMR) disease. We believe the mechanism of actions of CYAD-101 and KEYTRUDA may be highly complementary and could help to drive meaningful clinical benefit in patients.

We also believe there are other opportunities to further assess CYAD-101's potential clinical activity in mCRC, as well as with other challenging indications.

shRNA Packs Single Punch for Multiple Knockdowns

Over the past few quarters, we've made great progress with our proprietary short hairpin RNA (shRNA) technology platform, which we moved from concept to clinic in just two years. In November 2020, we dosed the first patient in the Phase 1 IMMUNICY-1 trial evaluating the safety and efficacy of our first shRNA-based CAR T candidate CYAD-211, an anti-BCMA allogeneic cell therapy for the treatment of relapsed/refractory multiple myeloma (r/r MM). We expect this trial to establish that allogeneic CAR T cells using shRNA technology can generate clinical benefit without inducing graft-versus-host disease (GvHD).

Preclinical data generated to date for CYAD-211 supports its further development. Preclinical data show anti-tumor activity has been observed with no demonstrable evidence of GvHD. We've also demonstrated the ability to multiplex with the shRNA technology platform, which allows us to knockdown multiple targets of interest simultaneously.

Preclinical data for the program has been encouraging and we hope to see this translate in the clinic. Initial proof-of-concept data from the IMMUNICY-1 trial are expected to be announced in the first half of 2021.

Update on Autologous Candidates for r/r AML and MDS

At last year's American Society of Hematology meeting, we announced initial clinical data from CYAD-02, our next-generation autologous candidate that incorporates shRNA technology to target the NKG2D ligands MICA and MICB. CYAD-02 is currently being evaluated for safety and efficacy in the dose escalation Phase 1 CYCLE-1 trial for the treatment of r/r acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS) patients following preconditioning chemotherapy.

Preliminary clinical data from the ongoing CYCLE-1 study have shown anti-leukemic activity in four of seven r/r AML/MDS patients evaluable for clinical activity, including an objective marrow complete remission (mCR) in the first patient enrolled at the highest dose level. Overall, we continue to believe there is a high unmet need for patients with r/r AML and MDS and we plan to further assess CYAD-02's differentiated profile and potentially seek collaborative partnerships that could assist in driving the clinical development of the autologous candidate.

2021 Vision – A Focus on Allogeneic CAR T Therapies for Oncology

Looking ahead, we plan on building upon our position as a leader in the CAR T industry by strategically focusing on the development of our next-generation allogeneic cell therapies. Our investigational allogeneic cell therapies are underpinned by two proprietary technologies, specifically our TIM (TCR Inhibitory Molecule) and our innovative shRNA technology platform, while leveraging our streamlined All-in-One Vector approach. Using a non-gene edited approach allows our allogeneic programs to avoid the need for multiple genetic modifications and enrichment steps, while minimizing costs associated with unnecessary GMP grade materials.

Celyad Oncology appreciates the long-lasting support of our shareholders. We are committed to the research and development of innovative CAR T candidates and are excited to enter an extremely data-rich calendar year for the Company. For the first half of 2021, we expect to:

- Report preliminary data from the expansion cohort of Phase 1 alloSHRINK trial for CYAD-101 for mCRC
- Report proof-of-concept data on shRNA technology as an allogeneic platform from the initial dose cohorts of the Phase 1 IMMUNICY-1 trial of CYAD-211 for r/r MM
- Initiate the Phase 1b KEYNOTE-B79 trial evaluating CYAD-101 with KEYTRUDA® in mCRC patients with MSS/pMMR disease
- Announce additional data from the Phase 1 CYCLE-1 trial of CYAD-02 for r/r AML and MDS

On behalf of the entire Celyad Oncology team and board members, I wish you and your loved ones a happy, healthy and fulfilling 2021!

Regards,

Filippo Petti,

CEO Celyad Oncology

1. Activity Report

1.1 Who we are - Business overview

We are a clinical-stage biotechnology company focused on the discovery and development of chimeric antigen receptor T cell (CAR T) therapies for cancer. Our goal is to discover, develop and commercialize our next-generation CAR T cell therapy product candidates, if approved. We are currently developing a diversified pipeline of allogeneic and autologous CAR T cell therapy candidates for the treatment of both hematological malignancies and solid tumors.

Our differentiated pipeline of next generation CAR T candidates is based off the two main approaches in the field of CAR T: allogeneic, or off-the-shelf, and autologous, or personalized, therapies. Allogeneic CAR T cells are prepared in advance from healthy donors and are stored frozen until a patient requires treatment. With the autologous approach, CAR T cells are derived from the patients themselves, first by collection of the patient's immune cells through a process called leukapheresis, and then the patient's cells are engineered and reintroduced back into the patient via infusion.

Over the past few years, as the CAR T landscape has shifted towards pursuing off-the-shelf approaches, we have continued to steadily progress our allogeneic CAR T franchise and programs by exploring two proprietary, non-gene edited technology platforms, T cell receptor inhibitory molecule (TIM) and short hairpin RNA (shRNA), to target the T cell receptor (TCR) complex. In adoptive cell therapy, the infusion of donor-derived T cells to cancer patients with a different background than that of the donor may lead to multiple reactions. These reactions include the donor cells attacking the patient's healthy tissue, known as Graft-versus-Host disease (GvHD), as well as the rejection of the therapy by the patient's immune system known as Host-versus-Graft (HvG) reaction.

The TCR, a molecule present on the surface of T cells, is principally responsible for GvHD. At the center of allogeneic CAR T therapy, the goal is to eliminate or blunt the signaling of the TCR through engineering with a specific technology. By reducing the signaling of the TCR, the engineered allogeneic CAR T cells fail to recognize the patient's healthy tissue as foreign, which avoids GvHD.

We believe non-gene edited technologies target the TCR specifically without extensive genetic manipulation. Through the co-expression of our non-gene edited technologies with a specific CAR of interest, we can design cell therapy candidates intended to inhibit the function of the TCR while allowing the T cells to target the cancer. We believe this unique strategy offers a streamlined approach in advancing the allogeneic CAR T landscape.

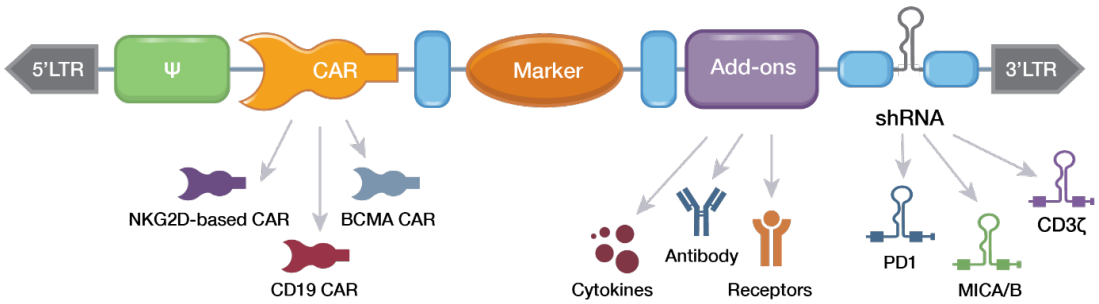
Our proprietary non-gene edited technologies, TIM and shRNA, offer a unique strategy and streamlined approach to allogeneic CAR T development:

- *T cell Inhibitory Molecule (TIM).* Our novel TIM peptide interferes with the ability of the TCR to signal and is designed to prevent GvHD. TIM is a truncated form of the CD3ζ component of the TCR complex which lacks the critical signaling domains of the wild-type CD3ζ. In our CYAD-100 series of CAR T candidates, including CYAD-101, TIM is co-expressed with a NKG2D CAR to reduce the potential of the TCR to induce GvHD. Following the expression of TIM, the peptide acts as a competitive inhibitor to wild-type CD3ζ and is incorporated into the TCR complex.

- *Short hairpin RNA (shRNA).* shRNA is a dynamic, innovative technology that allows for the development of allogeneic CAR Ts through the selection of an optimal shRNA, targeting CD3ζ which results in durable high-level knockdown of the TCR on T cells to a level equivalent to that seen if the CD3ζ gene was gene edited with CRISPR/Cas9. In addition, the persistence of allogeneic T cells without a CAR generated with shRNA was statistically superior to similar cells generated with CRISPR/Cas9. We have also demonstrated concurrent knockdown of multiple gene products, or multiplexing,

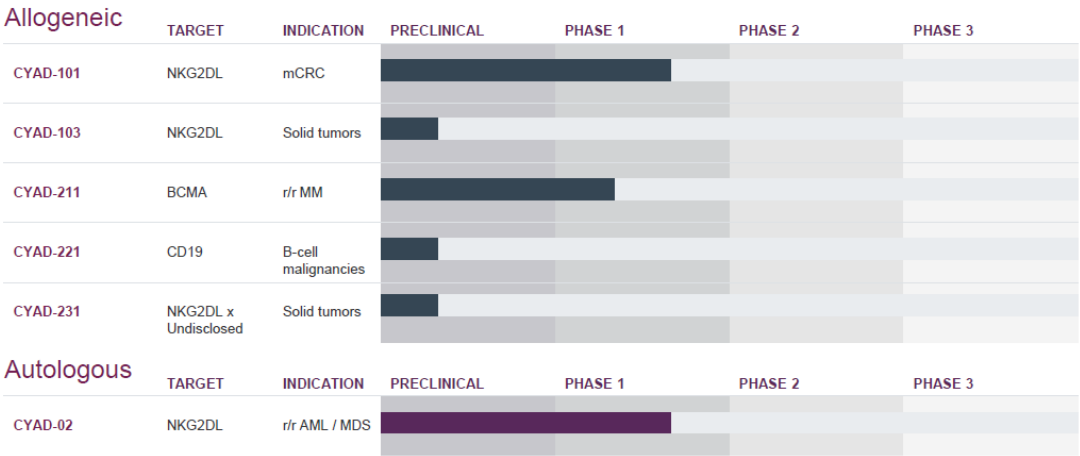
Central to our pipeline is a cutting-edge All-in-One vector approach where we focus on using a single vector to generate CAR T cells to simplify the design and development of our cell therapy candidates. The All-in-One vector approach encodes multiple components of the CAR T construct simultaneously, including the CAR, our non-gene edited technologies including TIM and shRNA, cell section marker to assist with the enrichment of the manufactured cells and potential therapeutic add-ons such as cytokines and antibodies. This single transduction, plug and play approach to CAR T development has the potential to streamline process development and manufacturing while broadening the potential applicability of our candidates

All-in-one Vector



Our CAR T Pipeline

The pipeline below presents our allogeneic and autologous product candidates.



AML: Acute myeloid leukemia; BCMA: B-cell maturation antigen; mCRC: Metastatic colorectal cancer; MDS: Myelodysplastic syndrome; MM: Multiple myeloma; NKG2DL: Natural killer group 2D ligands; r/r: relapse/refractory.

Our lead product candidates include:

- CYAD-101. CYAD-101 is an investigational, non-gene edited, allogeneic CAR T candidate engineered to co-express a CAR based on NKG2D, a receptor expressed on natural killer (NK) cells that binds to eight stress-induced ligands and TIM. CYAD-101 is currently in a Phase 1 clinical trial, alloSHRINK, for the treatment of patients with advanced metastatic colorectal cancer (mCRC). In total, 15 patients with relapsed/refractory mCRC who progressed after previous treatment with oxaliplatin-based or irinotecan-based chemotherapies were treated in the dose-escalation segment of the Phase 1 alloSHRINK trial evaluating three dose levels of CYAD-101 administered concurrently with preconditioning chemotherapy. The mean number of prior therapies received by patients enrolled in the trial was three. To date, treatment with CYAD-101 was observed to be well-tolerated with no evidence of GvHD. In addition, two patients in the trial achieved a confirmed partial response (PR) including one patient at the recommended dose of 1x109 CYAD-101 cells per infusion, which is under further investigation in the expansion segment of the trial. In September 2020, we entered a clinical trial collaboration with Merck & Co, Inc. (Merck) to conduct the Phase 1b KEYNOTE-B79 clinical trial, which will evaluate CYAD-101 following FOLFIRI preconditioning chemotherapy, with Merck's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab) in refractory mCRC patients with microsatellite stable (MSS) / mismatch-repair proficient (pMMR) disease.
- ***CYAD-211.*** CYAD-211 is an investigational, shRNA-based allogeneic CAR T candidate for the treatment of relapsed / refractory multiple myeloma (r/r MM). CYAD-211 is engineered to co-express a B cell maturation antigen (BCMA) targeting chimeric antigen receptor and a single shRNA, which interferes with the expression of the CD3ζ component of the TCR complex. In July 2020, we announced the Food & Drug Administration (FDA) clearance of our Investigational New Drug (IND) application for CYAD-211. In November 2020, we began enrollment in the dose-escalation Phase 1 IMMUNICY-1 trial, which will evaluate the safety and clinical activity of a single infusion of CYAD-211 following preconditioning chemotherapy in patients with r/r MM.
- ***CYAD-02.*** CYAD-02 is an investigational, autologous CAR T therapy that co-expresses both the NKG2D CAR and a single shRNA targeting the NKG2D ligands MICA and MICB on the CAR T cells. In preclinical models, shRNA-mediated knockdown of MICA and MICB expression on NKG2D CAR T cells has shown enhanced *in vitro* expansion, as well as enhanced *in vivo* engraftment and persistence, of the CAR T cells, as compared to first-generation NKG2D receptor CAR T cells. In November 2019, we initiated the dose-escalation Phase 1 CYCLE-1 trial, evaluating the safety and clinical activity of the next-generation, autologous NKG2D receptor-based CAR T candidate CYAD-02 following preconditioning chemotherapy in patients with relapsed/refractory acute myeloid leukemia (r/r AML) / MDS. Nine patients have received treatment with CYAD-02 in the Phase 1 trial. To date, CYAD-02 has been generally well-tolerated. Four of seven patients evaluable for clinical activity demonstrated anti-leukemic activity (at least 50% bone marrow blasts decrease) with the single patient evaluated at dose level 3 having achieved a marrow complete response (mCR). Enrollment in the dose level 3 cohort of the CYCLE-1 trial is ongoing.

In addition to our lead clinical product candidates, we have a portfolio of preclinical stage allogeneic product candidates targeting various indications including B-cell malignancies and solid tumors.

1.2 Our Strategy

Our mission is to eliminate cancer and improve life. We are developing innovative cell therapies against cancer and are driven by the promise to deliver meaningful treatment options to patients seeking hope. Overall, our objective is to discover, develop and commercialize our next-generation CAR T cell therapies.

We are guided by our passion, led by our deep expertise in oncology and motivated by the patients we serve. We believe that our innovative CAR T candidates, if approved, could offer patients with advanced disease alternative therapeutic options where no other treatments exist. Delivering best-in-class cell

therapies for patients with unmet medical needs is our top priority. We aim to do this with the following strategies:

- **Focus on the development of non-gene edited approaches to allogeneic CAR T therapies.** We are pioneering a differentiated approach to the discovery and development of allogeneic CAR T cell therapy candidates for the treatment of cancer led by a pair of non-gene edited approaches including our TIM and shRNA technologies. Through the co-expression of either technology with a specific CAR of interest, we can design donor-derived cell therapy candidates intended to inhibit the function of the TCR complex while allowing the T cell product candidates to target cancer. Our unique strategy, coupled with our All-in-One vector approach, allows us to avoid multiple genetic modifications and costs in the production of our cell therapy candidates, while also benefiting from the broader potential advantages of allogeneic CAR T therapies including faster delivery, greater uniformity, better patient accessibility and increased manufacturing scalability as compared to autologous CAR T therapies.
- **Advance our lead allogeneic candidate CYAD-101 for the treatment of advanced mCRC.** The clinical benefit of CAR T therapies has been limited to date for the treatment of solid tumors partially due to the hostile tumor microenvironment (TME), which surrounds the tumor and is composed of immune cells, blood vessels and extracellular matrix. Our TIM-based allogeneic CYAD-101 product candidate is engineered to co-express the chimeric antigen receptor NKG2D, a receptor expressed on natural killer cells that binds to eight stress-induced ligands that are overexpressed by a broad range of tumors, including mCRC, as well as cells within the TME such as myeloid-derived suppressor cells (MDSCs) and regulatory T cells (Tregs). Our depth of experience in developing autologous NKG2D CAR T candidates across multiple trials uniquely positions us to develop the allogeneic NKG2D approach. CYAD-101 is the first allogeneic CAR T candidate with clinical evidence of no GvHD and confirmed objective responses in the treatment of a solid tumor indication, specifically advanced mCRC. Based on the encouraging data to date for CYAD-101 for the treatment of advanced mCRC, we are currently enrolling patients in the dose-expansion cohort of the Phase 1 alloSHRINK trial and expect to report preliminary data from the study during the first half of 2021.
- **Develop our shRNA-based allogeneic candidate CYAD-211 for r/r MM.** CYAD-211 is a first-in-class, allogeneic CAR T candidate engineered to express a single shRNA to interfere with the expression of the TCR complex, while targeting the clinically validated BCMA found in multiple myeloma (MM). Enrollment in the Phase 1 IMMUNICY-1 trial evaluating CYAD-211 for the treatment of r/r MM is ongoing. The trial seeks to determine the recommended dose of CYAD-211 in r/r MM patients for further development as well as to establish proof-of-concept that single shRNA-mediated knockdown can generate allogeneic CAR T cells in humans without inducing GvHD. Preliminary data from the trial are expected during the first half of 2021, while additional data from the full dose-escalation trial are expected during the second half of 2021.
- **Further investigate CYAD-02 for the treatment of r/r AML and MDS.** Despite our focus on our allogeneic franchise, we still firmly believe that autologous CAR T cell therapies will play an important role in the treatment of cancers, in particular for indications such as r/r AML and MDS where there remains a major unmet medical need. We continue to explore the potential clinical benefit of our autologous NKG2D CAR T candidate CYAD-02 for the treatment of r/r AML and MDS in the Phase 1 CYCLE-1 trial and we anticipate announcing additional clinical data for the program in 2021. We may also seek to find a potential partner to aid in the further development of this autologous candidate.

- **Broaden our allogeneic pipeline to explore additional indications and cancer targets.** We are building a diversified portfolio of next-generation CAR T candidates by leveraging our deep knowledge of NKG2D receptor biology and allogeneic technologies. We believe that our NKG2D candidates represent an opportunity to treat a wide array of cancer indications, given the broad overexpression of NKG2D stress ligands on more than 80% of tumors. In addition, our shRNA technology has the potential to become a platform technology allowing for a modular approach to designing next-generation CAR T candidates incorporating both novel and clinically validated targets, while offering the opportunity to knockdown multiple genes of interest simultaneously with the co-expression of multiple shRNAs. Our current preclinical pipeline includes targeting CD19, a B cell biomarker, and a next-generation NKG2D candidate.
- **Continue to build our proprietary in-house manufacturing expertise and capabilities.** We have developed a Good Manufacturing Process (GMP) for our allogeneic candidates that we believe is flexible, rapid, and cost-efficient, while allowing us to independently improve and optimize the production of our cell therapy candidates with the capacity to treat hundreds of patients in our early-stage clinical programs. Leveraging our differentiated All-in-One vector approach, we can enrich for our allogeneic CAR T cells using an optimized process through positive selection, leading to an approach that is autologous-like for allogeneic CAR T. Our in-house manufacturing facility has been critical in enabling the delivery of our clinical programs. As we move towards an allogeneic focused strategy, we will continue to develop our manufacturing expertise and capability focusing on both supporting early phase clinical testing but also concentrating on the challenges of scale-up and commercial level manufacturing of allogeneic CAR T cell therapies. Our manufacturing facility remains crucial to our long-term success.
- **Drive innovation through strategic collaborations to realize the full potential of our unique CAR T therapies.** We are continually exploring opportunities to build strong partnerships with strategic organizations and key international academic institutions to maximize the therapeutic potential of our current and future product candidates as well as our intellectual property. For example, as announced In September 2020, we will conduct the Phase 1b KEYNOTE-B79 trial to evaluate CYAD-101 with Merck's anti-PD-1 therapy KEYTRUDA® (pembrolizumab) in mCRC patients with MSS / pMMR disease. We expect to initiate the KEYNOTE-B79 trial the first half of 2021. We will continue to explore additional opportunities to create value and develop our platform technologies and pipeline in pursuit of our mission.

1.3 What differentiates Celyad Oncology?

The level of activity in the CAR T landscape across the globe has exploded over the last few years. The challenges in this subsection of the oncology industry are significant. Most tumors develop undetected over decades, fine tuning their capacity to resist treatment, before exploding with clinically relevant disease that rapidly overcomes standard treatment paradigms. Immune-based therapies, including checkpoint inhibitors, are now delivering clinically relevant responses in several indications.

Checkpoint inhibitors seek to release T cell activity against the tumor within the patient. However, tumors are extremely proficient at avoiding T cell recognition – effectively, they become invisible. Unveiling tumors so they can be detected by the T cell is the underlying premise of the CAR T approach. Consequently, the success of CAR Ts is reliant upon the target and the means to deliver the engineered T cell in a clinically reliable and relevant manner.

Encouraging results from clinical trials have continued to fuel the interest in CAR T-cell therapies and our competitors as of the date of this Annual Report include Adicet Bio, Inc, Adaptimmune Therapeutics plc, Affimed NV, Allogene Therapeutics Inc., AlloVir, Inc, Atara Biotherapeutics, Inc., Autolus Therapeutics plc, Bellicum Pharmaceuticals, Inc., bluebird bio, Inc., CARsgen Therapeutics Co. Ltd., Cellectis S.A., Cellular Biomedicine Group, Celularity, Inc., CRISPR Therapeutics, Inc., Editas Medicines, Inc, Fate Therapeutics, Inc., Immatics Biotechnologies GmbH, Intellia Therapeutics, Inc., Juno Therapeutics, Inc. (acquired by Celgene Corporation), Kite Pharma, Inc. (acquired by Gilead Sciences, Inc.), Kuur Therapeutics, Legend Biotech USA, Inc., Lyell Immunopharma, Inc., Medigene AG, Mustang Bio, Inc., NantKwest, Inc., Nkarta

Therapeutics, Inc., Novartis AG, Poseida Therapeutics, Inc., Precigen, Inc. Precision Biosciences, Inc., Sana Biotechnology, Inc., Servier Laboratories Limited, Sorrento Therapeutics, Inc., SQZ Biotech, Inc., TC BioPharm Ltd., TCR2 Therapeutics, Inc., Tmunity Therapeutics, Inc., and Ziopharm Oncology, Inc.

Within this extremely competitive space, the clinical challenges remain the same and include:

Lack of suitable targets for most tumors. Currently approved CAR T therapies are limited to hematological malignancies. Finding safe and appropriate tumor specific antigens for solid tumors is difficult and emphasized by the nearly universal focus on the CD19 target.

Clinical delivery of autologous CAR T product. Autologous CAR T cell therapy involves a time delay between patient recruitment and cell infusion due to just-in-time manufacturing which may mean that the patient progresses before the cell product can be generated.

Our expertise in oncology, our proprietary technologies, and our differentiated approach to developing CAR Ts has allowed us to overcome some of the challenges associated with developing these cell therapies. Our solutions include:

1. Novel targeting of solid tumors and hematological malignancies through the NKG2D CAR

The NKG2D CAR binds eight ligands known to be over-expressed in a broad range of cancer indications. We were the first company to investigate this target in the CAR T area and have performed extensive clinical testing that has observed the tolerability of the approach and early evidence of clinical responses. Additional sponsors are now just entering the field using NKG2D-based approaches, which highlights our advanced position with this receptor that we are now exploiting with our novel non-gene edited allogeneic approach in the CYAD-101 product candidate.

2. CYAD-101: Ahead of the field in the solid tumor space

We are currently enrolling patients in the expansion segment of the Phase 1 alloSHRINK trial of CYAD-101 having shown initial clinical activity in advanced mCRC patients while being generally well-tolerated. To our knowledge, CYAD-101 is the first candidate to generate clinical data in a solid tumor indication from an allogeneic CAR T therapy. As of early 2021, there is only one other company known to be currently evaluating an allogeneic CAR T candidate for the treatment of a solid tumor in Phase 1 clinical development while others are still at the preclinical stage. Preliminary clinical data of the extension segment of the alloSHRINK trial are expected during the first half of 2021 and we anticipate the initial results to help better assess CYAD-101's profile for the treatment of advanced mCRC.

3. The future is silent: shRNA platform for all CAR Ts

Within two years, we moved our shRNA-based allogeneic approach from concept to the clinic. The rapidity of progressing an early-stage preclinical asset into clinical testing required a major effort across the full organization. However, this focus is important given the potential that shRNA technology offers. Our first allogeneic shRNA-based candidate, CYAD-211, is a BCMA CAR T employing a single shRNA targeting the CD3ζ component of the TCR complex that generates the allogeneic CAR T cell phenotype.

In November 2020, we enrolled the first patient in the Phase 1 IMMUNICY-1 trial for CYAD-211. The IMMUNCY-1 trial is key for our company for two main reasons. Firstly, we are evaluating the activity of the BCMA CAR T in patients with r/r MM. Secondly, evidence in the clinic that the shRNA technology controls GvHD through shRNA-based allogeneic CAR Ts should provide an important clinical validation of this approach. shRNA technology will underpin our future CAR T product candidates, which includes multiplexing shRNA to generate bespoke modified CAR T candidates for specific cancer indications.

Moreover, clinical data will support if we are able to generate allogeneic CAR T cells without using gene-editing technology. Our differentiation here relates to manufacturing and cost of goods to produce the allogeneic candidates. Our All-in-One vector strategy expresses all the elements required for the CAR T into

one clinical grade reagent while we also use tried and trusted manufacturing approaches. On the other hand, gene editing requires multiple clinical grade reagents, difficult quality control due to cutting the cell's genome, and expensive bespoke manufacturing solutions.

Taken together, and if we observe clinical validation, the flexibility and pragmatism of the All-in-One vector shRNA platform may be a clear differentiator from most companies within this therapeutic space.

1.4 Our Activities and R&D

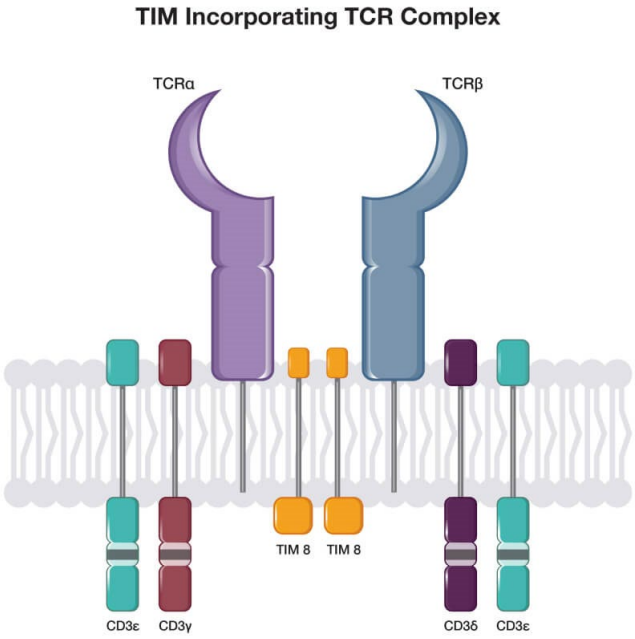
Novel technology targeting the TCR

We are working to advance the field of allogeneic CAR T therapy by exploring two proprietary, non-gene edited technology platforms to target the TCR complex. In adoptive cell therapy, the infusion of donor-derived T cells to cancer patients with a different background than that of the donor may lead to multiple reactions. These reactions include the donor cells attacking the patient's healthy tissue, known as GvHD, as well as the rejection of the therapy by the patient's immune system known as HvG reaction.

The TCR, a molecule present on the surface of T cells, is principally responsible for GvHD. At the center of allogeneic CAR T therapy, the goal is to eliminate or blunt the signaling of the TCR through engineering with a specific technology. By reducing the signaling of the TCR, the engineered allogeneic CAR T cells fail to recognize the patient's healthy tissue as foreign, which avoids GvHD.

Our non-gene edited technologies target the TCR specifically without extensive genetic manipulation. Through the co-expression of our non-gene edited technologies with a specific CAR of interest, we can design cell therapy candidates intended to inhibit the function of the TCR while allowing the T cells to target the cancer. We believe this unique strategy offers a streamlined approach in advancing the allogeneic CAR T landscape.

Our Proprietary T cell receptor Inhibitory Molecule (TIM) Technology



Our novel TIM technology interferes with the ability of the TCR to signal and is designed to prevent GvHD. TIM is a truncated form of the CD3ζ component of the TCR complex which lacks the critical signaling domains of the wild-type CD3ζ. In our CYAD-100 series of CAR T candidates, including CYAD-101, TIM is co-expressed with a NKG2D CAR to reduce the potential of the TCR to induce GvHD. Following the expression of TIM, the peptide acts as a competitive inhibitor to wild-type CD3ζ and is incorporated into the TCR complex.

Data from the Phase 1 alloSHRINK trial evaluating CYAD-101 for the treatment of mCRC demonstrated proof-of-concept that the non-gene edited TIM technology has the potential to knockdown signaling of the TCR complex, with no evidence of GvHD observed in the first fifteen patients treated with this first-in-class allogeneic CAR T candidate.

More broadly, we believe the data from the alloSHRINK trial confirm the potential of non-gene edited approaches for the development of allogeneic CAR T candidates.

Our Proprietary Short Hairpin RNA (shRNA) Technology

shRNA is a dynamic, innovative technology that allows for the development of allogeneic CAR Ts through the modulation of gene expression without the need for gene-editing. We are currently engineering T cells for specific desired features, including the inhibition of alloreactivity, increased persistence and enhanced antitumor activity or potentially improved tolerability. We believe that shRNA offers us the ability to design and develop next-generation, non-gene edited allogeneic CAR T therapies with any CAR across a broad array of targets.

Preclinical data have shown TCR knockdown using shRNA targeting CD3ζ is as effective as gene-editing methods such as CRISPR/Cas9 to inhibit TCR expression. Importantly, preclinical proof of principle experiments demonstrated that expression of a single shRNA hairpin provides prolonged TCR knockdown.

Through the selection of an optimal shRNA, targeting CD3ζ results in durable high-level knockdown of the TCR on primary T cells to a level equivalent to that seen if the CD3ζ gene was gene edited with CRISPR/Cas9 (Figure A). Functionally, this correlates with an inability of these cells to respond to a mitogenic stimulus (aka TCR driven T cell activation; Figure B) and a corresponding absence of toxicity when these cells are infused into the gold standard *in vivo* GvHD test model. In addition, the persistence of allogeneic T cells without a CAR generated with shRNA was statistically superior to allogeneic T cells without a CAR generated with CRISPR/Cas9 – a potential key differentiator of the shRNA technology (Figure C).

Figure A:

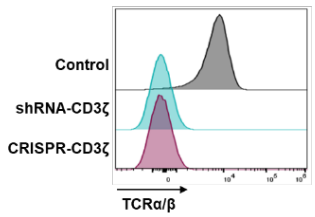


Figure B:

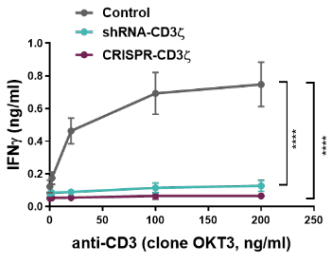
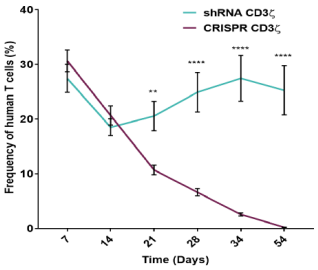


Figure C:



The technology is also complementary to our All-in-One Vector approach, which allows for the expression of multiple shRNA hairpins in a single construct within a single transduction step, aka multiplexing.

As seen below, data from preclinical studies in transduced Jurkat cells demonstrate simultaneous knockdown of the multiple gene products at the mRNA (Figure D) and protein levels (Figure E) in a single multiplexed vector.

Figure D:

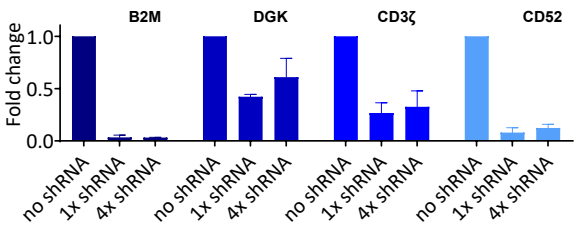
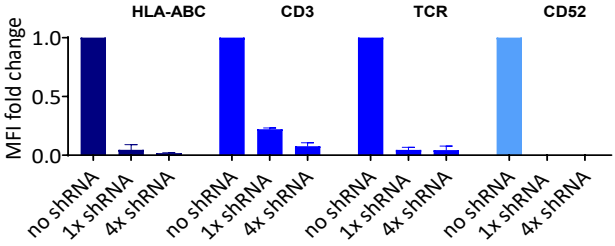


Figure E:



In addition, the ability to multiplex with shRNA using our All-in-One vector approach provides a means to generate an optimal therapeutic T cell phenotype with strong control on one of the major raw material costs since all these elements are maintained within a single vector. This compares favorably to engineering multiple knockdowns using current gene editing technologies which typically require an increasing number of clinical grade reagents, in particular multiple vectors.

We have validated the utility of our shRNA platform with our next-generation autologous NKG2D receptor CAR T clinical candidate, CYAD-02, which incorporates a single shRNA hairpin targeting the NKG2D ligands MICA/MICB within the construct. Our first shRNA-based allogeneic CAR T candidate, CYAD-211, entered clinical development in late 2020. Proof-of-concept data on the ability of the technology to generate allogeneic CAR T candidates is expected in 2021.

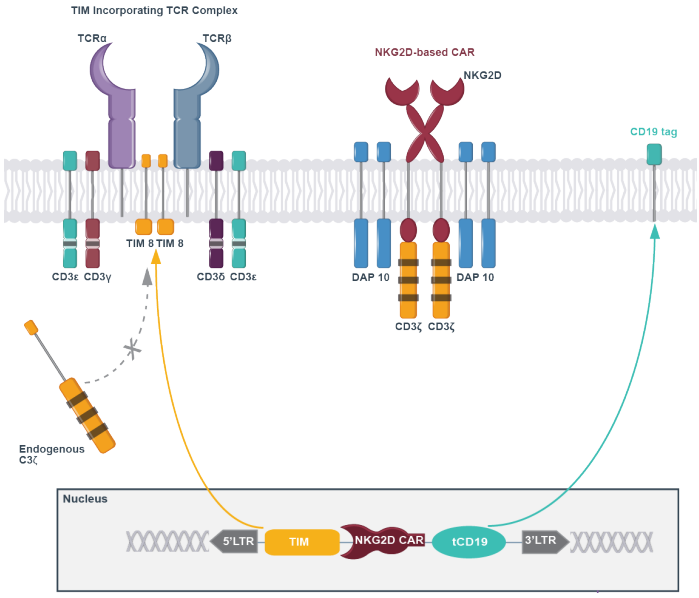
We are also developing a proprietary shRNA platform utilizing a novel framework to optimize and expand the expression of multiple shRNAs with our All-in-One Vector approach. Our novel framework has the capability to knockdown or silence up to six genes simultaneously, while providing several key advantages beyond our first-generation approach. We believe our next-generation shRNA multiplex platform will form the backbone for future allogeneic CAR T candidates, including several programs which are in the discovery phase of development.

1.5 Lead Programs

CYAD-101 – Allogeneic NKG2D receptor-based CAR T in mCRC

About metastatic colorectal cancer (mCRC)[1]

There is a significant unmet need for new treatments for colorectal cancer, a cancer that affects the colon or rectum. Colorectal cancer is the third most diagnosed cancer worldwide with approximately 1.2 million individuals diagnosed globally per year, with 400,000 of those cases in the United States and Europe. This disease also has the fourth highest cancer mortality rate with roughly 600,000 deaths per year. Treatment for colorectal cancer typically includes surgery, chemotherapy and antibody therapies such as anti-angiogenesis treatments.



CYAD-101 – Vector Construct and Cell Surface Expression

Metastatic colorectal cancer occurs when the cancer has spread to other organs, rendering most typical treatments ineffective and leaving patients with few treatment options.

About CYAD-101

CYAD-101 is an investigational, non-gene edited allogeneic CAR T candidate engineered to co-express the chimeric antigen receptor based on NKG2D, the novel inhibitory peptide TIM and a truncation CD19 selection marker (Figure - CYAD-101 – Vector Construct and Cell Surface Expression). The product candidate leverages our All-In-One vector approach with a single transduction, avoiding multiple genetic modifications and costs associated with additional GMP grade materials. TIM inhibits CD3ζ and reduces signaling of the TCR complex, which reduces the potential for GvHD.

[1] Kim, R., 2020, Celyad Oncology Research and Development Day Webinar, Celyad.com

alloSHRINK Phase 1 Trial Overview

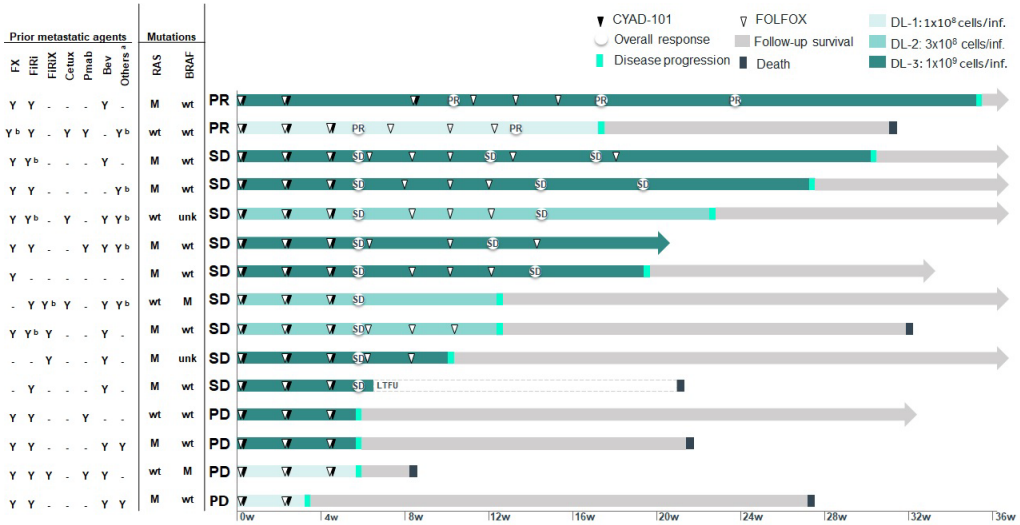
In December 2018, we initiated the Phase 1 alloSHRINK trial. alloSHRINK is an open-label trial assessing the safety and clinical activity of three consecutive administrations of CYAD-101 every two weeks administered concurrently with preconditioning chemotherapy in patients with refractory unresectable mCRC. The dose-escalation segment of the trial evaluated the administrations of CYAD-101 concurrently with FOLFOX (combination of 5-fluorouracil, leucovorin and oxaliplatin) chemotherapy regimen at three dose levels (1×10^8, 3×10^8, 1×10^9 cells per infusion).

Phase 1 alloSHRINK clinical trial data

Initial positive data from the alloSHRINK trial were reported both at the Society for Immunotherapy of Cancer (SITC) 2019 and American Society of Clinical Oncology 2020 conferences. In January 2021, we reported additional translational data for the alloSHRINK trial at American Society of Clinical Oncology 2021 Gastrointestinal Cancers Symposium.

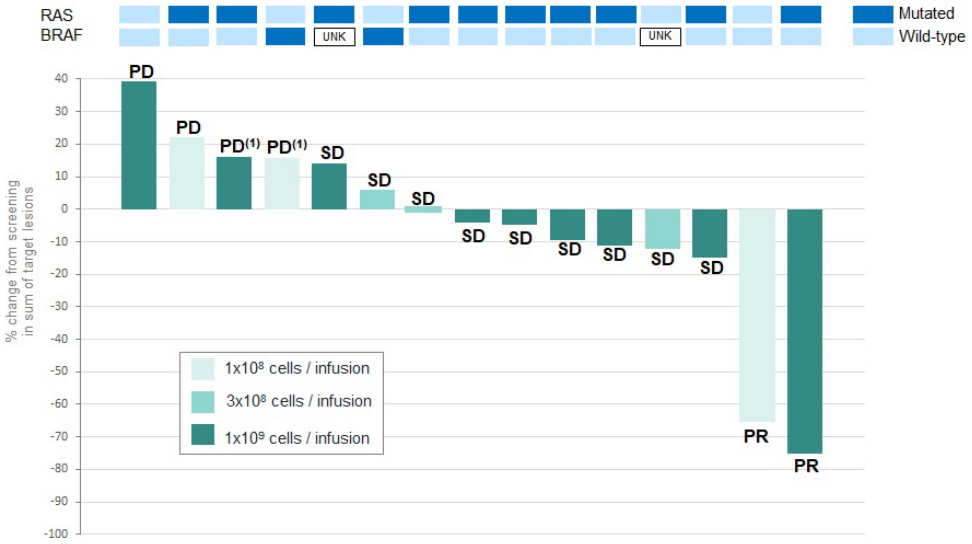
A total of 15 patients with relapsed/refractory mCRC who progressed after previous treatment with oxaliplatin-based or irinotecan-based chemotherapies were enrolled in the dose-escalation, alloSHRINK Phase 1 trial. The number of prior therapies received by patients enrolled in the trial ranged from one to six with a mean of three.

Data from the trial showed that CYAD-101 following preconditioning chemotherapy was observed to be generally well-tolerated with no GvHD observed, no dose-limiting toxicities reported, no patient discontinuation due to treatment and no treatment-related adverse events greater than Grade 3. Results also showed two patients achieved a partial response (PR) according to RECIST 1.1 criteria, including one patient with a KRAS-mutation. Nine patients achieved stable disease (SD), with seven patients demonstrating disease stabilization lasting more than or equal to three months of duration, with a disease control rate of 73%.



Median progression free survival (mPFS) for this segment of the trial was 3.9 months, and median overall survival (mOS) was 10.6 months. No correlation was observed between clinical responses and the degree of human leukocyte antigen (HLA) matching between patients and CYAD-101 donor cells, indicating that CYAD-101 may be able to be used in a broad patient population regardless of the HLA haplotype.

Data from the alloSHRINK trial also showed a tumor burden decrease was observed in eight out of 15 evaluable patients, including six of nine patients at dose level 3. Clinical activity was observed across all dose levels. There was no obvious correlation between response, dose-levels nor baseline characteristics.



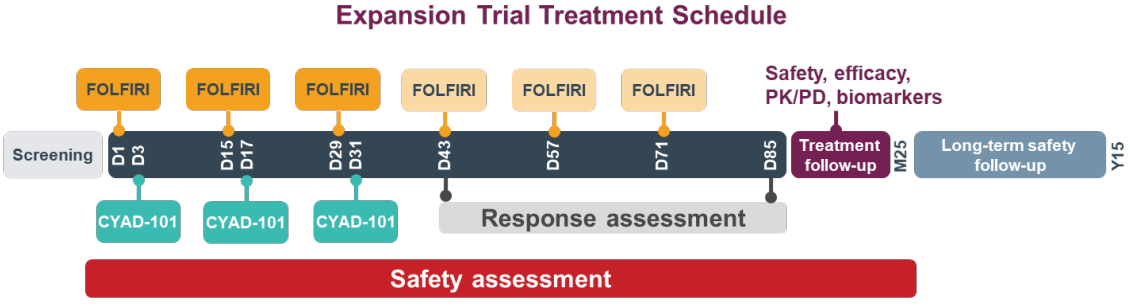
Of four patients treated at the highest dose level of 1×10^9 CYAD-101 cells per infusion available for analysis, three patients who achieved either a confirmed PR or SD also showed hyper-expanded TCR repertoire post-treatment through the emergence of new T cell clones in the peripheral blood T cell repertoire, while the patient with progressive disease displayed no evidence of new T cell clones.

Cytokine modulation was also observed after the first and second infusions of CYAD-101 in the patient who achieved a confirmed PR from the highest dose level.

All 15 patients from the dose-escalation segment of the alloSHRINK trial were dosed from a single cell bank of CYAD-101 that was generated in advance from two manufacturing runs each using a fraction of an apheresis from a single healthy donor.

Expansion cohort of the Phase 1 alloSHRINK trial

The expansion cohort of the alloSHRINK trial which will evaluate CYAD-101 following FOLFIRI (combination of 5-fluorouracil, leucovorin and irinotecan) preconditioning chemotherapy for the treatment of advanced mCRC began in December 2020. The ongoing segment will evaluate three infusions of CYAD-101 at the recommended dose of 1×10^9 cells per infusion. The expansion cohort of the alloSHRINK trial may enroll up to 34 patients with advanced mCRC. Preliminary data are expected during the first half of 2021.



Phase 1b KEYNOTE-B79 Trial Overview

In September 2020, we announced a clinical trial collaboration with MSD, a tradename of Merck. The KEYNOTE-B79 will evaluate CYAD-101 following FOLFIRI (combination of 5-fluorouracil, leucovorin and irinotecan) preconditioning chemotherapy, with Merck's anti-PD1 therapy, KEYTRUDA® (pembrolizumab), in refractory mCRC patients with MSS / pMMR disease.

We believe CYAD-101 and KEYTRUDA may have highly complementary mechanisms of action to offer potential additional therapeutic benefit to mCRC patients with MSS / pMMR disease. Preclinical data demonstrated that treatment with NKG2D CAR T cells converted the TME from immunosuppressive to immunostimulatory and triggered strong tumor-specific host immune response. Anti-PD1 treatment blocks the co-inhibitory interaction of cancer cells with multiple types of immune cells thereby restoring the immune response. Based on the complementary modes of action, KEYTRUDA® could potentially enhance the CYAD-101-sculpted microenvironment.

We expect to start the Phase 1b KEYNOTE-B79 trial in the first half of 2021.

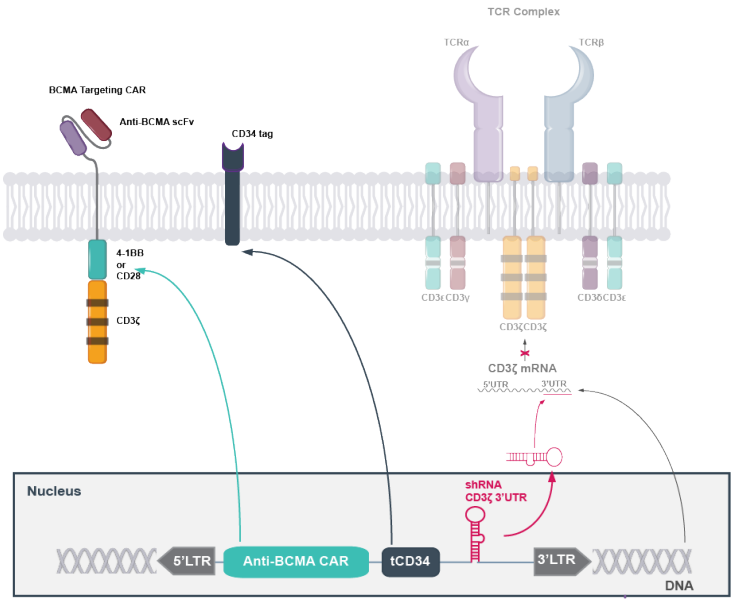
CYAD-211 – shRNA based allogeneic CAR T in r/r MM

About Multiple myeloma (MM)[2]

Multiple myeloma is a type of hematological malignancy that affects plasma cells, a white blood cell located in bone marrow. The disease can cause many issues in the body including low blood counts, bone and calcium problems, infections, and kidney problems. The American Cancer Society estimates that 34,920 new cases of MM will be diagnosed, and 12,410 deaths are expected to occur in 2021. There are no cures for multiple myeloma, but treatment options can include chemotherapy, immunotherapy, targeted therapy and stem cell therapy.

Patients who have r/r MM have either been unresponsive to treatments or have seen their cancer return after a period of remission. These patients have often failed many previous therapies, including proteosome inhibitors, immunomodulatory agents (IMiDs) and monoclonal antibodies leaving few remaining options.

About CYAD-211



CYAD-211 – Vector Construct and Cell Surface Expression

CYAD-211 is an investigational shRNA-based allogeneic CAR T candidate for the treatment of relapsed or refractory multiple myeloma (r/r MM). CYAD-211 is engineered to co-express a BCMA chimeric antigen receptor and a single shRNA hairpin which interferes with the expression of the CD3ζ component of the TCR complex (Figure - CYAD-211 – Vector Construct and Cell Surface Expression).

In November 2020, we initiated the dose-escalation Phase 1 IMMUNICY-1 trial evaluating CYAD-211 for the treatment of r/r MM. Importantly, the non-gene

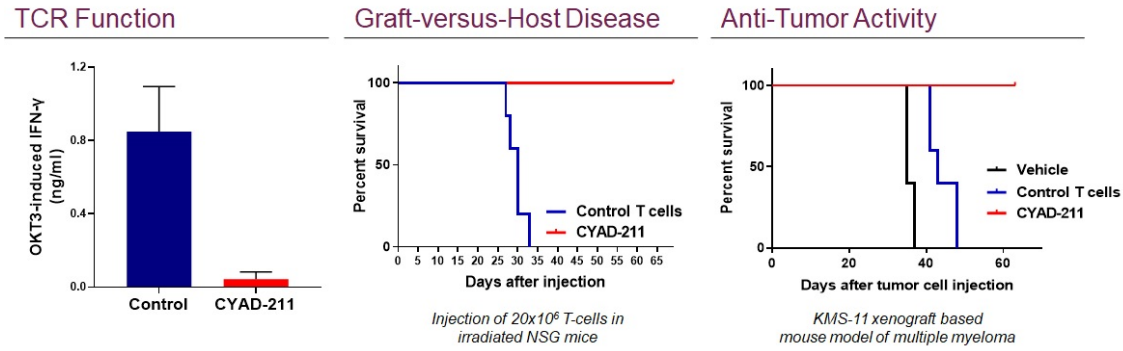
[2] "What Is Multiple Myeloma?: The MMRF." Themmrf.org, 12 Feb. 2021, themmrf.org/multiple-myeloma/.com

edited shRNA-based CYAD-211 program moved from initial concept to clinical trial in approximately two years.

CYAD-211 preclinical data

In December 2020, we announced preclinical data from CYAD-211 at the American Society of Hematology annual meeting. The preclinical studies confirmed that T cells engrafted with a BCMA CAR co-expressing the CD3ζ targeting shRNA exhibited robust anti-tumor activity *in vitro* and *in vivo* with no evidence of toxicity.

In addition, CYAD-211 exhibited no signs of GvHD induction with concurrent robust anti-tumor activity. These *in vivo* data were generated in sub-lethally irradiated NSG mice, the gold standard preclinical model of GvHD, and we believe these studies confirm that the novel CD3ζ-targeting shRNA element used in CYAD-211 to inhibit alloreactivity is functional. In fact, we have shown that anti-BCMA CAR cells incorporating this CD3ζ-targeting shRNA element exhibit no signs of TCR activation with anti-tumor activity.



Phase 1 IMMUNICY-1 Trial Overview

IMMUNICY-1 is an open-label Phase 1, dose-escalation trial that will evaluate the safety and clinical activity of a single infusion of CYAD-211 following preconditioning chemotherapy cyclophosphamide (300 mg/m²) and fludarabine (30 mg/m²) in patients with relapse or refractory multiple myeloma. The trial will evaluate multiple dose levels of CYAD-211: $30x10^6$, $100x10^6$ and $300x10^6$ cells per infusion.

The IMMUNICY-1 trial is designed to establish proof-of-principle that a single shRNA-mediated knockdown of a key TCR complex component can generate fully functional allogeneic CAR T cells without inducing GvHD. Preliminary data from this trial are expected in the first half of 2021.

CYAD-02 – Next generation autologous NKG2D CAR T in r/r AML and MDS

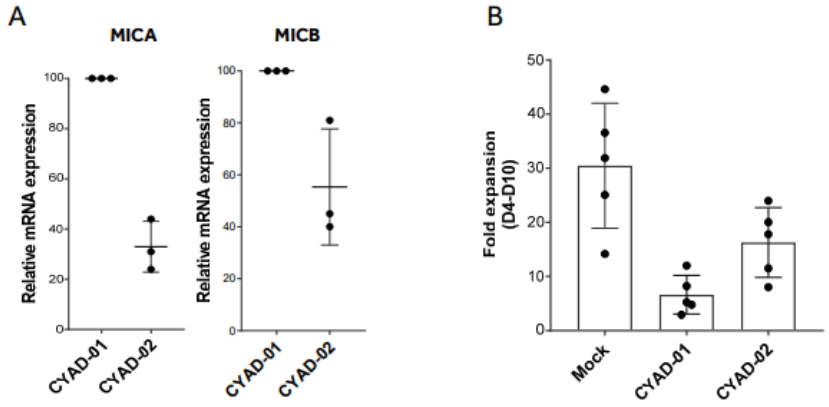
About AML/MDS[3]

Acute myeloid leukemia (AML) is a blood cancer that occurs when young abnormal white blood cells called blasts (leukemia cells) begin to fill up the bone marrow, preventing normal blood production. It is one of the most common types of leukemia in adults but still only accounts for approximately 1% of all cancers. In 2020, there were about 19,940 new cases of AML in the United States with 11,180 deaths occurring from this disease.

Myelodysplastic syndromes (MDS) are conditions that can occur when the blood-forming cells in the bone marrow become abnormal, leading to low numbers of one or more types of blood cells. In about 1 in 3 patients, MDS can progress to AML.

About CYAD-02

CYAD-02 is an investigational CAR T therapy that engineers an All-in-One vector approach in a patient's T cells to express both the NKG2D chimeric antigen receptor and shRNA technology to knockdown the expression of NKG2D ligands MICA and MICB on the CAR T cells.



In preclinical models, targeting MICA and MICB with a single shRNA lead to decrease of ligand expression (Figure A) on T cells and enhanced *in vitro* expansion (Figure B) compared to a first-generation autologous NKG2D CAR T product candidate.

Phase 1 CYCLE-1 Trial Overview

In November 2019, we initiated the Phase 1 dose-escalation CYCLE-1 trial that will evaluate the safety and clinical activity of a single infusion of CYAD-02 following preconditioning chemotherapy with cyclophosphamide and fludarabine for the treatment of r/r AML patients who have failed at least one prior therapy and r/r MDS patients who have failed prior treatment with at least four cycles of azacitidine or decitabine.

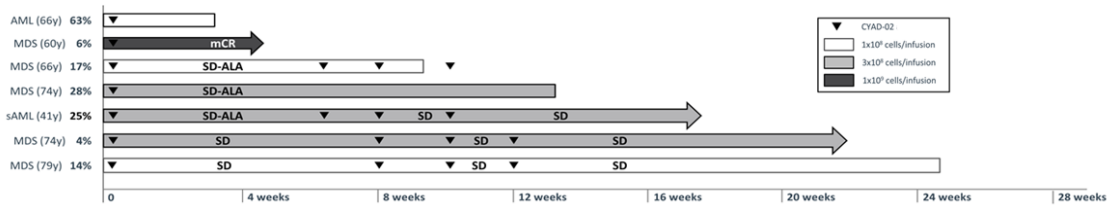
Phase 1 CYCLE-1 Trial - Initial Data

In December 2020, we reported initial data from the Phase 1 CYCLE-1 trial at the American Society of Hematology annual meeting. Overall, seven patients were evaluable for clinical activity, two with AML and five with MDS: three patients at dose level 1, three patients at dose level 2, one patient at dose level 3.

Initial observations of clinical activity for CYAD-02 are encouraging, with anti-leukemic activity, defined as a decrease of 50% in bone marrow blasts, observed in four out of seven evaluable r/r AML and MDS patients including one marrow complete response in a very high-risk MDS patient enrolled in dose level 3. In addition

[3] "Acute Myeloid Leukemia (AML) in Adults" cancer.org, 12 Feb 2021, https://www.cancer.org/cancer/acute-myeloid-leukemia.html

to the encouraging anti-leukemic activity seen to date from the initial cohorts, we also have seen multiple patients from the CYCLE-1 trial who have achieved durable disease stabilization over several months following treatment with CYAD-02. In addition, treatment with CYAD-02 was generally well-tolerated to date.



Enrollment in the Phase 1 trial is ongoing and we anticipate reporting additional safety and clinical activity data from the trial, as well as potential next steps for the program, during the first half of 2021.

1.6 Licensing and Collaboration Agreements

Celdara

Background

In January 2015, we entered into an agreement with Celdara Medical, LLC, or Celdara in which we purchased all outstanding membership interests of OnCyte, LLC, or OnCyte. In connection with this transaction, we entered into an asset purchase agreement to which Celdara sold to OnCyte certain data, protocols, regulatory documents and intellectual property, including the rights and obligations under two license agreements between OnCyte and Dartmouth College, or Dartmouth, related to our CAR T development programs.

In March 2018, we dissolved the affairs of our wholly owned subsidiary OnCyte. As a result of the dissolution of OnCyte, all the assets and liabilities of OnCyte were fully distributed to us. We will continue to carry out the business and obligations of OnCyte, including under our license agreement with Dartmouth College.

Amended Asset Purchase Agreement

In August 2017, we entered into an amendment to the asset purchase agreement described above. In connection with the amendment, the following payments were made to Celdara: (i) an amount in cash equal to $10.5 million, (ii) newly issued shares of Celyad valued at $12.5 million, (iii) an amount in cash equal to $6.0 million in full satisfaction of any payments owed to Celdara in connection with a clinical milestone related to our CAR-T NKR-2 product candidate, (iv) an amount in cash equal to $0.6 million in full satisfaction of any payments owed to Celdara in connection with our license agreement with Novartis International Pharmaceutical Ltd., and (v) an amount in cash equal to $0.9 million in full satisfaction of any payments owed to Celdara in connection with our license agreement with Ono Pharmaceutical Co., Ltd.

Under the amended asset purchase agreement, we are obligated to make certain development-based milestone payments to Celdara up to $40.0 million, certain development-based milestone payments up to $36.5 million and certain sales-based milestone payments up to $156.0 million. We are required to make tiered single-digit royalty payments to Celdara in connection with the sales of CAR-T products, subject to reduction in countries in which there is no patent coverage for the applicable product or in the event Celyad is required to secure licenses from third parties to commercialize the applicable product. We are also required to pay Celdara a percentage of sublicense income, including royalty payments, for each sublicense ranging from the mid-single digits to the mid-twenties, depending on which of a specified list of clinical and regulatory milestones the applicable product has achieved at the time the sublicense is executed. We are required to pay Celdara a single-digit percentage of any research and development funding received by us, not to exceed $7.5 million for each product group. We can opt out of the development of any product if the

data does not meet the scientific criteria of success. We may also opt out of development of any product for any other reason upon payment of a termination fee of $2.0 million to Celdara.

Dartmouth College

Amended Dartmouth License

As described above, as a result of our acquisition of all of the outstanding membership interests of OnCyte and the asset purchase agreement among us, Celdara and OnCyte, OnCyte became our wholly-owned subsidiary and acquired certain data, protocols, regulatory documents and intellectual property, including the rights and obligations under two license agreements between OnCyte and Dartmouth. The first of these two license agreements concerned patent rights related, in part, to methods for treating cancer involving chimeric NK and NKP30 receptor targeted therapeutics and T cell receptor-deficient T cell compositions in treating tumor, infection, GVHD, transplant and radiation sickness, or the CAR-T License, and the second of these two license agreements concerned patent rights related, in part, to anti-B7-H6 antibody, fusion proteins and methods of using the same, or the B7H6 License.

In August 2017, we and Dartmouth entered into an amendment agreement in order to combine our rights under B7H6 Agreement with our rights under the CAR-T License, resulting in the termination of the B7H6 License, and in order to make certain other changes to the agreement. In connection with the amendment, we paid Dartmouth a non-refundable, non-creditable amendment fee in the amount of $2.0 million in 2017. Under the amended license agreement, Dartmouth granted us an exclusive, worldwide, royalty-bearing license to certain know-how and patent rights to make, have made, use, offer for sale, sell, import and commercialize any product or process for human therapeutics, the manufacture, use or sale of which, is covered by such patent rights or any platform product. Dartmouth reserves the right to use the licensed patent rights and licensed know-how, in the same field, for education and research purposes only. The patent rights included in the amended license agreement also include the patents previously covered by the B7H6 License. In consideration for the rights granted to us under the amended license agreement, we are required to pay to Dartmouth an annual license fee as well as a low single-digit royalty based on annual net sales of the licensed products by us, with certain minimum net sales obligations beginning April 30, 2024 and continuing for each year of sales thereafter. Under the amended license agreement, in lieu of royalties previously payable on sales by sublicensees, Celyad is required to pay Dartmouth a percentage of sublicense income, including royalty payments, (i) for each product sublicense ranging from the mid-single digits to low-single digits, depending on which of a specified list of clinical and regulatory milestones the applicable product has achieved at the time the sublicense is executed and (ii) for each platform sublicense in the mid-single digits. Additionally, the agreement requires that we exploit the licensed products, and we have agreed to meet certain developmental and regulatory milestones. Upon successful completion of such milestones, Celyad is obligated to pay to Dartmouth certain clinical and regulatory milestone payments up to an aggregate amount of $1.5 million and a commercial milestone payment in the amount of $4.0 million. We are responsible for all expenses in connection with the preparation, filing, prosecution and maintenance of the patents covered under the agreement.

After April 30, 2024, Dartmouth may terminate the amended license if Celyad fails to meet the specified minimum net sales obligations for any year (USD 10 million during first year of sales, USD 40 million during the second year of sales and USD 100 million during the third year of sales and every year of sales thereafter), unless Celyad pays to Dartmouth the royalty Celyad would otherwise be obligated to pay had Celyad met such minimum net sales obligation. Dartmouth may also terminate the license if Celyad fails to meet a milestone within the specified time period, unless Celyad pays the corresponding milestone payment.

Novartis

On May 1st, 2017, we entered into a non-exclusive license agreement with Novartis International AG, or Novartis, regarding U.S. patents related to allogeneic CAR-T cells. The agreement includes our intellectual property rights under U.S. Patent No. 9,181,527. This agreement is related to two undisclosed targets currently under development by Novartis. Under the terms of the agreement, we received an upfront payment of $4.0 million and are eligible to receive additional milestone payments in aggregate amounts of

up to $92.0 million. In addition, we are eligible to receive royalties based on net sales of the licensed target associated products at percentages in the single digits. We retain all rights to grant further licenses to third parties for the use of allogeneic CAR-T cells.

Horizon Discovery Group

In April and June 2018, we signed two research and development collaboration and license agreements with Horizon Discovery Group plc, or Horizon, to evaluate the utility of Horizon's SMART vector shRNA reagents to reduce expression of one or more defined targets in connection with the development of our product candidates. The first agreement was focused on targets related to our autologous CAR-T candidate, CYAD-02. The second agreement was focused on targets related to our allogenic CAR-T product candidate CYAD-211 and one pre-clinical allogenic product candidate not yet publicly announced, called CYAD-203.

In December 2018, we exercised our option to convert the second agreement into an exclusive license agreement, in connection with which we paid Horizon an up-front payment of $1 million. In September 2019, we exercised our option to convert the first agreement into an exclusive license agreement, in connection with which we have paid Horizon an up-front payment of $0.1 million and an additional milestone of $0.1 million for the first IND filed by us for CYAD-02. In September 2020, we paid an additional milestone of $0.2 million for the first IND filed by us for CYAD-211.

Under these exclusive license agreements combined, Horizon is eligible to receive additional milestone payments in development, regulatory and commercial milestone payments, in addition to low single digit royalties on net sales, subject to customary reductions.

In December 2020, Horizon Discovery was acquired by PerkinElmer, Inc. (Horizon/PKI).

Horizon/PKI recently informed us they believe we are in material breach of these agreements as a result of certain disclosures we have made in connection with our obligations as a publicly traded company in the United States and Belgium, although they have not formally delivered to us a notice of material breach or termination. We believe any such assertion of material breach would be without merit and we would expect to vigorously defend any such notice of material breach. Any dispute under these agreements would be subject to arbitration in The Hague under the International Chamber of Commerce Rules. We are currently in discussions with Horizon about possible amendments to these agreements in connection with which we would retain freedom to operate under the in-licensed patents.

Of note, we have filed patent applications which, if issued, would cover other aspects of the product candidates described above as well as products developed by third parties that deploy similar technology and targets. These patent applications encompass the downregulation of one or more of the targets covered under the Horizon/PKI agreements, the use of shRNA to downregulate such targets in immune cells and the combination of shRNAs with a chimeric antigen receptor in immune cells. We are also developing a second generation shRNA platform that does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

Our lead allogeneic CAR T product candidate, CYAD-101, does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

Merck

In September 2020, we entered into a clinical trial collaboration agreement and subsequent agreements with MSD International GmbH, or MSD, a subsidiary of Merck & Co., Inc. The agreements relate to the Phase 1b KEYNOTE-B79 clinical trial, which will evaluate our investigational non-gene edited allogeneic CAR-T candidate, CYAD-101, following FOLFIRI preconditioning chemotherapy, with MSD's anti-PD-1 therapy, KEYTRUDA® (pembrolizumab). The trial will enroll refractory metastatic colorectal cancer (mCRC) patients with microsatellite stable (MSS) / mismatch-repair proficient (pMMR) disease, with the initial goal of determining the safety and tolerability of the combination therapy. The trial is expected to begin enrollment in the third quarter of 2021.

Mesoblast

On May 8, 2018, we entered into an exclusive license agreement with Mesoblast, an Australian biotechnology company, to develop and commercialize our intellectual property rights relating to C-Cathez, an intra-myocardial injection catheter, related to our former cardiovascular business, for which Mesoblast has paid to Celyad an upfront fee of 1,000,000 USD. In addition to the upfront fee, Celyad may be eligible up to 20,000,000 USD in clinical, regulatory and commercial milestone payments payable in cash or, for certain milestones, in Mesoblast shares. Mesoblast will pay a 2,500,000 USD termination fee in case such termination occurs prior to the completion of above-mentioned milestones.

Termination of C-Cure and Heart-XS Programs

Until mid-2016, we were focused on the development of a cardiovascular product candidate called C-Cure, an autologous cell therapy for the treatment of patients with ischemic heart failure. This program was funded in part through various research programs from the Walloon Region of Belgium. In June 2016, we reported topline results from a Phase 3 clinical trial for this product candidate. Following the announcement of these results, we explored strategic options to further develop and commercialize C-Cure, while we focused on our CAR-T oncology product candidates. In December 2017, we elected to shelve this program, as a result of which the research data and intellectual property rights associated with this development program were transferred to the Walloon Region, which partially financed the C-Cure program.

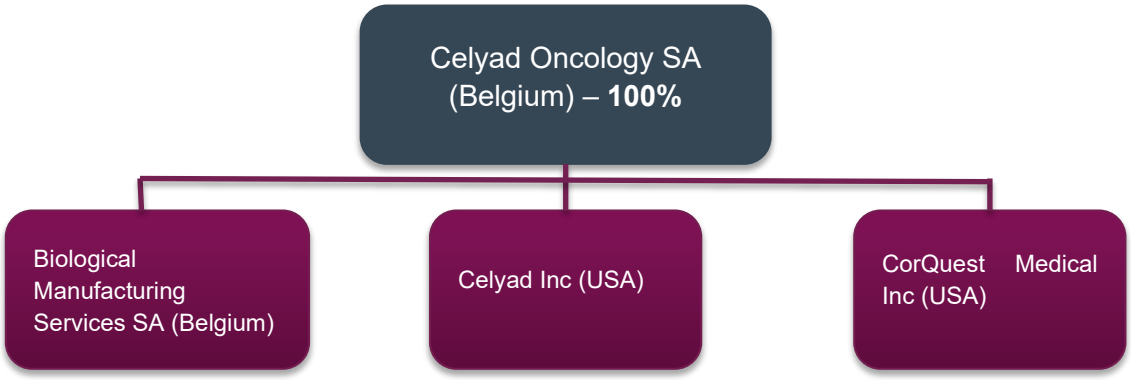
In addition, in December 2017, our Board of Directors decided to pause the development of the Heart-XS platform.

Pursuant to our decision to shift our focus away from cardiovascular drug candidates, on November 22, 2019, our affiliate, CorQuest Medical Inc., sold its portfolio of Heart-XS patents and related rights to CorQuest MedTech SRL, for consideration of €1 in addition of the reimbursement of certain maintenance costs of these patents. CorQuest Medical Inc. also has the right to receive royalties on the future sales and a percentage on the capital gains in the case of a re-sale or a change of control of Corquest MedTech SRL.Celyad has not sold and will not sell any of the products sold to CorQuest MedTech SRL.

1.7 Our Manufacturing Capabilities

Our established in-house process development and manufacturing expertise enables us to seamlessly and efficiently reproduce materials to advance our cell therapy candidates into early-stage clinical trials. We control our manufacturing through our 11,000 square foot GMP-compliant manufacturing facility, located in Mont-Saint-Guibert, Belgium. Our facility's staff have been instrumental in the preparation of multiple IND and Clinical Trial Applications (CTAs) filings, through the completion of dozens of production runs, as well as in implementing multiple chemistry, manufacturing, and control (CMC) amendments associated with our CAR T programs. We have the flexibility to manufacture both our allogeneic and autologous CAR T candidates within our GMP facility and we are equipped to support the production of all doses to deliver our clinical development plan. In addition, leveraging our All-in-One vector approach for CAR T production means that we can use a consistent manufacturing process across all product candidates. We also plan to expand our manufacturing capabilities through potential partnerships with contract development and manufacturing organizations.

1.8 Our shareholding structure



1.9 Post balance sheet events

On January 8, 2021, the Company has entered into a committed equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Company will have the right to direct LPC to purchase up to an aggregate amount of $40 million (before related fees and expenses of $1 million) American Depositary Shares ("ADSs"), each of which represents one ordinary share of the Company. From January 8, 2021 until March 24, 2021, the Company has issued 262,812 ADS to LPC for a total value of €1.3 million.

In December 2020, Horizon Discovery was acquired by PerkinElmer, Inc. (Horizon/PKI). Horizon/PKI recently informed us they believe we are in material breach of these agreements as a result of certain disclosures we have made in connection with our obligations as a publicly traded company in the United States and Belgium, although they have not formally delivered to us a notice of material breach or termination. We believe any such assertion of material breach would be without merit and we would expect to vigorously defend any such notice of material breach. Any dispute under these agreements would be subject to arbitration in The Hague under the International Chamber of Commerce Rules. We are currently in discussions with Horizon about possible amendments to these agreements in connection with which we would retain freedom to operate under the in-licensed patents.

Of note, we have filed patent applications which, if issued, would cover other aspects of the product candidates described above as well as products developed by third parties that deploy similar technology and targets. These patent applications encompass the downregulation of one or more of the targets covered under the Horizon/PKI agreements, the use of shRNA to downregulate such targets in immune cells and the combination of shRNAs with a chimeric antigen receptor in immune cells. We are also developing a second generation shRNA platform that does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

Our lead allogeneic CAR T product candidate, CYAD-101, does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

There were no other subsequent events that occur between 2020 year-end and the date when the financial statements have been authorized by the Board for issue.

1.10 Our capital expenditures

The Company's actual capital expenditures excluding impact of recognition of right-of-use assets for the years ended December 31, 2019 and 2020 amounted to €0.6 million and €0.3 million, respectively. These capital expenditures primarily consisted of the acquisition of laboratory equipment and industrial tools, the refurbishment of research and development laboratories and leasehold improvements of corporate offices located in Belgium. The Company expects its capital expenditures to increase in absolute terms in the near term as the Company continues to advance its research and development programs.

1.11 Financial review of the year ending December 31, 2020

1.11.1. Analysis of the consolidated income statement

The table below sets forth the Group's consolidated income statement, ending up with a €17.2 million net loss for the year ended 31 December 2020, and comparative information for the year 2019.

(€'000)	For the year ended 31 December,	
	2020	2019
Revenue	**5**	**6**
Cost of sales	-	-
Gross profit	**5**	**6**
Research and Development expenses	(21 522)	(25 196)
General & Administrative expenses	(9 315)	(9 070)
Change in fair value of contingent consideration	9 228	433
Other income	4 731	5 139
Other expenses	(114)	(191)
Operating Loss	**(16 987)**	**(28 879)**
Financial income	217	582
Financial expenses	(434)	(343)
Loss before taxes	**(17 204)**	**(28 640)**
Income taxes	-	8
Loss for the period	**(17 204)**	**(28 632)**
Basic and diluted loss per share (in €)	(1.23)	(2.29)

The Company's license and collaboration agreements have generated no revenue in 2020 and 2019.

The Research and Development expenses include pre-clinical, manufacturing, clinical, quality, intellectual property and regulatory expenses and other research and development expenses, which are aggregated and presented as a single line in the Company's consolidated financial statements.

Bottom-line, the R&D expenses show a year-over-year decrease of €3.7 million. The decrease is mainly driven by the decrease in preclinical activities, including process development, and clinical development of the autologous programs, associated with its r/r AML and MDS product candidates (see note 5.24).

The key projects driving the research and development expenses in 2020 included:

- The clinical studies conducted on our Product Candidates;
- The preclinical studies conducted on company's CAR-T product candidates in allogeneic settings for solid tumors and the development of the Company's allogeneic platform, which evaluates multiple non-gene editing technologies.

General and administrative expenses were €9.3 million in 2020 as compared to €9.1 million in 2019, an increase of €0.2 million. This increase primarily relates to higher insurances costs partly compensated by savings on the travel & living expenses due to COVID-19 pandemic travel restrictions (see note 5.25).

The fair value adjustment (€9.2 million) relating to the contingent consideration and other financial liabilities as of December 31, 2020, mainly driven by updated assumptions associated with the timing of the potential commercialization of our autologous AML/MDS CAR T program as compared to year-end 2020. The decrease of the liability is also driven by the devaluation of the USD foreign exchange rate as of December 31, 2020 (see note 5.28).

The Company's other income, as described note 5.28, is associated with grants received from the Walloon Region mainly in the form of recoverable cash advances (RCAs) and R&D tax credit income:

- Grant income (RCAs): additional grant income has been recognized in 2020 on grants in the form of recoverable cash advances (RCAs) for contracts, numbered 7685, 8087, 8088, 8212, 8436 and 1910028. According to IFRS standards, the Company has recognized grant income for the period amounting to €2.3 million and a liability component of €1.3 million is accounted for as a financial liability (see disclosure note 5.16);
- Grant income (Others): additional grant income has been recognized in 2020 on grants received from the Federal Belgian Institute for Health Insurance Inami (€0.2 million) and from the regional government (contract numbered 8066 for €0.6 million), not referring to RCAs and not subject to reimbursement;
- The remeasurement income on the recoverable cash advances (RCAs) of €0.9 million which is mainly related to the Group's decision to update assumptions associated with the timing of the potential commercialization of our autologous AML/MDS CAR T program as compared to year-end 2020; and,
- With respect to R&D tax credit, the decrease compared to 2020 is mainly related to a catch-up effect for €0.7 million which occurred in 2019 and a decrease on the current year income for €0.2 million due to global decrease on R&D expenses in 2020.

For the year 2020, the decrease of the Company's other expenses compared to prior year is mainly related to the RCA remeasurement effect which is favorable in 2020 (see note 5.28).

Therefore, at year-end 2020, the loss from operations amounted to €17.0 million versus €28.9 million in 2019 for the reasons stated above.

Financial results refer mainly to interest on finance leases and foreign exchange differences. Due to the depreciation of the USD compared to EUR in the previous year, the Company recognized a loss on foreign exchange differences in 2020 of €0.1 million in comparison to a gain of €0.3 million in 2019 (see note 5.31).

As a result of the foregoing, the net loss for the financial year 2020 amounts to €17.2 million, compared to a net loss of €28.6 million for the prior year for the reasons stated above.

1.11.2. Analysis of the consolidated statements of financial position

The table below sets forth the Group's consolidated statements of financial position for the year ended December 31, 2020, and comparative information as at December 31, 2019.

(€'000)	December 31, 2020	December 31, 2019
NON-CURRENT ASSETS	**46 379**	**47 000**
Intangible assets	36 171	36 199
Property, Plant and Equipment	4 119	5 061

Non-current Trade and Other receivables	2 117	2 432
Non-current Grant receivables	3 679	3 051
Other non-current assets	293	257
CURRENT ASSETS	**19 705**	**42 836**
Trade and Other Receivables	615	558
Current Grant receivables	145	1 686
Other current assets	1 711	1 253
Short-term investments	-	-
Cash and cash equivalents	17 234	39 338
TOTAL ASSETS	**66 084**	**89 836**
EQUITY	**30 994**	**45 619**
Share Capital	48 513	48 513
Share premium	43 349	43 349
Other reserves	30 958	28 181
Accumulated deficit	(91 826)	(74 424)
NON-CURRENT LIABILITIES	**23 256**	**32 295**
Bank loans	-	37
Lease liabilities	2 525	2 967
Recoverable Cash advances (RCAs)	4 220	4 139
Contingent consideration payable and other financial liabilities	15 526	24 754
Post-employment benefits	614	398
Other non-current liabilities	371	-
CURRENT LIABILITIES	11 834	11 922
Bank loans	37	192
Lease liabilities	1 076	1 167
Recoverable Cash advances (RCAs)	371	346
Trade payables	4 736	6 969
Other current liabilities	5 614	3 248
TOTAL EQUITY AND LIABILITIES	**66 084**	**89 836**

Intangible assets net book value, as described in note 5.6, mainly refers to:

- The Company's IPR&D assets related to its oncological programs acquired in 2015 through the oncyte business combination. Pursuant to IFRS, the Company does not capitalize research and development expenses until marketing authorization. Accordingly, all clinical, research and development spend related to the development of the Company's CAR-T product candidates and allogeneic platform are accounted for as operating expenses for the year 2020.
- The Company's exclusive agreement for Horizon Discovery's shrna Platform to develop next-generation allogenic CAR-T Therapies acquired for $1.0 million end of December 2018. In October 2019, the Company capitalized milestone payments for a total amount of $0.2 million related to the exercise of the option on the Exclusive Agreement and to the first effective IND filing related to CYAD-02. In 2020, a milestone of $0.2 million has been paid for the IND filing related to CYAD-211 product candidate. At the closing date, milestone payments are capitalized for a total amount of $0.4 million. This patent is amortized over remaining intellectual property protection of 20 years, filed for the first patent application in 2008.

Property, plant and equipment net book value mainly refers to right-of-use on leased assets in compliance with IFRS 16 standard (office and facilities, vehicles and equipment). The decrease of €1.0 million in 2020 comparatively to 2019 is explained by €1.6 million of amortization on the period compensated by the addition of €0.6 million of new assets (see note 5.7).

Non-current trade receivables (€2.1 million as of December 31, 2020) mainly refer to discounted and risk-adjusted milestone receivables, to be cashed in by the Company in accordance with the terms of the exclusive license agreement signed by the Company with Mesoblast Ltd. for C-Cath$_{ez}$ device development (see note 5.8).

Non-current grant receivables relate to a receivable on the amounts to collect from the federal government as R&D tax credit recognized for the first time at year-end 2017 (€1.2 million), including a one-off catch-up effect. Since 2018, further R&D tax credit receivables are recorded on an annual base increment. For the current year, the R&D tax credit has been updated for an amount of €0.6 million, taking into account all information available at this date (see note 5.8).

At December 31, 2020, the current grant receivables relate to the the cash proceeds to be received, associated with conventions numbered 8088 (CYAD-02 CYCLE 1) and 8212 (CYAD-101), amount to €0.1 million (see note 5.9), a decrease of €1.6 million from year-end 2019.

The Company's treasury position [4] amounts to €17.2 million at year-end 2020, which represents a decrease of €22.1 million compared to the prior year-end. The net cash used on the Company's operations of €27.7 million has been partly compensated by the €6.8 million of net proceeds from RCAs and other grants (see note 5.10 & 5.11).

Lease liabilities reach a total amount of €3.6 million as of December 31, 2020, decreasing by €0.5 million compared to the year-end 2019. The decrease is mainly explained by the repayments of leases during the year 2020 (see note 5.19.2).

The recoverable cash advances (RCAs) reach a total balance of €4.6 million as of December 31, 2020, which is flat compared to year-end 2019 (see note 5.16 & 5.19.2).

The contingent consideration payable and other financial liabilities amounts to €15.5 million at year-end which represents a decrease of €9.2 million compared to December 31, 2019. This decrease is mainly driven by updated assumptions associated with the timing of the potential commercialization of our autologous AML/MDS CAR T program after the Group's decision to discontinue the development of first-generation, autologous CAR T candidate CYAD-01 and by the depreciation of the USD foreign exchange rate as of December 31, 2020 (see note 5.20.2).

The other non-current liabilities amounts to €0.4 million which is explained by a provision for onerous contracts for €0.4 million in order to cover the contractual obligations, mainly on clinical activities follow-up and studies closing costs, after the Company's decision to discontinue the development of first-generation, autologous CAR T candidate CYAD-01 (see note 5.17).

Trade payables amount to €4.7 million at year-end, which represents a decrease of €2.2 million compared to year-end 2019, which is mainly attributable to monthly effect in the timing of the expenses and the payments related (see note 5.18).

The other current liabilities amount to €5.6 million at year-end which represents an increase of €2.4 million compared to prior year-end. This increase is mainly explained by:

- An accrual to cover for a reimbursement of R&D tax credit of €1.0 million related to fiscal years 2013 and 2014. While management plans to appeal the assessment, currently management has determined that it is probable that reimbursement will be required;
- The increase of the other current liabilities related to RCAs and other grants by €1.3 million. The total amount of €1.8 million as of December 31, 2020 is attached to RCA conventions (mainly on the convention numbered 8436 - CYAD-211 Immunicy) and is explained by the excess of cash proceeds received from the Walloon Region compared to the eligible expenses covered by these conventions recognized in 2020;

[4] 'Treasury position' is an alternative performance measure determined by adding Short-term investments and Cash and cash equivalents from the statement of financial position prepared in accordance with IFRS. The purpose of this measure by Management is to identify the level of cash available internally (excluding external sources of financing) within 12 months.

- A provision for onerous contracts for €0.5 million in order to cover the contractual obligations, mainly on clinical activities follow-up and studies closing costs, after the Company's decision to discontinue the development of first-generation, autologous CAR T candidate CYAD-01;
- The reversal of a deferred revenue for an amount €0.2 million based on subsidized expenses incurred in 2020. This deferred revenue booked in 2019 was related to a grant from the Federal Belgian Institute for Health Insurance Inami proceed in 2019 which was covering eligible expenses for the years 2019 and 2020; and,
- The reimbursement of an excess of cash proceeds received on a grant from European (FP7) authorities for €0.2 million for which an accrual had been already recorded in previous year following an audit of eligible expenses related to this convention.

For more details on other current liabilities, refer to note 5.18.

1.11.3. Analysis of the consolidated net cash burn rate [5]

The table below summarizes the *net cash burn rate* of the Company for the year 2020.

(€'000)	For the year ended 31 December,	
	2020	2019
Net cash used in operations	(27 665)	(28 202)
Net cash (used in)/from investing activities	157	8 987
Net cash (used in)/from financing activities	5 396	18 276
Effects of exchange rate changes	8	(264)
Change in Cash and cash equivalents	**(22 104)**	**(1 204)**
Change in Short-term investments	-	(9 197)
Net cash burned over the period	**(22 104)**	**(10 401)**

The net cash burn rate for 2020 is a net cash outflow amounting to €22.1 million, compared to a net cash outflow of €10.4 million for 2019.

The cash outflow resulting from operating activities amounted to €27.7 million for 2020, which is in line with the €28.2 million for 2019.

Cash flow from investing activities represented a net cash inflow of €0.2 million for 2020, which represents a decrease of €8.8 million compared to 2019, largely driven by the fact that the Company had proceeds from short-term investments of €9.2 million in 2019.

The decrease in cash inflow from financing activities is primarily due to:

- A decrease in the proceeds from capital raise of €16.4 million obtained in 2019 compared to no proceeds associated with the capital markets in 2020 and;
- A partial offset coming from an increase of the proceeds from government grants received in 2020 for a total amount of €7.3 million (compared to €3.6 million in 2019).

1.12 Personnel

As of December 31, 2020, we employed 82 full-time employees, 4 part-time employees, 6 members of the Executive Committee (among them 3 are under services agreement), and 2 managers under management

[5] 'Net cash burn rate' is an alternative performance measure determined by the year-on-year net variance in the Group's treasury position as above defined. The purpose of this measure for the Management is to determine the change of the treasury position.

services agreementsemployed 89 full-time employees, 4 part-time employees and 5 senior managers under management services agreements.

1.13 Environment

All entities of the Group continue to hold the permits required by their activities and are in compliance with all applicable environmental rules.

1.14 Going concern [6]

Management made an assessment of the Company's ability to continue as a going concern through preparation of detailed budgets and cash flow forecasts for the years 2021 and 2022. These forecasts reflect the strategy of the Group and include significant expenses and cash outflows in relation to the development of selected research programs and pipeline of products candidates. In performing this assessment, management considered factors that could indicate the presence of material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Factors considered included: operating losses, termination of the CYAD-01 program and absence of any firm commitments for additional financing before the reporting date.

As of December 31, 2020, the Company had cash and cash equivalents of €17.2 million and no short-term investments. On January 8, 2021, the Company entered into a committed equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Company will have the right to direct LPC to purchase up to an aggregate amount of $40 million American Depositary Shares ("ADSs"), each of which represents one of the ordinary shares of the Company. This equity purchase agreement is expected to strengthen the Company's current statement of financial position while also providing the Company with access to future capital on an as needed basis and to ensure sufficient funding to cover its operations for the next 12 months from the date the financial statements are issued.

Based on the Company's current scope of activities, the Company estimates that its cash and cash equivalents as of December 31, 2020 combined with the $40 million that the Company has access to from the equity purchase agreement established with Lincoln Park Capital Fund should be sufficient to fund operations until mid-2022, including data readouts from the Company's ongoing clinical trials.

After due consideration of the above, the Board of Directors determined that Management has an appropriate basis to conclude on the business continuity over the next 12 months from balance sheet date, and hence it is appropriate to prepare the financial statements on a going concern basis.

1.15 Risks and uncertainties

Reference is made to section 2.8 "Description of the principal risks associated to the activities of the Group".

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this Annual Report, Belgium and the United States, where we operate, has been impacted by temporary closures. The length or severity of this pandemic cannot be predicted, but the Company anticipates that

[6] The uncertainly raised by the COVID-19 pandemic is not impacting going concern. Although there are lot of uncertainties, it does not impact the Company's ability to continue operations until mid-2022 considering its treasury position as of December 31, 2020 combined with the $40 million from Lincoln Park Capital Fund. For additional information on COVID-19 pandemic update, refer to note 5.2.1.

there may be an additional impact from a prolonged COVID-19 environment on the planned development activities of the Company.

Further, timely enrollment in clinical trials is reliant on clinical trial sites which may be adversely affected by global health matters, including, among other things, pandemics. With regards to our clinical programs, CYAD-02, CYAD-101 and CYAD-211 were slightly impacted by the coronavirus pandemic throughout 2020. Enrollment in the respective trials for these assets is ongoing without any major disruption, partially due to the staggered enrollment associated with the dose-escalation trials for CYAD-02 and CYAD-211, respectively, and the expansion segment of the CYAD-101 trial which began in late 2020. However, certain clinical sites and institutions have not been able to receive visits from us or our representatives, which has delayed our data monitoring activities.

The long-term impact of COVID-19 on the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted, including a potential second wave of the pandemic, new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but potential prolonged closures or other business disruptions may negatively affect its operations and the operations of its agents, contractors, consultants or collaborators, which could have a material adverse impact its business, results of operations and financial condition.

In addition, after enrollment in these trials, if patients contract COVID-19 during participation in our trials or are subject to isolation or shelter-in-place restrictions, they may drop out of our trials, miss scheduled follow-up visits or otherwise fail to follow trial protocols. If patients are unable to follow the trial protocols or if our trial results are otherwise disputed due to the effects of the COVID-19 pandemic or actions taken to mitigate its spread, the integrity of data from our trials may be compromised or not accepted by the FDA or other regulatory authorities, which would represent a significant setback for the applicable program.

Some factors from the COVID-19 pandemic that we believe may adversely affect enrollment in our trials include:

- The diversion of healthcare resources away from the conduct of clinical trial matters to focus on pandemic concerns, including the attention of physicians serving as our clinical trial investigators, hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- Some patients who would otherwise be candidates for enrollment in our clinical trials are at increased risk of severe effects of the coronavirus, which may lead to the death of some patients and render others too ill to participate, limiting the available pool of participants for our trials;
- The fact that there can be no guarantee that any proposed changes to our protocols, if necessary, would be acceptable to regulators;
- Limitations on travel that interrupt key trial activities, such as clinical trial site initiations and monitoring; and
- Interruption in global shipping affecting the transport of clinical trial materials being used in our trials.

These and other factors arising from the COVID-19 pandemic could worsen in countries that are already afflicted with the virus or could continue to spread to additional countries, each of which may further adversely impact our clinical trials. The global outbreak of the COVID-19 pandemic continues to evolve and the conduct of our trials may continue to be adversely affected, despite efforts to mitigate this impact.

Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of our clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our product candidates.

The impact of COVID-19 on our business is uncertain at this time and will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but prolonged closures or other business disruptions may negatively affect our operations and the operations of our agents, contractors, consultants or collaborators, which could have a material adverse impact our business, results of operations and financial condition.

1.16 Events and circumstances that could have a significant impact on the future

The Company has not identified significant events and circumstances that could have a significant impact on the future in addition to the potential impact of risks described in section 7 of chapter 2: "Description of the principal risks associated to the activities of the Group".

2. CORPORATE GOVERNANCE

2.1 General

This section summarizes the rules and principles on the basis of which the corporate governance of the Company has been organized pursuant to the CCA, the Company's articles of association, and the Company's corporate governance charter (the "Charter") adopted in accordance with the Belgian Corporate Code of Governance 2020 (the "CCG") and updated regularly by the Board of Directors.

The Company does not incorporate the information contained on, or accessible through, its corporate website into this Report, and you should not consider it a part of this Report.

The Charter is available on the Company's website (**www.celyad.com**) under the Investors/Corporate Governance tab.

The text of the CCG is available on the website of the Commission of Corporate Governance at **https://www.corporategovernancecommittee.be/fr/over-de-code-2020/code-belge-de-gouvernance-dentreprise-2020**.

The Board of Directors intends to comply with the provisions of the CCG but believes that the size and the current state of development of the Company justifies certain deviations. These deviations are further detailed in the Section 2.5 hereinafter.

The Charter includes the following main chapters:

- Structure and organization;
- Shareholder structure;
- The Board : terms of reference;
- Chairman of the Board;
- Company Secretary;
- Board committees;
- Executive Committee;
- Rules preventing market abuse;
- Miscellaneous and annexes.

2.2 Board of Directors

2.2.1. Composition of the Board of Directors

As provided by the articles 7:85 et sq. of the CCA, the Company is managed by a Board of Directors acting as a collegiate body. The Board of Directors' role is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The Board of Directors determines the Company's values and strategy, its risk preference and key policies. The Board of Directors ensures that the necessary leadership, financial and human resources are in place for the Company to meet its objectives.

The Company has opted for a one-tier governance structure. As provided by Article 7:93 of the CCA, the Board of Directors is the ultimate decision-making body in the Company, except with respect to those areas that are reserved by the law or by the Company's articles of association to the Shareholders Meeting.

The Company's articles of association state that the number of directors of the Company, who may be natural persons or legal entities and who need not be shareholders, must be at least three. At least half of the members of the Board of Directors must be non-executive directors and at least three of them must be independent directors.

A meeting of the Board of Directors is validly constituted if at least half of its members are present in person or represented at the meeting. If that quorum is not met, a new board meeting may be convened by any director to deliberate and decide on the matters on the agenda of the board meeting for which a quorum was not met, provided that at least two members are present. Meetings of the Board of Directors are convened by the Chairperson of the Board or the CFO or the Chief Legal Officer, or by at least two directors, whenever the interest of the Company so requires. In principle, the Board of Directors will meet at least four times per year.

The Chairperson of the Board of Directors shall have a casting vote on matters submitted to the Board of Directors in the event of a tied vote.

At the date of this Report, the Board of Directors consists of 9 members, one of which is an executive director (with daily management authority) and 8 of which are non-executive directors, including four independent directors. The Board of Directors is composed of 6 men and 3 women.

Name	Position	Term	Board Committee Membership
Mel Management SRL (1)	Chairman of the Board Non-Executive Director	2021	Chairman of the Nomination and Remuneration Committee
Filippo Petti	Executive Director	2024	
Serge Goblet	Non-executive director	2024	
Chris Buyse	Non-executive director	2024	Member of the Audit Committee
RAD Lifesciences BV (2)	Non-executive director	2024	
Hilde Windels	Independent director	2022	Member of the Audit Committee and the Nomination and Remuneration Committee
Margo Roberts (3)	Independent Director		
Maria Koehler (4)	Independent Director	2024	
Dominic Piscitelli (5)	Independent Director	2024	Chairman of the Audit Committee and member of the Nomination and Remuneration Committee
Marina Udier (6)	Independent Director	2021	

(1) Represented by Michel Lussier. Mel Management SRL has been appointed on December 4, 2020 as member of the Board to fulfill the vacant mandate of Michel Lussier who stepped down from the Board at the same date.
(2) represented by Rudy Dekeyser.
(3) Margo Roberts has stepped down from the Board of Directors on August 6, 2020
(4) Maria Koehler has been appointed as Board member by resolution of the extraordinary shareholders meeting of March 23, 2020
(5) Dominic Piscitelli has been appointed as Board member by resolution of the shareholders meeting of May 5, 2020
(6) Marina Udier has been appointed as member of the Board of Directors on December 17, 2020 to fulfill the vacant mandate of Margo Roberts

The following paragraphs contain brief biographies of each of the directors, or in case of legal entities being director, their permanent representatives, with an indication of other relevant mandates as member of administrative, management or supervisory bodies in other companies during the previous five years.

Michel Lussier serves as Chairman of the Board of Directors. Mr. Lussier has founded MedPole Ltd, the North American affiliate of MedPole SA, a European incubator for medical technology start-up companies located in Belgium and serves as the Chief Executive Officer for the group. Since May 2014 and until September 2020, Mr. Lussier has also served as the Chief Executive Officer of Metronom Health Inc, an early stage medical device company founded by Fjord Ventures, developing a continuous glucose monitoring system. Prior to that, from 2002 to 2013, he worked for Volcano Corporation, where he served several positions, most recently as President, Clinical and Scientific Affairs from 2012 to 2013, and prior to that from 2007 to 2012, Group President, Advanced Imaging Systems, Global Clinical & Scientific Affairs and General Management of Europe, Africa and the Middle East. Mr. Lussier obtained a Bachelor of Sciences degree in Electrical Engineering and Master's Degree in Biomedical Engineering at the University of Montreal. He also holds an MBA from INSEAD (European Institute of Business Administration), France. In addition to serving on the Company's Board of Directors, he also serves on the boards of several early stage medical devices companies.

Filippo Petti is Chief Executive Officer and Chief Financial Officer of the Company, and Executive Director. Prior to joining the Company, Mr. Petti worked in healthcare investment banking both at Wells Fargo Securities and William Blair & Company until 2017. Prior to his roles in investment banking, Mr. Petti spent several years in equity research covering U.S. biotechnology companies both at William Blair & Company and Wedbush Securities. He began his career as a research scientist at OSI Pharmaceuticals, Inc. focused on drug discovery and translational research, and later transitioning into corporate development with the company. Mr. Petti holds a Master of Business Administration from Cornell University, a Master of Science from St. John's University and a Bachelor of Science from Syracuse University.

Serge Goblet holds a Master Degree in Business and Consular Sciences from ICHEC, Belgium and has many years of international experience as director in Belgian and foreign companies. Mr. Goblet is the managing director of TOLEFI SA, a Belgian holding company and holds director mandates in subsidiaries of TOLEFI.

Chris Buyse brings more than 30 years of international financial expertise and experience in introducing best financial management practices. He is currently Managing Director of FUND+, a fund that invests in innovative Belgian Life Sciences companies, Between August 2006 and June 2014, Mr. Buyse served as the Chief Financial Officer and board member of ThromboGenics NV, a leading biotech company that is listed on NYSE Euronext Brussels. Before joining ThromboGenics, he was the Chief Financial Officer of the Belgian biotech company CropDesign, where he coordinated the acquisition by BASF in July 2006. Prior to joining CropDesign NV he was financial manager of WorldCom/MCI Belux, a European subsidiary of one of the world's largest telecommunication companies and he was also the Chief Financial Officer and interim Chief Executive Officer of Keyware Technologies. Mr. Buyse holds a Master's Degree in applied economic sciences from the University of Antwerp and a Master of Business Association from Vlerick School of Management in Gent. He currently serves, in his own name or as permanent representative of a management company, as member of the board of directors of the following publicly and privately held companies: Bio Incubator NV, Pinnacle Investments SA, CreaBuild NV, Sofia BVBA, Pienter-Jan BVBA, Life Sciences Research Partners VZW, Inventiva SA, The Francqui Foundation and EyeDPharma SA. Mr. Buyse is also Board observer at Hyloris pharmaceuticals and the Foundation Louis-Jeantet (CH).

Rudy Dekeyser is partner at LSP, one of Europe's leading venture capital firms in healthcare. Prior to joining LSP, Mr. Dekeyser has been co-managing director of VIB (Flanders Institute for Biotechnology), where he was also responsible for all activities related to the intellectual property portfolio, business development and the establishment of new companies. He holds non-executive director positions in Sequana Medical NV, Lumeon Inc and Remynd NV, and held non-executive director positions in Devgen NV, CropDesign NV, Ablynx NV, Actogenix NV, Flandersbio VZW and Multiplicom NV. He is a co-founder of ASTP (the European associations of technology transfer managers) and Chairman of EMBLEM (EMBL's business arm). Mr. Dekeyser is member of the advisory boards of several foundations investing in life sciences research and innovation. He obtained a Ph.D. in molecular biology at the University Ghent.

Hilde Windels is the Chief Executive Officer of the privately held diagnostics company Antelope Dx BV and she is also member of its boards of directors. Ms. Windels brings 20 years of experience in biotech with a track record of business and corporate strategy, building and structuring organizations, private fundraising, mergers and acquisitions and public capital markets. Ms. Windels has worked as Chief Financial Officer for several biotech companies, amongst those Belgium based molecular Dx company Biocartis where she started as Chief Financial Officer CFO in 2011. She transitioned to the co-Chief Executive Officer role in 2015 and became Chief Executive Officer in 2017. Later that year, she joined MyCartis NV as Chief Executive Officer and in 2019 she was appointed CEO of Mycartis' spin-out Antelope Dx. Ms. Windels is member of the board of directors of Erytech and MdxHealth. She holds a Master's Degrees in Economics (Commercial Engineer) from the University of Leuven (Belgium).

Dr. Margo Roberts, Ph.D., has more than three decades of biomedical research experience in both biotechnology and academia. Dr Roberts is currently Chief Scientist Officer at Lyell Immunotherapy. She serves also on the board of directors of Unity Biotechnology, a United States public company focused on developing medicines that slow or reverse age-associated diseases, and on the board of directors of InsTIL Bio, a United States start-up company focused on developing Timor infiltrating lymphocyte (TIL) - based therapies for the treatment of cancer. Until July 2018, Dr. Roberts served as Senior Vice President of Discovery Research at Kite Pharma focusing on the development of next generation therapeutic approaches, including heading up Kite's universal allogeneic T-cell programs. Prior that, in 2013, she was Chief Scientific Officer at Kite Pharma Inc., where she built a talented research organization that played an instrumental role in the successful development of Yescarta®, and the clinical advancement of additional CAR/TCR-engineered T-cell therapies. Prior to her tenure at Kite Pharma, Dr. Roberts was Principal Scientist and Director of Immune and Cell Therapy at Cell Genesys, Inc., where she led the development and application of CAR technology to T-cells and stem cells, culminating in the very first CAR T-cell trial initiated in 1994. Dr. Roberts was also an associate professor at the University of Virginia, has authored over 30 scientific publications, and is the inventor on 13 issued US patents and three published US patent applications related to CAR technology and tumor vaccine therapies. Dr. Roberts received both her Bachelor of Science degree with honors and her Ph.D. degree from the University of Leeds in England. Dr. Roberts has left the Board of Directors in August 2020.

Dr Maria Koehler, MD, Ph.D., is since May 2019 the Chief Medical Officer at oncology biotechnology company Repare Therapeutics and previously from September 2017 until April 2019 served as the Chief Medical Officer of a Bicycle Therapeutics plc, a biotechnology company. From March 2009 until September 2017, she was the Vice President of Strategy and Innovation for the Oncology Unit at Pfizer Inc, a pharmaceutical company. Prior to that, Dr. Koehler held senior positions in oncology research and development at AstraZeneca plc. And GlaxoSMith Kline. Dr. Koehler has also served as the Clinical Director of Bone Marrow Transplantation at University Hospital in Pittsburgh and the Director of the Bone Marrow Transplant Program and Associate Professor at St. Christopher's Hospital in Philadelphia. Dr. Koehler is a board-certified hematology/oncology physician. Dr. Koehler received her M.D. and Ph.D. from Silesian School of Medicine in Katowice, Poland.

Dominic Piscitelli brings more than 20 years of industry experience, including debt and equity financings, in-licensing transactions, acquisitions, marketing partnerships and commercial product launches (XTANDI® and Tarceva®). Since September 2019 Dominic has served as the Chief Financial Officer of ORIC Pharmaceuticals, Nasdaq-listed biotechnology company, that completed its initial public offering in April 2020. Prior to joining ORIC, Mr. Piscitelli was CFO of AnaptysBio, a Nasdaq-listed biotechnology company, where he helped raise over $500 million in an IPO and follow-on financings. From 2012 until 2017, Mr. Piscitelli was Vice President of Finance, Strategy and Investor Relations at Medivation and played a key role in its acquisition by Pfizer. Previously, he served as Senior Director of Collaborations and Operations Finance at Astellas Pharma. Prior to that, Mr. Piscitelli served in various roles of increasing responsibility culminating as the Vice President, Treasury & Management Finance at OSI Pharmaceuticals, and played a significant role in their acquisition by Astellas. Mr. Piscitelli began his career with KPMG and is a certified public accountant. He earned a bachelor's degree in accounting and an MBA from Hofstra University (New York).

Marina Udier, Ph.D., serves as CEO of Nouscom after joining as Chief Operating Officer in 2016 from Versant Ventures, where she was Operating Principal. Prior to Versant, she held senior development and commercial roles at Novartis in Basel including work as a Global Commercial Head. Previously, Dr. Udier worked for McKinsey & Company in the US, working with Healthcare Fortune 500 companies in areas of marketing, strategy and pricing. She has a Ph.D. in Organic Chemistry from Yale University.

2.2.2. Director Independence

In application of the article 7:87 of the CCA, a director of a listed company is considered as independent if he does not entertain with the Company or an important shareholder of the Company any relation the nature of which could put his independence at risk. If the director is a legal entity, the independence must be assessed both in the case of the legal entity and its permanent representative. In order to verify if a candidate director fulfils those conditions, the independence criteria of the article 3.5 of the BCG are applied and can be summarized as follows:

- The director has not been an executive member of the Board of Directors, or daily manager of the Company (or an affiliate of the Company, if any), during a term of three years prior to his or her election and does not possess any stock option of the Company related to that function;
- The director has not been a non-executive director for a cumulative period of more than 12 years;
- The director has not been a member of the managerial staff of the Company (or an affiliate of the Company, if any) during a term of three years prior to his or her election and does not possess any stock option of the Company related to that function;
- The director does not receive and has not received any remuneration or other significant financial advantage from the Company (or an affiliate of the Company, if any), other than the profit share ("*tantièmes*") and remuneration received in his or her capacity as a non-executive director or as a member of the supervisory body;
- The director does not own any corporate rights that represent 10% or more of the share capital or voting rights of the Company, Further, the director cannot be appointed by a shareholder who falls under the conditions set forth in this criterion;
- The director does not and, during the year preceding his appointment, did not, have a significant business relationship with the Company (or an affiliate of the Company, if any), either directly or as a partner, shareholder, member of the Board of Directors or member of the managerial staff of a company or of a person that maintains such a relationship;

- The director is not and has not been at any time during the past three years, a partner or an employee of its current or former statutory auditor or of a company or person affiliated therewith;
- The director is not an executive director of another company in which an executive director of the Company is a non-executive director or a member of the supervisory body, and has no other significant ties with executive directors of the Company through his or her involvement in other companies or bodies;
- The director's spouse, unmarried legal partner and relatives (via birth or marriage) up to the second degree do not act as a member of the Board of Directors, member of the management board ("directiecomité / comité de direction") (should such corporate body be created) or daily manager or member of the managerial staff in the Company (or an affiliate of the Company, if any), and do not meet one of the criteria set out above.

The Board of Directors, assisted by the Chief Legal Officer and upon recommendation of the Remuneration and Nomination Committee, determines annually if the conditions of independence are fulfilled by the members of the Board.

2.2.3. Role of the Board in Risk Oversight

The Board of Directors is primarily responsible for the oversight of its risk management activities and has delegated to the Audit Committee the responsibility to assist the Board of Directors in this task. While the Board of Directors oversees the overall risk management, the Company's Management is responsible for the day-to-day risk management processes. The Board of Directors expects the management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement risk management strategies adopted by the Board of Directors. The Company believes this division of responsibilities is the most effective approach for addressing the risks the Company faces.

2.2.4. Committees within the Board of Directors

2.2.4.1 General

Without prejudice to the role, responsibilities and functioning of the Executive Committee as set out below under section "Executive Committee", the Board of Directors may set up specialized committees to analyze specific issues and advise the Board of Directors on those issues. Such committees are advisory bodies only and the decision-making remains the collegiate responsibility of the Board of Directors. The Board of Directors determines the terms of reference of each committee with respect to the organization, procedures, policies and activities of the committee.

2.2.4.2 Audit Committee

At the date of this Report, the Audit Committee consists of three members: Dominic Piscitelli (Chairman), Chris Buyse and Hilde Windels.

Chris Buyse does no longer qualify as independent member since he has been director of the Company for a cumulative period of more than 12 years. Nevertheless, the Board has determined that it is in the best interests of the Company and its shareholders that Chris Buyse remains a member of the Audit Committee for an intermediate period to ensure the continuity of the Audit Committee considering the absence of a full-time CFO, and Mr Buyse's expertise and knowledge of the Company.

The role of the Audit Committee is to ensure the effectiveness of the internal control and risk management systems, the internal audit (if any) and its effectiveness and the statutory audit of the annual and consolidated accounts, and to review and monitor the independence of the external auditor, in particular regarding the provision of additional services to the Company. The Audit Committee reports regularly to the Board of Directors on the exercise of its functions. The Audit Committee informs the Board of Directors about all areas

in which action or improvement is necessary in its opinion and produces recommendations concerning the necessary steps that need to be taken. The audit review and the reporting on that review cover the Company and its subsidiaries as a whole. The members of the Audit Committee are entitled to receive all information which they need to perform their function from the Board of Directors, Executive Committee and employees. Each member of the Audit Committee shall exercise this right in consultation with the Chairman of the Audit Committee.

The Audit Committee's duties and responsibilities include, among other things: the financial reporting, the review of internal controls and risk management, and managing the internal and external audit process. Those tasks are further described in the Audit Committee charter as set out in the Charter and in the Article 7:99 §4 of the CCA.

Dominic Piscitelli, Chris Buyse and Hilde Windels have been identified by the Company's Board of Directors as having the necessary expertise in accounting and audit matters to serve as experts on the Audit Committee.

The Audit Committee holds a minimum of four meetings per year.

2.2.4.3 Nomination and Remuneration Committee

As of the date of this Report, the Nomination and Remuneration Committee is composed of three members: Mel Management SRL represented by Michel Lussier (Chairman), Hilde Windels and Dominic Piscitelli.

The Nomination and Remuneration Committee consists of not less than three directors, or such greater number as determined by the Board of Directors at any time. All members must be non-executive directors and at least a majority of its members must be independent in accordance with Article 7:87 of the CCA. The Company's Board of Directors has determined that Hilde Windels and Dominic Piscitelli are independent in accordance with Article 7:87 of the CCA.

The Nomination and Remuneration Committee must have the necessary expertise as regards the remuneration policy, and this condition is fulfilled if at least one member has had a higher education and has had at least three years of experience in personnel management or in the field of remunerating directors and managers. As of the date of this Annual Report, Mel Management SRL represented by Michel Lussier (Chairman), Hilde Windels and Dominic Piscitelli satisfy this requirement.

The CEO has the right to attend the meetings of the Nomination and Remuneration Committee in an advisory and non-voting capacity on matters other than those concerning himself. The Nomination and Remuneration Committee will elect a chairman from amongst its members. The Chairman of the Nomination and Remuneration Committee is actually Mel Management SRL represented by Michel Lussier.

The role of the Nomination and Remuneration Committee is to assist the Board of Directors in all matters:

- Relating to the selection and recommendation of qualified candidates for membership of the Board of Directors;
- Relating to the nomination of the CEO;
- Relating to the nomination of the members of the Executive Committee, other than the CEO, upon proposal by the CEO;
- Relating to the remuneration of independent directors;
- Relating to the remuneration of the CEO;
- Relating to the remuneration of the members of the Executive Committee, other than the CEO, upon proposal by the CEO;
- On which the Board of Directors or the Chairman of the Board of Directors requests the Nomination and Remuneration Committee's advice.

Additionally, with regard to matters relating to remuneration, except for those areas that are reserved by law to the Board of Directors, the Nomination and Remuneration Committee will at least have the following tasks:

- Preparing the remuneration report (which is to be included in the Board of Director's corporate governance statement); and
- Explaining its remuneration report at the Annual General Shareholders Meeting.

It will report to the Board of Directors on the performance of these tasks on a regular basis. These tasks are further described in the terms of reference of the Nomination and Remuneration Committee as set out in the Charter. The Nomination and Remuneration Committee will meet at least twice per year, and whenever it deems it necessary to carry out its duties.

2.2.5. Meetings of the Board and the committees

In 2020, the Board of Directors held 10 meetings by telephone or videoconference:

	2020									
Board Members	**23 Jan**	**2 Mar**	**24 Mar**	**8 & 10 Apr**	**25 Jun**	**6 Aug**	**7 Oct**	**5 Nov**	**4 Dec**	**17 Dec**
M. Lussier	Present	Present	Present	Present	Present	Present	Present	Present	N/A	N/A
C. Buyse	Present	Absent	Present	Present (10/4)	Present	Present	Present	Present	Present	Present
R. Dekeyser	Present	Present	Present	Present	Present	N/A	N/A	N/A	N/A	N/A
S. Goblet	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
M. Koehler	N/A	N/A	Present	Present	Present	Absent	Present	Present	Present	Present
F. Petti	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
D. Piscitelli	N/A	N/A	N/A	N/A	Present	Present	Present	Present	Present	Present
M. Roberts	Present	Absent	Absent	Absent	Absent	Absent	N/A	N/A	N/A	N/A
M. Udier	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Present
H. Windels	Present	Present	Present	Present	Present	Present	Present	Present	Present	Present
RAD Lifesciences BV	N/A	N/A	N/A	N/A	N/A	Absent	Present	Present	Present	Present
Mel Management SRL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Present	Present

In addition, two notarized meetings of the Board of Directors took place on September 3 and December 10, 2020, in relation to a capital increase or the issuance of warrants:

Board members	**2020**	
	3 September	**10 December**
M. Lussier	Represented	Represented
C. Buyse	Present	Represented
S. Goblet	Present	Present
M. Koehler	Represented	Represented
F. Petti	Represented	Represented
D. Piscitelli	Represented	Represented
M. Udier	N/A	Represented
H. Windels	Represented	Represented
RAD Lifesciences BV	Represented	Present
Mel Management SRL	Represented	Represented

The Nomination and Remuneration Committee held 9 meetings by telephone or videoconference:

Remuneration and Nomination Commitee	2020								
	21 Jan	31 Jan	12 Feb	18 Feb	24 Feb	21 Apr	7 May	1 Oct	5 Nov
M. Lussier	Present	Present	Present	Present	Present	Present	Present	Present	Present
C. Buyse	Present	Present	Present	Present	Present	Present	Present	Present	Present
R. Dekeyser	Present	Present	Present	Present	Present	Present	Present	Present	Present
F. Petti	Present	Present	Present	Present	Present	Present	Present	Present	Present

The Audit Committee held 4 meetings by telephone or videoconference:

Audit Committee	2020			
	24 March	6 August	23 November	9 December
C. Buyse	Present	Present	Present	Present
R. Dekeyser	Present	N/A	N/A	N/A
H. Windels	Present	Present	Represented	Present
D. Piscitelli	N/A	Present	Present	Present
F. Petti	Invited	Invited	Invited	Invited

2.3 Executive Committee

The Board of Directors has established an Executive Committee. The terms of service of the Executive Committee have been determined by the Board of Directors and are set out in the Company's Charter.

The Executive Committee consists of the "Chief Executive Officer", or CEO (who is the chairman of the Executive Committee), the "Chief Financial Officer", or CFO, currently Filippo Petti ad interim, the "Chief Scientific Officer", the "Chief Legal Officer" and the "Vice President Clinical Development and Medical Affairs", the "Chief Business Officer", and the Chief Human Resources Officer.

The Executive Committee discusses and consults with the Board of Directors and advises the Board of Directors on the day-to-day management of the Company in accordance with the Company's values, strategy, general policy and budget, as determined by the Board of Directors.

Each member of the Executive Committee has been made individually responsible for certain aspects of the day-to-day management of the Company and its business (in the case of the CEO, by way of delegation by the Board of Directors; in the case of the other member of the Executive Committee, by way of delegation by the CEO). The further tasks for which the Executive Committee is responsible are described in greater detail in the sections referencing the Executive Committee, as set out in the Company's Charter.

The members of the Executive Committee are appointed and may be dismissed by the Board of Directors at any time. The Board of Directors appoints them following the recommendation of the Nomination and Remuneration Committee, which shall also assist the Board of Directors on the remuneration policy of the members of the Executive Committee, and their individual remunerations.

The remuneration, duration and conditions of dismissal of Executive Committee members is governed by the contract entered into between the Company and each member of the Executive Committee with respect to their function within the Company.

In principle, the Executive Committee meets every month. Additional meetings may be convened at any time by the Chairman of the Executive Committee or at the request of two of its members. The Executive Committee will constitute a quorum when all members have been invited and the majority of the members are present or represented at the meeting. Absent members may grant a power of attorney to another member of the Executive Committee. Members may attend the meeting physically or by telephone or video

conference. The absent members must be notified of the discussions in their absence by the Chairman (or the Company Secretary, if the Executive Committee has appointed a Company Secretary from among its members).

The members of the Executive Committee must provide the Board of Directors with information in a timely manner, if possible in writing, on all facts and developments concerning the Company that the Board of Directors may need in order to function as required and to properly carry out its duties. The CEO (or, in the event that the CEO is not able to attend the Board of Directors' meeting, the CFO or, in the event that the CFO is not able to attend the Board of Directors' meeting, another representative of the Executive Committee) must report at every ordinary meeting of the Board of Directors on the material deliberations of the previous meeting(s) of the Executive Committee.

The following table sets forth the members of the Executive Committee who have performed during 2020.

Name	Function	Year of birth
Filippo Petti	Chief Executive Officer and Chief Financial Officer	1976
KNCL SRL, represented by Jean-Pierre Latere (1)	Chief Operating Officer	1975
NandaDevi SRL, represented by Philippe Dechamps	Chief Legal Officer and Corporate Secretary	1970
MC Consult SRL, represented by Philippe Nobels	Chief Human Resources Officer	1966
ImXense SRL, represented by Frederic Lehmann	Vice President Clinical Development & Medical Affairs	1964
Stephen Rubino (2)	Chief Business Officer	1958
David Gilham	Chief Scientific Officer	1965

(1) The services agreement with KNCL SRL has been terminated by the Company with effective date as of May 18, 2020
(2) Stephen Rubino was appointed Chief Business Development Officer as of February 1st, 2020

The following paragraphs contain brief biographies of each of the current members of the Executive Committee or in case of legal entities being a member of the Executive Committee or key manager, their permanent representatives.

Filippo Petti, CEO and CFO ad interim – reference is made to section "2.2.1. Composition of the Board of Directors".

Philippe Dechamps (representative of NandaDevi SRL), serves as Chief Legal Officer of the Company. Philippe started his legal career as an associate in Brussels with the law firm Linklaters De Bandt from 1994 to 1998. Until 2003, he then served as an Legal manager at Solvay Group to assist the company in its turnaround through several M&A operations in Europe, India and Far-East Asia. In 2003, he took over the position of Legal Director at Guidant, the United States company formerly active in the medical devices business before its acquisition by Boston Scientific and Abbott Laboratories in 2005. At Abbott, Philippe was leading the legal affairs of Abbott Vascular International outside of the United States. In 2008, Philippe joined Delhaize Group to lead the legal and government affairs in Europe and Asia, before becoming Group General Counsel and Secretary to the Board of Directors in 2015. In this position, he piloted the legal strategy to merge Delhaize Group with Royal Ahold in July 2016. Since December 2018, Philippe is also member of the Board of Directors of Petserco SA, the holding company of the Tom&Co group. Philippe holds law degrees from the Université Catholique de Louvain (UCL) and Vrije Universiteit Brussel (VUB), and a Master of Law (LL.M) from Harvard Law School.

Philippe Nobels (representative of MC Consult SRL), serves as Vice President of Human Resources of the Company. He started his career at Price Waterhouse (now PricewaterhouseCoopers) as auditor in 1989. He also went in rotational assignment in Congo during 2 years on consulting missions for the World Bank. In 1995, he joined Fourcroy as plant controller. Then, he joined Dow Corning in 1997 where he held different positions in Finance and Human Resources. He led the HR operations in Europe, became the HR manager for Dow Corning in Belgium, and HR Business Partner for the sales and marketing functions globally. As a

member of the sales and marketing Leadership teams, he contributed to Dow Corning's major transformation initiatives to increase organizational effectiveness, employees' engagement & performance as well as Business results. Mr. Nobels holds a Master's Degree in Economics from the University of Namur.

Frédéric Lehmann (representative of ImXense SRL), serves as Vice President Clinical Development & Medical Affairs of the Company. Dr. Lehmann is a physician by training, specialized in hematology and oncology. Dr. Lehmann has extensive experience in oncology drug development spanning early to late phase, including clinical trial design, translational research, regulatory interactions, and clinical risk management. He started his academic career at the Ludwig Institute for Cancer Research in Brussels, followed by a position at the Institute Jules Bordet. He then moved to the European Organization for Research and Treatment of Cancer (EORTC) as Medical Advisor. Dr. Lehmann began his corporate career at GlaxoSmithKline, where he led the early worldwide clinical development program for the Company's cancer vaccines and went on to lead the research and development incubator for cancer immunotherapeutics.

David Gilham, serves the Company as Chief Scientific Officer. Dr. Gilham obtained his Ph.D from the University of Dundee, UK under the supervision of Professor Roland Wolf OBE working on cytochrome P4502D6 and Parkinson's disease. In 1996, Dr. Gilham was recruited to work with Professor Robert Hawkins at the University of Bristol, UK to work on chimeric antigen receptor (CAR) T cells as a part of the Chimeric Eurocell European Programme lead by Prof Zelig Eshhar. In 1998, the group moved to the Paterson Institute for Cancer Research, University of Manchester. The group maintained a strong translational focus delivering several clinical trials of CAR T (including the first such trial to be initiated in the UK) while developing a strong basic research core activity including the ATTACK European Programme that drew together colleagues working in T cell therapy across Europe. Along with achieving academic independence and promotion to Senior Fellow, Dr. Gilham took over the leadership of the laboratory group in 2009. The group moved to the Institute of Cancer Sciences, University of Manchester based within the Manchester Cancer Research Centre in 2015 and Dr. Gilham was appointed Reader in 2016. In September 2016, Dr. Gilham moved to the role of Vice President at Celyad to continue working upon immune based therapies for cancer and appointed to Chief Scientific Officer in May 2020.

Stephen Rubino, Ph.D., serves the Company as Chief Business Officer. Dr. Rubino brings over 30 years of pharmaceutical leadership experience to the role of Chief Business Officer, with emphasis in the areas of business development and licensing, new product development, commercial operations, pharmaceutical strategy and investor relations. Dr. Rubino currently serves as an independent board member of Sermonix Pharmaceuticals and Viracta Therapeutics. Dr. Rubino has also served Novartis Pharmaceuticals in a wide range of roles and therapeutic areas, the last of which was as Global Head of Business Development and New Product Marketing, responsible for developing and building the product pipeline for Novartis' Cell & Gene Therapies Unit. Prior to Novartis, Dr. Rubino worked for Schering–Plough (Merck) where his last role was head of the Global Solid Tumor Oncology & Autoimmune Business Unit responsible for the licensing and launch of Remicade, as well as the launch and commercialization of several global oncology brands. Dr. Rubino received his Ph.D. from Weill Cornell University (New York) and his Master of Business Association from Baruch University (New York).

2.4 Conflict of Interest of Directors and members of the Executive Committee and transactions with affiliated companies

2.4.1. General

Each Director and member of the Executive Committee is encouraged to arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the Company. The Company's Charter contains specific procedures to deal with potential conflicts.

2.4.2. Conflicts of interest of Directors

The Article 7:96 of the CCA provides for a special procedure within the Board of Directors in the event of a possible personal financial conflict of interest of one or more directors with one or more decisions or transactions to be adopted by the Board of Directors. In the event of a conflict of interest, the director concerned must inform his or her fellow directors of his or her conflict of interest before the Board of Directors deliberates and takes a decision in the matter concerned. Furthermore, the conflicted director may not participate in the deliberation and voting by the Board of Directors on the matter that gives rise to the potential conflict of interest. The minutes of the meeting of the Board of Directors must contain the relevant statements made by the conflicted director, as well as a description by the Board of Directors of the conflicting interests and the nature of the relevant decision or transaction to be adopted. The minutes must also contain a justification by the Board of Directors for the decision or transaction adopted, and a description of the financial consequences thereof for the Company. The relevant minutes must be included in the (statutory) annual report of the Board of Directors.

The Company must notify the Statutory Auditor of the conflict. The Statutory Auditor must describe in its statutory annual audit report the financial consequences of the decision or transaction that gave rise to the potential conflict.

This procedure does not apply to decisions or transactions in the ordinary course of business at customary market conditions.

2.4.3. Existing conflicts of interest of members of the Board of Directors

Except as reported hereinafter, as far as the Company is aware, none of the Directors have a conflict of interest within the meaning of Article 7:96 of the CCA which has not been disclosed to the Board of Directors. Other than potential conflicts arising in respect of compensation-related matters, the Company does not foresee any other potential conflicts of interest in the near future.

In 2020, certain members of the Board declared a conflict of interest. The following declaration were made in that respect:

Excerpt from the minutes of the Board meeting of January 23, 2020:

"The Board discussed the allocation of warrants to Board members:

- *Michel Lussier (10,000 warrants);*
- *Hilde Windels (10,000 warrants);*
- *Margo Roberts (10,000 warrants);*
- *Serge Goblet (10,000 warrants);*
- *Chris Buyse (10,000 warrants);*
- *Rudy Dekeyser (10,000 warrants).*

The warrants will be offered under the Warrants Plan 2019. Each warrant will give the right to its owner to acquire one new share of the Company. The exercise price will be equal to the fair market value of the Company's shares at the time of the offer, this value corresponding to the closing price of the share on the day before the date of the offer.

The article 7:96 of the BCAC provides that "if a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the Board of Directors, he has to inform the other directors before the deliberation of the Board of Directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. The concerned directors cannot deliberate nor vote on the concerned decisions".

Michel Lussier informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Michel Lussier left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Michel Lussier. Michel Lussier then came back in the meeting room.

Serge Goblet informed the other directors that he has a conflicting financial interest in the decision proposed. The Chairman thanked Serge Goblet for his declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Serge Goblet left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Serge Goblet. Serge Goblet then came back in the meeting room.

Chris Buyse informed the other directors that he has a conflicting financial interest in the decision proposed. The Chairman thanked Chris Buyse for his declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Chris Buyse left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Chris Buyse. Chris Buyse then came back in the meeting room.

Rudy Dekeyser informed the other directors that he has a conflicting financial interest in the decision proposed. The Chairman thanked Rudy Dekeyser for his declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Rudy Dekeyser left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Rudy Dekeyser. Rudy Dekeyser then came back in the meeting room.

Hilde Windels informed the other directors that she has a conflicting financial interest in the decision proposed. The Chairman thanked Hilde Windels for her declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Hilde Windels left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Hilde Windels. Hilde Windels then came back in the meeting room.

Margo Roberts informed the other directors that she has a conflicting financial interest in the decision proposed. The Chairman thanked Margo Roberts for her declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Margo Roberts left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Margo Roberts. Margo Roberts then came back in the meeting room."

Excerpt from the minutes of the Board meeting of March 2, 2020:

"Article 7:96 of the Belgian Company and Associations Code (BCAC) provides that "If a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the board of directors, he has to inform the other directors before the deliberation of the board of directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. (…) In listed companies, the concerned directors cannot deliberate nor vote on the concerned decisions".

Filippo Petti informed the other directors that he is in a position of conflict of interest with respect to the decision proposed under point 4 of the agenda, dealing with his performance review, the granting of a merit increase, a bonus and warrants.

The Chairman thanks Filippo Petti for his declaration, it will be mentioned in the management report and communicated to the Statutory Auditor of the Company in accordance with Article 7:96 of the BCAC.

(…)

Upon recommendation of the Remuneration and Nomination Committee, the Board approved the performance review, the merit increase, the bonus and the allocation of warrants to the CEO".

Excerpt from the minutes of the Board meeting of March 24, 2020:

"The Board discussed the allocation of warrants to Board members:

- *Michel Lussier (10,000 warrants);*
- *Hilde Windels (10,000 warrants);*
- *Serge Goblet (10,000 warrants);*
- *Chris Buyse (10,000 warrants);*
- *Rudy Dekeyser (10,000 warrants);*
- *Filippo Petti (30,000 warrants);*
- *Maria Koehler (10,000 warrants).*

The warrants will be offered under the 2019 Warrants Plan. Each warrant will give the right to its owner to acquire one new share of the Company. The exercise price will be equal to the fair market value of the Company's shares at the time of the offer, this value corresponding to the closing price of the share on the day before the date of the offer.

The article 7:96 of the BCAC provides that "if a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the board of directors, he has to inform the other directors before the deliberation of the board of directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. The concerned directors cannot deliberate nor vote on the concerned decisions".

Michel Lussier informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Michel Lussier left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Michel Lussier. Michel Lussier then came back in the meeting room.

Serge Goblet informed the other directors that he has a conflicting financial interest in the decision proposed. The Chairman thanked Serge Goblet for his declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Serge Goblet left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Serge Goblet. Serge Goblet then came back in the meeting room.

Chris Buyse informed the other directors that he has a conflicting financial interest in the decision proposed. The Chairman thanked Chris Buyse for his declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Chris Buyse left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Chris Buyse. Chris Buyse then came back in the meeting room.

Rudy Dekeyser informed the other directors that he has a conflicting financial interest in the decision proposed. The Chairman thanked Rudy Dekeyser for his declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Rudy Dekeyser left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Rudy Dekeyser. Rudy Dekeyser then came back in the meeting room.

Hilde Windels informed the other directors that she has a conflicting financial interest in the decision proposed. The Chairman thanked Hilde Windels for her declaration. This declaration will be communicated

to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Hilde Windels left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Hilde Windels. Hilde Windels then came back in the meeting room.

Filippo Petti informed the other directors that she has a conflicting financial interest in the decision proposed. The Chairman thanked Filippo Petti for her declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Filippo Petti left the meeting room and the Board unanimously approved the allocation of 30,000 warrants to Filippo Petti. Filippo Petti then came back in the meeting room.

Maria Koehler informed the other directors that she has a conflicting financial interest in the decision proposed. The Chairman thanked Maria Koehler for her declaration. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Maria Koehler left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Maria Koehler. Maria Koehler then came back in the meeting room.

The Board of Directors decided also to grant 10,000 warrants to Dominic Piscitelli under the suspensive condition of his appointment as Board member by the shareholders meeting of May 5, 2020."

Excerpt from the minutes of the Board meeting of June 25, 2020:

"Based on a recommendation from the Remuneration and Nomination Committee, the Board discussed the allocation of warrants to Michel Lussier (10,000 warrants).

The warrants will be offered under the 2019 Warrants Plan. Each warrant will give the right to its owner to acquire one new share of the Company. The exercise price will be equal to the fair market value of the Company's shares at the time of the offer, this value corresponding to the closing price of the share on the day before the date of the offer.

The article 7:96 of the BCAC provides that "if a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the board of directors, he has to inform the other directors before the deliberation of the board of directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. The concerned directors cannot deliberate nor vote on the concerned decisions".

Michel Lussier informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2019 in accordance with the article 7:96 of the BCAC. Michel Lussier left the meeting room and the Board unanimously approved the allocation of 10,000 warrants to Michel Lussier. Michel Lussier then came back in the meeting room."

Excerpt from the minutes of the Board meeting of December 4, 2020:

The article 7:96 of the BCAC (Belgian Company Code of Companies and Associations) provides that "if a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the board of directors, he has to inform the other directors before the deliberation of the board of directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. The concerned directors cannot deliberate nor vote on the concerned decisions".

Michel Lussier informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Michel Lussier left the videoconference.

Upon recommendation of the Remuneration and Nomination Committee (where Michel Lussier did not take part to the recommendation):

- *The Board acknowledged the resignation of Michel Lussier as Board member with effective date as of December 4, 2020;*
- *The Board expressly waived the condition of presence imposed by the warrants plans of the Company in favor of Mr. Lussier, meaning that Mr. Lussier will be allowed to exercise all his warrants during the exercise periods provided by the plans, even if he stopped his professional*

activities in favor of the Company on 4 December 2020, and even if all his warrants have not been vested;

- *The Board decided to co-opt Mel Management SRL, Rue de Combreuil, 3, B-7190 Ecaussinnes, TVA BE 0681.994.330, represented by Michel Lussier, in replacement of Michel Lussier as director of the Company effective as of December 4, 2020. The appointment of Mel Management SRL will have to be confirmed by the next shareholders meeting;*
- *The Board decided to appoint Mel Management SRL as Chairman of the Board effective as of December 4, 2020.*

Mr. Lussier comes back to the videoconference.

(…)

The Board discussed the allocation of warrants to Board members:

- *Michel Lussier (10,000 warrants);*
- *Hilde Windels (10,000 warrants);*
- *Maria Koehler (10,000 warrants);*
- *Serge Goblet (10,000 warrants);*
- *Dominic Piscitelli (10,000 warrants);*
- *Chris Buyse (10,000 warrants);*
- *Rudy Dekeyser (10,000 warrants).*

The warrants will be allocated under the Warrants Plan 2020 and are therefore subject to the issuance of the new warrants as described above. Each warrant will give the right to its owner to acquire one new share of the Company. The exercise price will be equal to the fair market value of the Company's shares at the time of the offer, this value corresponding to the closing price of the share on the day before the date of the offer.

The article 7:96 of the BCAC provides that "if a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the board of directors, he has to inform the other directors before the deliberation of the board of directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. The concerned directors cannot deliberate nor vote on the concerned decisions".

Michel Lussier informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Michel Lussier left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Michel Lussier. Michel Lussier then came back to the videoconference.

Serge Goblet informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Serge Goblet left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Serge Goblet. Serge Goblet then came back to the videoconference.

Chris Buyse informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Chris Buyse left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Chris Buyse. Chris Buyse then came back to the videoconference.

Rudy Dekeyser informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Rudy Dekeyser left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Rudy Dekeyser. Rudy Dekeyser then came back to the videoconference.

Maria Koehler informed the other directors that she has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Maria Koehler left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Maria Koehler. Maria Koehler then came back to the videoconference.

Hilde Windels informed the other directors that she has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Hilde Windels left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Hilde Windels. Hilde Windels then came back to the videoconference.

Dominic Piscitelli informed the other directors that he has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Dominic Piscitelli left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Dominic Piscitelli. Dominic Piscitelli then came back to the videoconference."

Excerpt from the minutes of the Board meeting of December 17, 2020:

"The Board discussed the allocation of 10,000 warrants to Marina Udier Blagovic.

The warrants will be allocated under the Warrants Plan 2020. Each warrant will give the right to its owner to acquire one new share of the Company. The exercise price will be equal to the fair market value of the Company's shares at the time of the offer, this value corresponding to the closing price of the share on the day before the date of the offer.

The article 7:96 of the BCAC provides that "if a director has, directly or indirectly, a conflicting financial interest in a decision or operation to be decided by the board of directors, he has to inform the other directors before the deliberation of the board of directors. His declaration, including the reasons for his conflicting financial interest, must be recorded in the minutes of the board meeting that will take [...] the decision. The auditor must also be informed. The concerned directors cannot deliberate nor vote on the concerned decisions".

Marina Udier Blagovic informed the other directors that she has a conflicting financial interest in the decision proposed. This declaration will be communicated to the statutory auditor of the Company and inserted in the annual report 2020 in accordance with the article 7:96 of the BCAC. Marina Udier Blagovic left the videoconference and the Board unanimously approved the allocation of 10,000 warrants to Marina Udier Blagovic. Marina Udier Blagovic then came back to the videoconference."

2.4.4. Related Party Transactions

To date, no related party transaction involving the Company's Directors, or the members of the Executive Committee has been disclosed to the Company.

2.4.5. Transactions with affiliates

The Article 7:97 of the CCA provides for a special procedure that applies to intra-group or related party transactions with affiliates. The procedure will apply to decisions or transactions between the Company and affiliates of the Company that are not a subsidiary of the Company. It will also apply to decisions or transactions between any of the Company's subsidiaries and such subsidiaries' affiliates that are not a subsidiary of the Company.

Prior to any such decision or transaction, the Board of Directors of the Company must appoint a special committee consisting of three independent directors, assisted by one or more independent experts. This committee provides the Board of Directors with a written report giving the motives for the decision of the envisaged operation, addressing at least the following elements: the nature of the decision or the operation, a description and an estimation of the equity consequences, a description of the eventual other consequences, the advantages and inconvenient resulting therefrom for the Company, as the case maybe. The committee puts the proposed decision or operation in the context of the strategy of the Company and

determines if it causes any prejudice to the Company, if it is compensated by other elements of that strategy, or if it is manifestly abusive. The remarks of the expert are integrated in the opinion of the committee.

The Board of Directors must then take a decision, taking into account the opinion of the committee. Any deviation from the committee's advice must be explained. Directors who have a conflict of interest are not entitled to participate in the deliberation and vote. The committee's advice and the decision of the Board of Directors must be communicated to the Company's Statutory Auditor, who must render a separate opinion. The conclusion of the committee, an excerpt from the minutes of the Board of Directors and the opinion by the Statutory Auditor must be included in the (statutory) annual report of the Board of Directors.

The procedure does not apply to decisions or transactions in the ordinary course of business at customary market conditions, and transactions or decisions with a value of less than 1% of the consolidated net assets of the Company.

2.4.6. Code of Business Conduct and Ethics

In 2015, the Company adopted a Code of Business Conduct and Ethics, or the Code of Conduct, applicable to all of its employees, members of its Executive Committee and directors. It has been updated on October 5, 2018. The Code of Conduct is available on the Company's website at **https://www.celyad.com/en/investors/corporate-governance**. The Audit Committee is responsible for overseeing the Code of Conduct and is required to approve any waivers of the Code of Conduct for employees, members of its Executive Committee and directors.

2.4.7. Market abuse regulations

On June 17, 2013, the Board of the Company defined specific rules to prevent the illegal use of inside information by board members, shareholders, managers and employees or the appearance of such use ("the Market Abuse Policy"). The Market Abuse Policy is regularly reviewed by the Board of Directors and is available on the Company's website.

The Policy applies to all holders of inside information. An insider can be given access to inside information within the scope of the normal performance of his or her duties. The insider has the strict obligation to treat this information confidentially and is not allowed to trade financial instruments of the Company to which this inside information relates.

In accordance with art 25bis §1 of the law of August 2, 2002 and the EU Regulation 596/2014 of April 16, 2014 on market abuse (the "MAR"), the Company has established a list of persons in the Company who, based on an employment or service agreement, have contracted with the Company and have during the course of their duties access to inside information directly or indirectly. This list is updated regularly and remains at the disposal of the FSMA for a period of 5 years.

2.5 Corporate Governance Code

The Company's Board of Directors complies with the principles of the CCG. However, the Company deviates from the following principles:

- *Remuneration in company's shares (principle 7.6)*: as per applicable laws, the Company does not meet the legal requirements to proceed with a shares buy-back and, consequently does not own treasury shares, and therefore, is not able to grant a portion of non-executive directors' remuneration in company's shares;
- *No grant of stock options to independent directors (principle 7.6*): since the Company is not able to offer treasury shares, independent directors may be allocated a fixed number of subscription rights (warrants). This allocation of warrants is not related to any performance criteria. As further detailed in the Company's Remuneration Policy, this allocation is aimed at attracting highly skilled non-executive directors in a highly dynamic and competitive market;

- *Absence of minimum detention of shares (principle 7.9):* at the date of this Report, the Company has not fixed any minimum threshold for the detention of shares by the members of the Executive Committee. However, the members of the Executive Committee hold subscription rights (warrants) on the Company's shares as described in the Remuneration Report;
- *No clawback (principle 7.12):* at the date of this report, the Company has not adopted any clawback provision to claim variable remuneration from the Executive Committee members.

The Company has not adopted a diversity policy. The talents market is particularly tense and dynamic in the biopharmaceutical industry and developing a diversity policy adjusted to this fast-changing environment was not deemed to be the best instrument to meet the Company's challenges in human resources. Over the past years, the Company has successfully achieved a broad degree of diversity from a gender, citizenship, expertise and educational background perspective at the Company's Board of Directors, Executive Committee, Management and staff levels. The Company has attracted talents from various countries which reflects the Company's international footprint to support the Company's strategy.

At the Board of Directors, the Company complies with Belgian laws on gender with at least one third of the members who are from a different gender. One Board member is Canadian, three are Americans, one is Americano-Croatian, and four are Belgians.

At the Executive Committee, two members are Americans, one is English, and three are from Belgium. The Company will pursue its efforts to increase the female presence at the Executive Committee.

The Management team is composed of 18 members, where the Company counts 38,9% (7) of female and 61,9% (11) of male. Those managers or directors have different nationalities (from Belgium, Greece, Mexico, and the US).

Regarding the employees not included above, the Company records 56% female employees and 44% male employees.

In accordance with the CCG, the Board of Directors of the Company will review its Charter from time to time and make such changes as it deems necessary and appropriate. The Charter, together with the Company's articles of association, is available on the Company's website (**www.celyad.com**) and can be obtained free of charge at the registered office of the Company.

2.6 Proposed New Remuneration Policy

2.6.1. Introduction

This proposed remuneration policy (the "Policy") is designed to bring the current remuneration policy in line with the requirements introduced by the Directive (EU) 2017/828 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

This proposed Policy is established to be competitive in the (employment) markets in which the Company operates, mainly the United States and Europe. The approach taken by the Company is to apply a remuneration policy which is overall balanced and allows tailoring individual remuneration packages to ensure a fair and competitive remuneration for the (job)market in which our key persons operate. The Company believe this adds to the long-term value creation for all our stakeholders.

As a clinical-stage biotechnology company, the Company aims at achieving a strategy involving discovering, developing, testing and eventually commercializing (potential) product candidates. Successful implementation of this strategy requires an intense long-term effort of highly qualified persons. As such, this Policy is aimed at attracting and retaining highly qualified persons for executive and non-executive positions

on our Board of Directors as well as executive management and to motivate them to contribute to our long-term goals and strategy.

2.6.2. Remuneration of the Board of Directors

2.6.2.1 Principles

The Policy is aimed at attracting non-executive directors with the most relevant skills, knowledge and expertise in a highly competitive and quickly evolving industry. The Policy will help the Company attract and retain a diverse and international team of non-executive directors, striking a balance between scientific, financial, operational and strategic contributions, promoting an open, fair, sustainable and equitable company culture, driven by success.

The remuneration of the non-executive Directors is determined by the Shareholders' Meeting upon proposal of the Board of Directors based on a recommendation from the Nomination and Remuneration Committee. The Nomination and Remuneration Committee benchmarks non-executive Directors' compensation against peer companies to ensure that it remains fair and competitive. The Directors' remunerations are therefore market driven.

2.6.2.2 Components

The Policy is based on the following fixed components:

(a) A fixed fee, consisting of a base fee and an additional fee if the non-executive director is the Chairman of the Board or any of its Committees or if the non-executive Director is a member of a Board Committee ;

(b) Warrants.

The remuneration of non-executive Directors does not contain any variable part and is not based on any performance conditions.

As the Company has no distributable reserves, it does not meet the legal requirements to proceed to a shares buy-back, therefore does not own treasury shares and is then currently unable to grant shares to the non-executive directors as part of their remuneration. This is a deviation from principle 7.6 of the CCG.

Fixed fee

The fixed fee of non-executive directors consists of:

(a) A fixed annual fee (retainer) of 18,000 EUR (36,000 EUR for the Chairman of the Board), including the four annual, ordinary Board meetings;

(b) A supplemental fixed fee of 3,000 EUR (5,000 EUR for the Chairman of the Board) for the participation to extraordinary Board meetings of more than 2 hours, and 1,500 EUR (2,500 for the Chairman of the Board) for the participation to extraordinary Board meetings of less than 2 hours;

(c) A supplemental fixed annual fee (retainer) of 15,000 EUR for membership of each Committee of the Board of Directors, increased by 5,000 EUR for the Chairmanship of such Committee;

(d) An extraordinary fee of €3,000 for specific assignments to a non-executive director, on request of the CEO and with prior approval of the Board of Directors.

The Board fees are paid in quarterly installments at the end of each subsequent calendar quarter.

The Company will also reimburse out-of-pocket expenses (such as, without limitation, travel, meals and lodging expenses) incurred by directors in direct relation with their Board duties.

Warrants

In deviation from the principle 7.6 of the CCG, the Board has determined that the grant of warrants to non-executive or independent directors is in the best interest of the Company to attract and retain highly skilled directors in a very dynamic and competitive environment. The grant of warrants is a commonly used remuneration instrument in the sector in which the Company operates, in particular in the United States where the Company is active. In addition, the Company is not entitled to own treasury shares (see above) and is currently unable to offer any remuneration in shares. Finally, the grant of warrants provides an attractive additional remuneration without impacting the Company's cash. Without this possibility, the Company would be subject to a considerable disadvantage compared to competitors offering warrants to their non-executive directors.

The grant of warrants is not linked or subject to any performance conditions and consequently, does not qualify as variable remuneration.

The warrants are usually issued by decision of the Board of Directors within the framework of the authorized capital (but can also be issued by decision of the Shareholders' Meeting). The warrants are then offered to non-executive directors by decision of the Board of Directors upon recommendation of the Nomination and Remuneration Committee. Conflict of interest procedure applies to such decision of the Board. Each warrant gives its holder the right (but not the obligation) to subscribe, under the exercise conditions, during the exercise periods and against payment of the exercise price, to one Company's share.

Company's warrants are granted for a limited term. This term is determined by the Board of Directors, in compliance with the CCA, with a maximum of ten years. The warrants have a vesting period of minimum three (3) years and may be exercised to the extent vested. Shares obtained through the exercise of warrants are freely transferrable.

The exercise price is equal to the fair market value of the Company's shares at the time of the offer. This value is determined by the Board of Directors and corresponds to either the closing price of the Company's share on the day before the date of the offer or the average of the thirty (30) calendar days preceding the date of the offer of the closing price of the Company's Share.

The warrants can be immediately exercised by the beneficiaries in the following situations:

(a) Share capital increase in cash without suspension of the preferential rights of the existing shareholders;

(b) Takeover bid on the shares of the company as of the announcement of the public offer by the fsma;

(c) Change of control on the company;

(d) Conclusion of a "strategic partnership" with an important industrial actor, active in the life-science sector, and if the "strategic partnership" is qualified as such by the board of directors.

For further details on the terms and conditions of our warrants plans, we refer to the plans available on our website and as may be amended from time to time.

2.6.2.3 Contract terms and conditions

The Directors' mandate may be terminated "ad nutum" (at any time) without any form of compensation. There is no specific agreement between the Company and non-executive directors which waives or restrains the right of the Company to terminate "ad nutum" (at any time) the mandates of the directors.

The Company intends to sign with its directors an engagement letter consistent with the terms of this Policy following its approval by the shareholders meeting.

2.6.3. Remuneration of the Executive Committee

2.6.3.1 Principles

The Company's remuneration Policy for the members of its Executive Committee is aimed at attracting, motivating, and retaining top talents in a very competitive and international environment to deliver our strategic and operational objectives. The Company's aim is therefore to be competitive against peer companies in its markets, to incentivize performance and not to discriminate on any manner.

The remuneration Policy is driven by the employees' and the Company's performance. The remunerations are based on market benchmarks.

The remuneration of the members of the Executive Committee is determined by the Board of Directors based on recommendations made by the Nomination and Remuneration Committee, further to a recommendation made by the CEO to the Nomination and Remuneration Committee (except where his own remuneration is concerned).

The Nomination and Remuneration Committee takes into consideration the employment conditions of employees and ensures that the remuneration of the Executive Committee remains proportionate to the remuneration of the employees, taking into consideration the degree of responsibility of the Executive Committee Both the members of Executive Committee and employees' remunerations are market driven. For employees, the Company's remuneration is based on an independent benchmark done by a reputed international firm. The benchmark includes data points from biotech, medium and large pharmaceutical companies and is performed on an annual basis.

2.6.3.2 Components

The remuneration Policy is based on the following fixed and variable components:

(a) Base fixed remuneration ;

(b) Variable annual cash remuneration;

(c) Pension;

(d) Fringe benefits; and

(e) Warrants.

The structure of the remuneration of Executive Committee members consists in an appropriate balance between fixed and variable remuneration. The nature and magnitude of the variable remuneration is structured to align the interests of the Executive Committee members with the sustainable value-creation objectives of the Company. Pension and other fringe benefits complete the remuneration package in line with market practice. The actual relative weights of the components of the remuneration package depends on the achievement of the performance criteria, the role and the location of each Executive Committee member as specified below, and aims at ensuring remuneration packages that are competitive and in line with market practice.

Base Fixed Remuneration

Each member of the Executive Committee is entitled to a base fixed remuneration designed to fit responsibilities, relevant experience, and competences, in line with market rates for equivalent positions.

Variable Annual Cash Remuneration

The base amount of the variable remuneration is based on the Company's performance and the individual performance of the Executive Committee members measured against the individual and Company's objectives.

For the CEO, the variable remuneration is based on 75% of the Company performance and 25% of individual performance. For the other members of the Executive Committee, the variable remuneration is based on 50% of Company performance and 50% of individual performance.

The variable compensation represents 30% of the fixed compensation at target for non-US members, 35% to 40% of the fixed compensation at target for US-based members and 45% of the fixed compensation at target for the CEO. Those target percentages may be multiplied by a factor from 0% to 200%, depending on the individual performance.

The Variable Annual Cash Remuneration is therefore subject to an absolute cap of 200% of the fixed compensation, in line with principle 7.10 of the CCG.

The Company objectives are determined annually by the Board of Directors, ultimately at the start of the period in which the incentive may be earned.

The individual performance of each member of the Executive Committee is determined by an annual assessment between the individual and the CEO (or, for the CEO, between the CEO and the Chairman of the Board). It consists of SMART (Specific, Measurable, Actionable, Realistic, Time driven) and challenging objectives. Those individual objectives are aligned and consistent with the Company's strategic objectives. The performance assessment leads to a score that will define the overall individual performance and is determined by the Board of Directors upon recommendation of the Nomination and Remuneration Committee.

The Company's objectives are aligned with the Mission and the Vison of the Company and contribute to the Company's strategy, the enhancing of patients' well-being and life and shareholders value creation, while maintaining a solid cash position. The Company's objectives are based on a combination of various elements:

- Clinical Product Testing and Development
  - Clinical trial activity (operational and medical)
  - Regulatory
  - Manufacturing
  - Translational Analysis
- Pre-Clinical Product Development
  - Clinical (Protocol Development)
  - Regulatory (IND/CTA submission)
  - Manufacturing (Clinical Process Development)
  - Quality Assessment and Quality Control (CMC)
- R&D Engine
  - Pre-clinical Product and Platform Development
  - Target identification and validation
  - Intellectual property creation
- External Visibility
  - Peer reviewed and corporate publications
  - Invited presentations
  - Investors relations/media

- Company funding, cash runway and the efficient use of financial and non-financial resources against budget
- External partnership development and collaboration

The Company's and the individual's performances are assessed in the first quarter of each calendar year by the Board of Directors. The variable compensation is paid to the members of the Executive Committee in the first quarter of the following year upon decision of the Board of Directors.

In deviation from principle 7.12 of the CCG, there is no possibility for the Company to reclaim the variable remuneration.

Pension

Each member of the Executive Committee who is an employee of the Company is entitled to the participation to pension plans with defined contributions.

For Belgium-based members of the Executive Committee, defined contributions pensions are paid in a Group Insurance plan which includes also a health insurance and a life insurance.

US-based members of the Executive Committee participate to an employer-sponsored defined-contribution pension account defined in subsection 401(k) of the Internal Revenue Code disability insurance and life insurance.

The members of the Executive Committee who are engaged through services or consulting agreements are not entitled to a group insurance plan, or to an employer-sponsored defined-contribution pension account defined in subsection 401(k) of the US Internal Revenue Code, or to a health insurance plan.

Fringe benefits

Each member of the Executive Committee is entitled to several fringe benefits which may include:

(a) A company car;

(b) A lump-sum expense allowance;

(c) If required by their specific social or tax status, a housing allowance, tax advisory services, relocation allowances, schooling allowances;

(d) The reimbursement of other expenses related to their responsibilities in the company.

On an exceptional basis and depending on the employment market conditions, a sign on bonus may be granted when a member of the Executive Committee is hired. The sign on bonus is approved by the Board of Directors based on recommendations made by the Nomination and Remuneration Committee

Warrants

The Company may from time to time offer to the members of the Executive Committee to participate to a warrants plan at the discretion of the Board of Directors. The warrants are usually issued by decision of the Board of Directors within the framework of the authorized capital (but could also be issued by decision of the Shareholders' Meeting). The warrants are then offered to each member of the Executive Committee by decision of the Board of Directors upon recommendation of the Nomination and Remuneration Committee. Each warrant gives its holder the right (but not the obligation) to subscribe, under the exercise conditions, during the exercise periods and against payment of the exercise price, to one Company's share.

The number of warrants offered to each of the beneficiaries is freely determined by the Board of Directors, acting upon the recommendation of the Nomination and Remuneration Committee. The number of warrants

is based on a benchmarking exercise regularly performed to ensure that the grants are competitive and in line with market practice.

When the offer of warrants is based on the individual performance of the member of the Executive Committee, the performance scores range from 1 (underperforming) to 5 (exceeding performance):

(a) If the performance score is 1, the number of warrants is zero;

(b) If the performance score is 2, the number of warrants is multiplied by a factor between 50% to 90%;

(c) If the performance score is 3, the number of warrants is multiplied by a factor of 100%;

(d) If the performance score is 4, the number of warrants is multiplied by a factor between 100% and 125%;

(e) If the performance score is 5, the number of warrants is multiplied by a factor between 125% and 150%.

In principle, the performance score is based on an assessment of the individual performance over one year. Yet, the vesting period of minimum three (3) years applied on the warrants, whose value is notably impacted by the performance of the Executive Committee, implies that the Company complies with a long term view for a major portion of the variable remuneration of the members of the Executive Committee.

Under our incentive plans, warrants are granted for a limited term. This term is determined by the Board of Directors, in compliance with the provisions of the CCA with a maximum of ten years. The warrants have a vesting period of minimum three (3) years and may be exercised to the extent vested. Shares obtained through the exercise of warrants are freely transferrable.

The exercise price is equal to the fair market value of the Company's shares at the time of the offer. This value is determined by the Board of Directors and corresponds to either the closing price of the Company's share on the day before the date of the offer or the average of the thirty (30) calendar days preceding the date of the offer of the closing price of the Company's Share.

The warrants can be immediately exercised by the beneficiaries in the following situations:

(a) Share capital increase in cash without suspension of the preferential rights of the existing shareholders;

(b) Takeover bid on the shares of the company as of the announcement of the public offer by the fsma;

(c) Change of control on the company;

(d) Conclusion of a “strategic partnership” with an important industrial actor, active in the life-science sector, and if the “strategic partnership” is qualified as such by the board of directors.

For further details on the terms and conditions of our warrants plans, we refer to the plans available on our website and as may be amended from time to time.

In deviation from the principle 7.9 of the CCG, the Company has not fixed any minimum threshold for the detention of shares by the members of the Executive Committee. However, the members of the Executive Committee hold subscription rights (warrants) on the Company’s shares as described in above in this Remuneration Policy, enabling them to hold shares in the Company.

2.6.3.3 Contract terms and conditions

The members of the Executive Committee are engaged based on a services agreement or an employment contract.

Labour law applies to the contractual arrangements with the members of the Executive Management engaged on an employment contract.

When the member of the Executive Committee is engaged on a services agreement, it generally provides for a notice period of six months and for the possibility to terminate the agreement with cause and without indemnity.

No specific severance clauses are agreed as a rule, except when duly justified after recommendation of the Nomination and Remuneration Committee.

There is no specific additional individual plan regarding supplementary pension or early retirement schemes put in place for the members of the Executive Committee.

2.6.4. Deviations from this Policy

The Board has the authority to temporarily deviate from this Policy in case of exceptional circumstances, primarily those in which deviation is necessary to serve the long-term interests and sustainability of the company or to guarantee the viability of the company. Should there be a need to deviate from this remuneration Policy, the CEO will bring substantiated arguments to the Nomination and Remuneration Committee for recommendations and approval by the Board of Directors. Any deviations from this policy will be described in the Remuneration report.

2.7 Remuneration report

2.7.1. Introduction

In 2020, the remuneration of the Board of Directors was based on a fixed remuneration and a fixed grant of warrants, whereas the remuneration of the Executive Committee members was based on a base fixed remuneration, a variable annual cash remuneration, fringe benefits and long-term share-based incentives (warrants).

The variable remuneration of the Executive Committee members was calculated based on the Company and the individual's performance. The Company's performance was measured against the Company's objectives, and the Executive Committee members' performance, against their individual objectives.

The Company's objectives have been determined by the Board of Directors at the beginning of the year. For 2020, the Board of Directors has decided to establish the Company's performance at 95%, reflecting the level of achievement of the Company's objectives based on the execution of our clinical programs and the external recognition of our technology by external partners, taking also into consideration the challenging sanitary conditions faced in 2020 with the pandemic of COVID-19.

The individual performance of each member of the Executive Committee has been determined by an individual assessment between the Executive Committee member and the CEO (or, for the CEO, between the CEO and the Chairman of the Board). The assessment of the Executive Committee member and the CEO was reviewed by the Nomination and Remuneration Committee which made a recommendation to the Board of Directors for final decision. The CEO did not participate to any decision regarding his own individual performance.

For the CEO, the variable remuneration is based on 75% of the Company performance and 25% of individual performance. For the other members of the Executive Committee, the variable remuneration is based on 50% of Company performance and 50% of individual performance.

The variable compensation represents 30% of the fixed compensation at target for non-US members, 35% of the fixed compensation at target for US-based members and 45% of the fixed compensation at target for

the CEO. Those target percentages may be multiplied by a factor from 0% to 200%, depending on the individual performance.

Therefore, the following formula has been used to calculate the amount of the variable remuneration:

(Annual compensation/fee x % contractual bonus x % company performance x ratio company performance%) PLUS (Annual compensation/fee x % contractual bonus x % linked with the individual performance x ratio Individual performance).

In 2020, the Board of Directors, upon recommendation of the Nomination and Remuneration Committee, has also decided to offer to the members of the Executive Committee the opportunity to participate to a warrants plan.

Reference is made to the section 2.5 of this Annual Report regarding the deviations from certain principles of the CCG relative to the remuneration of the Board of Directors and the Executive Committee.

In the wave of the shareholders' rights reform, the company complied with the new standardized remuneration report as presented by the EU Commission currently as a draft (Draft Guidelines on the standardized presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, as regards the encouragement of long-term shareholder engagement).

The Company seeks to improve permanently the quality and transparency of its remuneration to the Board and to the Executive Committee and to take into account the observations of its shareholders or proxies.

The proposed new remuneration policy and this remuneration report provide for a greater degree of disclosure and transparency on all the components of the remuneration of the Board and the Executive Committee, and the link between the remuneration and the performance of the Company.

The total remuneration of the Board of Directors, the CEO and the Executive Committee members is detailed hereinafter.

2.7.2. Total Remuneration

In this Section, the Total Remuneration Tables are structured as follows:

Table 1 - Total Remuneration (1)									
Name, Position (2)	**1. Fixed Remuneration**			**2. Variable Remuneration**		3. Extraordinary items (6)	4. Pension Expense (7)	5. Total remuneration	6. Proportion of fixed & Variable Remuneration (8)
	Fixed Fees	Board Fees	Others Benefits (3)	One Year Variale (4)	Multi Year Variable (5)				

(1) All components of remuneration are reported in gross amounts

(2) If the officer has not been in service for the entire year of the report, the start date and/or the date of the end of his contract must be informed

(3) This component includes death and disability benefits, medical expenses and other additional benefits

(4) The amount reported is equal to the monetary value of the variable remuneration acquired during the year reported (2020)

(5) Benefit in kind on granted warrants – according to the Belgian Act of 26 March 1999.

(6) Extraordinary items paid in 2020: the grants of warrants are reported under this section, considered as extraordinary fixed items of the remuneration.

(7) The reported amount contains all contributions that were actually paid by the employer during the year to pension *plans.*

(8) Relative share of fixed remuneration = [Fixed remuneration + cost of pension] / [Total remuneration] Relative share of variable remuneration = [Variable remuneration] / [Total remuneration]

2.7.2.1 Total Remuneration of the Board of Directors

Table1 - Total remuneration (1)

Name, Position (2)	1. Fixed remuneration			2. Variable remuneration		3. Extraordinary items awarded in 2020 (6)[1] a) BIK on fixed grants warrants b) Warrants awarded		4. Pension expense (7)	5. Total Remuneration	6. Proportion of fixed and variable remuneration (8)	
	Base salary	Board fees	Other benefits (3)	One year variable (4)	Multi-year variable (5)						
Lussier Michel		€ 70.000				a)	€ 7.920		€ 77.920	Fixe	100%
						b)	10.000 (1)			Variable	0%
Buyse Chris		€ 70.000				a)	€ 5.373		€ 75.373	Fixe	100%
						b)	20.000			Variable	0%
R.A.D Life Sciences (permanent representative: Dekeyser Rudy)		€ 53.750				a)	€ 5.373		€ 59.123	Fixe	100%
						b)	10,000 (1)			Variable	0%
Windels Hilde		€ 55.000				a)			€ 55.000	Fixe	100%
						b)	(2)			Variable	0%
Roberts Margo Out : 6 Aug-20		€ 10.000				a)			€ 10.000	Fixe	100%
						b)	10.000			Variable	0%
Goblet Serge		€ 40.000				a)	€ 5.373		€ 45.373	Fixe	100%
						b)	10.000 (1)			Variable	0%
Koelher Maria In: 24-Mar-20		€ 27.500				a)			€ 27.500	Fixe	100%
						b)	20.000			Variable	0%
Piscitelli Dominic In : 05-May-20		€ 33.750				a)			€ 33.750	Fixe	100%
						b)	10.000 (1)			Variable	0%
Udier Marina In : 17-Dec-20		€ 5.750				a)			€ 5.750	Fixe	100%
						b)	(1)			Variable	0%
Grand Total		**€ 365.750**					**€ 24.039**		**€ 389.789**		

(1) another grant of 10.000 warrants was awarded in December 2020 with acceptance date in January 2021 and will be disclosed in 2021

(2) 20.000 warrants were awarded during 2020 but declined by the board member in 2020 and 2021

In 2020, each Director, including non-executive Directors, have been offered fixed grants of 10,000 warrants. The grants were not related to any performance condition. The reasons for the variation in the number of warrants awarded (disclosed under b) are specified under footnotes (1) and (2). No taxable benefit in kind is disclosed under (a) for Directors with tax residence outside of Belgium (who are not in scope for the tax valuation under Belgian law).

The details on the warrants (including the amount of warrants granted, vested, and exercised, and the exercise price, can be found in the Share-Based Remuneration section below:

2.7.2.2 Total remuneration of the CEO

Table1 - Total remuneration (1)												
Name, Position (2)	1. Fixed remuneration			2. Variable remuneration			3. Extraordinary items (6)	4. Pension expense (7)	5. Total Remuneration	6. Proportion of fixed and variable remuneration (8)	
	Base salary	Board fees	Other benefits (3) [(1)]	One year variable (4)	Multi-year variable on warrants granted during 2020 (5) a) Benefit in kind b) Number of warrants c) Target value at the offer date						
Petti Filippo - Executive, CEO	€ 401 826		€ 42 409	€ 168 415	a)	€ 2 418		€ 12 476	€ 627 544	Fixe	73%
					b)	60 000				Variable	27%
					c)	€ 381 000					

The multi-year variable consists in the grant of warrants. The target value at the offer date may vary, depending on the share price.

For the proportion between the fixed and the variable remuneration, the amount of the benefit in kind according to the Belgian Act of 26 March 1999 is taken into consideration.

2.7.2.3 Total Remuneration of the Executive Committee (excl.-CEO)

Table1 - Total remuneration (1)											
Name, Position (2)	1. Fixed remuneration			2. Variable remuneration			3. Extraordinary items (6)	4. Pension expense (7)	5. Total Remuneration	6. Proportion of fixed and variable remuneration (8)	
	Base salary	Board fees	Other benefits (3)	One year variable (4)	Multi-year variable on warrants granted during 2020 (5) a) Benefit in kind b) Number of warrants c) Target value at the offer date						
Executive Committee [(1)]	€ 1.435.199		€ 86.565	€ 393.527	a)	€ 48.357			€ 1.963.648	Fixe	77%
					b)	160.000				Variable	23%
					c)	€ 970.400					

(1) Three Executive Committee members are legal entities engaged through services agreements with the Company and two Executive Committee members are natural persons.

(2) Other fringe benefits are attributed to natural persons only, such as pension plan, health insurance, company car, representation allowances.

The table above contains aggregate amounts for the 5 members of the Executive Committee.

The multi-year variable consists in the grant of warrants. The target value at the offer date may vary depending on the share price.

For the proportion between the fixed and the variable remuneration, the amount of the benefit in kind according to the Belgian Act of 26 March 1999 is taken into consideration.

2.7.2.4 Performance of Executives in the reported financial year

The performance criteria, their relative weighting and the actual outcome in 2020 can be summarized as follows.

The amount of the variable remuneration is based on the Company's performance and the individual performance of the executive committee members measured against the individual and Company's objectives. For the CEO, the variable remuneration is based on 75% of the Company performance and 25% of individual performance. For the other members of the Executive Committee, the variable remuneration is based on 50% of Company performance and 50% of individual performance.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors has decided to grant the following variable remuneration and warrants to the CEO and the members of the Executive Committee:

Name, position	***1.*** **Performance criteria**	***2.*** **Relative weighting of the performance criteria**	***3.*** **a) Measured performance** **b) Actual award outcome (cash and warrants)**
Company	Clinical Programs	50%	a) 75% b) N/A
	shRNA platform	25%	a) 125% b) N/A
	Business Development	25%	a) 100% b) N/A
CEO	Company performance	75%	a) 95% b) 119.996€
	Individual Performance	25%	a) 115% b) 48.419€ + 30 000 warrants
5 Members of the Executive committee	Company Performance	50%	a) 95% b) 194.993€
	Individual performance	50%	a) 95% in average b) 192.246€ and 95.000 warrants

2.7.3. Share-based Remuneration

The Share-Based Remuneration Tables are structured as follows:

Table 2 - remuneration in Warrants										
Name of Director, position	The Main conditions of Warrant Plans						Information regarding the reported financial year			
							Opening Balance	During the year (*)		Closing Balance
	1. Specification of plan	2. Award date	3. Vesting date	4. End of retention period	5. Exercice period	6. Exercice price	7. Warrants held at the beginning of the year	8. a) Warrants awarded b) Price of the underlying shares @ date of the offer date	9. a) Warrants exercised b) Price of the underlying shares @date of acquisition c) Pricer @ Exercice price d) Added value @date of acquisition	10. Warrants awarded and unexercised

2.7.3.1 Board of Directors

In deviation from the principle 7.6 of the CCG, the Board has determined that the grant of warrants to non-executive or independent directors is in the best interest of the Company to attract and retain highly skilled directors in a very dynamic and competitive environment. The grant of warrants is a commonly used remuneration instrument in the sector in which the Company operates, in particular in the United States where the Company is active. In addition, the Company is not entitled to own treasury shares and is currently unable to offer any remuneration in shares. Finally, the grant of warrants provides an attractive additional remuneration without impacting the Company's cash. Without this possibility, the Company would be subject to a considerable disadvantage compared to competitors offering warrants to their non-executive directors.

The grant of warrants is not linked or subject to any performance conditions and consequently, does not qualify as variable remuneration.

Table 2 - Remuneration in warrants												
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year					
							Opening	During the year (*)				Closing
	1.	2.	3.	4.	5.	6.	7.	8.		9.		10.
Michel Lussier, Chairman	WP 2019	28/07/2020	28/07/2023	N/A	01/01/24-31/12/25	€ 8,80	0	a)	10.000			10.000
								b)	88.000			
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	10.000	a)				10.000
								b)				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)				10.000
								b)				
	WP 2017	02/08/2017	02/08/2020	N/A	01/01/21-31/07/22	€ 32,26	10.000	a)				10.000
								b)				
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	10.000	a)				0
								b)				
	Total:						**40.000**	**a)**	**10.000**	**a)**		**40.000**
								b)	**88.000**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised but 10,000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Chris Buyse, Board Member	WP 2020	11/12/2020	11/12/2023	N/A	01/01/24-31/12/27	€ 6,73	0	a)	10.000			**10.000**
								b)	67.300			
	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	10.000			**10.000**
								b)	59.700			
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	10.000	a)				**10.000**
								b)				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)				**10.000**
								b)				
	WP 2017	02/08/2017	02/08/2020	N/A	01/01/21-31/07/22	€ 32,26	10.000	a)				**10.000**
								b)				
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	10.000	a)				**0**
								b)				
	Total:						**40.000**	**a)**	**20.000**	**a)**		**50.000**
								b)	**127.000**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised but 10,000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Rudy De Keyser, Board Member	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	10.000			10.000
								b)	59.700			
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	10.000	a)				10.000
								b)				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)				10.000
								b)				
	WP 2017	02/08/2017	02/08/2020	N/A	01/01/21-31/07/22	€ 32,26	10.000	a)				10.000
								b)				
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	10.000	a)				0
								b)				
	Total:						**40.000**	**a)**	**10.000**	**a)**		**40.000**
								b)	**59.700**	**b)**		
										c)		
										d)		

(*) During the year no warrants were exercised but 10.000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Serge Goblet, Board Member	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	10.000			10.000
								b)	59.700			
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	10.000	a)				10.000
								b)				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)				10.000
								b)				
		02/08/2017	02/08/2020	N/A		€ 32,26	10.000	a)				10.000

	WP 2017				01/01/21-31/07/22			b)				
	Total:						**30.000**	**a)**	**10.000**	**a)**		**40.000**
								b)	**59.700**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Hilde Windels, Board Member	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	10.000	a)				10.000
								b)				
	WP 2018	26/10/2018	26/10/2021	N/A	01/01/22-31/12/23	€ 22,04	10.000	a)				10.000
								b)				
	Total:						**20.000**	**a)**	**0**	**a)**		**20.000**
								b)	**0**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Maria Koehler, Board Member In : Mar-20	WP 2020	11/12/2020	11/12/2023	N/A	01/01/24-31/12/27	€ 6,73	0	a)	10.000			10.000
								b)	67.300			
	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	10.000			10.000
								b)	59.700			
	Total:						**0**	**a)**	**20.000**	**a)**		**20.000**
								b)	**127.000**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Dominic Piscitelli, Board Member In : May-20	WP 2019	20/05/2020	20/05/2023	N/A	01/01/24-31/12/25	€ 7,93	0	a)	10.000			10.000
								b)	79.300			
								a)				0
								b)				
								a)				0
								b)				
	Total:						**0**	**a)**	**10.000**	**a)**		**10.000**
								b)	**79.300**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

NB: Filippo Petti is not remunerated as Executive Director

2.7.3.2 Board of Directors – former members

Table 2 - Remuneration in warrants													
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year						
							Opening	During the year (*)					Closing
	1.	2.	3.	4.	5.	6.	7.	8.			9.		10.
Margo Roberts, Board Member (01/08/18-06/05/19)	WP 2019	10/02/2020	10/02/2023	N/A	01/01/24-31/12/25	€ 9,84	0	a)	10.000				10.000
								b)	98.400				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)					10.000
								b)					
	WP 2018	26/10/2018	26/10/2021	N/A	01/01/22-31/12/23	€ 22,04	10.000	a)					10.000
								b)					
	Total:						20.000	**a)**	**10.000**		**a)**		30.000
								b)	**98.400**		**b)**		
											c)		
											d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants													
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year						
							Opening	During the year (*)					Closing
	1.	2.	3.	4.	5.	6.	7.	8.			9.		10.
Roychowdhury Debasish, Board Member (21/08/15-06/05/19)	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)					10.000
								b)					
	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 32,26	10.000	a)					10.000
								b)					
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	10.000	a)					0
								b)					
	Total:						30.000	**a)**	**0**		**a)**		20.000
								b)	**0**		**b)**		
											c)		
											d)		

(*) During the year, no warrants were exercised but 10,000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants													
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year						
							Opening	During the year (*)					Closing
	1.	2.	3.	4.	5.	6.	7.	8.			9.		10.
Hanspeter Spek, Board Member (05/05/14-07/05/18)	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 32,26	10.000	a)					10.000
								b)					
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	10.000	a)					0
								b)					
	Total:						20.000	**a)**	**0**		**a)**		10.000
								b)	**0**		**b)**		
											c)		
											d)		

(*) During the year, no warrants were exercised but 10,000 warrants were forfeited in accordance with the warrant plan 2015

2.7.3.3 Executive Committee

In deviation from the principle 7.9 of the CCG, the Company has not fixed any minimum threshold for the detention of shares by the members of the Executive Committee. However, the members of the Executive Committee hold subscription rights (warrants) on the Company's shares as further described hereinafter.

Table 2 - Remuneration in warrants													
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year						
							Opening	During the year (*)					Closing
	1.	2.	3.	4.	5.	6.	7.	8.			9.		10.
Petti Filippo Executive Director, CEO and CFO	WP 2020	11/12/2020	11/12/2023	N/A	1/01/24-31/12/27	€ 6,73	0	a)	30.000		a)		30.000
								b)	201.900		b)		
											c)		
											d)		
	WP 2019	24/03/2020	24/03/2023	N/A	1/01/24-31/12/25	€ 5,97	0	a)	30.000		a)		30.000
								b)	179.100		b)		
											c)		
											d)		
	WP 2019	24/10/2019	24/10/2022	N/A	1/01/23-31/12/24	€ 8,16	30.000						30.000
	WP 2018	19/09/2019	19/09/2022	N/A	1/01/23-31/12/24	€ 9,36	20.000						20.000
	WP 2018	22/01/2019	22/01/2022	N/A	1/01/23-31/12/24	€ 18,82	25.000						25.000
	WP 2018	26/10/2018	26/10/2021	N/A	1/01/22-31/12/23	€ 21,16	20.000						20.000
	Total:						**95.000**	**a)**	**60.000**		**a)**		**155.000**
								b)	**381.000**		**b)**		
											c)		
											d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants													
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year						
							Opening	During the year (*)					Closing
	1.	2.	3.	4.	5.	6.	7.	8.			9.		10.
David Gilham, Chief Scientific Officer	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	25.000				25.000
								b)	149.250				
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	20.000	a)					20.000
								b)					
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 18,82	25.000	a)					25.000
								b)					
	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 31,34	6.000	a)					6.000
								b)					
	WP 2015	02/11/2016	02/11/2019	N/A	01/01/20-05/11/25	€ 15,90	10.000	a)					10.000
								b)					
	Total:						**61.000**	**a)**	**25.000**		**a)**		**86.000**
								b)	**149.250**		**b)**		
											c)		
											d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants													
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year						
							Opening	During the year (*)					Closing
	1.	2.	3.	4.	5.	6.	7.	8.			9.		10.
Stephen Rubino, Chief Business	WP 2020	11/12/2020	11/12/2023	N/A	01/01/24-31/12/27	€ 6,73	0	a)	20.000				20.000
								b)	134.600				
	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	50.000				50.000
								b)	298.500				

Officer In : Feb-20	**Total:**	**0**	**a)**	**70.000**	**a)**		**70.000**
			b)	**433.100**	**b)**		
					c)		
					d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants											
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**				
							Opening	**During the year (*)**			**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**	**10.**
Frederic Lehman, VP Clin Dev & Medical Affairs	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	20.000		20.000
								b)	119.400		
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	20.000	a)			20.000
								b)			
	WP 2018	26/10/2018	26/10/2021	N/A	01/01/22-31/12/23	€ 22,04	10.000	a)			10.000
								b)			
	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 36,11	20.000	a)			20.000
								b)			
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	20.000	a)			0
								b)			
	Total:						**70.000**	**a)**	**20.000**	**a)**	**70.000**
								b)	**119.400**	b)	
										c)	
										d)	

(*) During the year, no warrants were exercised but 20,000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants											
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**				
							Opening	**During the year (*)**			**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**	**10.**
Philippe Nobels, VP Human Resources	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	20.000		20.000
								b)	119.400		
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	20.000	a)			20.000
								b)			
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)			10.000
								b)			
	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 36,11	20.000	a)			20.000
								b)			
	WP 2016	13/12/2016	13/12/2019	N/A	01/01/20-08/12/21	€ 17,60	10.000	a)			10.000
								b)			
	Total:						**60.000**	**a)**	**20.000**	**a)**	**80.000**
								b)	**119.400**	b)	
										c)	
										d)	

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants											
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**				
							Opening	**During the year (*)**			**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**	**10.**
Philippe Dechamps, Chief	WP 2019	24/03/2020	24/03/2023	N/A	01/01/24-31/12/25	€ 5,97	0	a)	25.000		25.000
								b)	149.250		

Legal Officer												
	WP 2019	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	20.000	a)				20.000
								b)				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)				10.000
								b)				
	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 36,11	20.000	a)				20.000
								b)				
	WP 2016	13/12/2016	13/12/2019	N/A	01/01/20-08/12/21	€ 17,60	20.000	a)				20.000
								b)				
	Total:						**70.000**	**a)**	**25.000**	**a)**		**95.000**
								b)	**149.250**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

2.7.3.4 Executive Committee – former members

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Christian Homsy, CEO Jul-07>Apr-19	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	40.000					40.000
	WP 2016	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 36,11	40.000					40.000
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	40.000					0
	Total:						**120.000**	**a)**	**0**	**a)**		**80.000**
								b)	**0**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised but 40,000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants												
Name of Director, position	**The main conditions of warrant plans**						**Information regarding the reported financial year**					
							Opening	**During the year (*)**				**Closing**
	1.	**2.**	**3.**	**4.**	**5.**	**6.**	**7.**	**8.**		**9.**		**10.**
Patrick Jeanmart, CFO Sep-07>Aug-18	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 36,11	20.000					20.000
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	20.000					0
	Total:						**40.000**	**a)**	**0**	**a)**		**20.000**
								b)	**0**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised but 20,000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants												
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year					
							Opening	During the year (*)				Closing
	1.	2.	3.	4.	5.	6.	7.	8.		9.		10.
Jean-Pierre Latere, COO Jan-16>May-20	WP 2018	24/10/2019	24/10/2022	N/A	01/01/23-31/12/24	€ 8,16	1.500	a)				0
								b)				
	WP 2018	22/01/2019	22/01/2022	N/A	01/01/23-31/12/24	€ 22,04	10.000	a)				3.333
								b)				
	WP 2016	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 36,11	3.000	a)				2.000
								b)				
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/20	€ 34,65	20.000	a)				0
								b)				
	Total:						**34.500**	**a)**	**0**	**a)**		**5.333**
								b)	**0**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised but 9,167 warrants were forfeited in accordance with the contract termination and 20.000 warrants were forfeited in accordance with the warrant plan 2015

Table 2 - Remuneration in warrants												
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year					
							Opening	During the year (*)				Closing
	1.	2.	3.	4.	5.	6.	7.	8.		9.		10.
Georges Rawadi, VP Business Development	WP 2017	20/07/2017	20/07/2020	N/A	01/01/21-31/07/22	€ 31,34	6.667	a)				6.667
								b)				
	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/25	€ 34,65	10.000	a)				10.000
								b)				
	WP 2014	16/09/2014	16/09/2017	N/A	01/01/18-16/09/24	€ 39,22	7.500	a)				7.500
								b)				
	Total:						**24.167**	**a)**	**0**	**a)**		**24.167**
								b)	**0**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants												
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year					
							Opening	During the year (*)				Closing
	1.	2.	3.	4.	5.	6.	7.	8.		9.		10.
Anne Moore, VP Corporate Strategy Mar-19>Oct-19	WP 2018	01/03/2019	01/03/2022	N/A	01/01/23-31/12/24	€ 18,10	6.667	a)				6.667
								b)				
	Total:							**a)**	**0**	**a)**		**6.667**
								b)	**0**	**b)**		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

Table 2 - Remuneration in warrants												
Name of Director, position	The main conditions of warrant plans						Information regarding the reported financial year					
							Opening	During the year (*)				Closing
	1.	2.	3.	4.	5.	6.	7.	8.		9.		10.
Dieter Hauwaerts, VP Operations Jan-15>May-17	WP 2015	06/11/2015	06/11/2018	N/A	01/01/19-05/11/25	€ 34,65	3.333					3.333
	WP 2014	08/01/2015	08/01/2018	N/A	01/01/19-15/05/24	€ 33,49	3.333					3.333
	Total:						6.666	a)	0	a)		6.666
								b)	0	b)		
										c)		
										d)		

(*) During the year, no warrants were exercised and no warrants expired in accordance with the warrant plan

2.7.4. Termination Indemnities

KNCL SRL was engaged through a services agreement with effective date on December 7, 2015. The Company has terminated the contract with KNCL SRL with effective date as of May 18, 2020 with the payment of a 6-month contractual termination indemnity. KNCL SRL has issued an invoice, dated May 18, 2020 of an amount of 133.754€ to the Company.

2.7.5. Use of the possibility to reclaim the variable remuneration

The Company has not provided for the possibility to reclaim the variable remuneration and did not reclaim any variable remuneration during the reported year.

2.7.6. Deviations from the Remuneration Policy

This Remuneration Report does not deviate from the 2016 remuneration policy, and is consistent with the principles of the new remuneration policy that will be submitted for approval at the General Shareholders' Meeting on May 5, 2021 and to be found on the Company's website.

2.7.7. Evolution of the remuneration and the performance of the company and ratio

2.7.7.1 Comparative information

Annual change	2019	2020
Director's average remuneration		
Board Members (in€'000)	76	55
Executive Committee (in€'000)	409	412
Company's performance		
Loss for the period (in€'000)	(28 632)	(17 204)
Treasury position at year end (in€'000)	39 338	17 234
Performance KPI's determining the company performance		**95%**
Clinical Programs		38%
shRNA platform		33%
Business Development		25%
Average remuneration on a full-time equivalent basis of employees		
Employees of the company- Celyad Oncology (in€'000)	64	65
Employees of the company - Celyad Inc (in€'000)	150	170

This table includes the 2019 data for comparison with 2020 and will be completed during the next four years to comply with the requirement on the five years evolution.

In addition to the losses and the treasury position at year end, the table includes the performance criteria which determined the variable remuneration. These might differ from one year to another, in accordance with the Remuneration Policy.

The Company's performance is to the Company's objectives set up by the Board of Directors at the beginning of the year. For 2020, the Board of Directors has decided to establish the Company's performance at 95%, reflecting the level of achievement of the Company's objectives based on the execution of our clinical programs and the external recognition of our technology by external partners, taking also into consideration the challenging sanitary conditions faced in 2020 with the pandemic of COVID-19.

For the calculation of the average remuneration for the employees, the company has taken into consideration the fixed and the variable parts of the remuneration as well as the other benefits paid to employees (such as group insurance, representation allowance, company car, or health insurance).

2.7.7.2 Ratio

The ratio between the lowest salary for the employees and the highest salary of the Executive Committee is 15.

For the calculation of the remuneration, the Company has taken into consideration the fixed gross salary.

2.7.8. Taking into consideration of the vote of the shareholders

The shareholders have approved the 2019 remuneration report at 76,01%.

Regarding the vesting period of the warrants, the Company's warrants vest gradually during a three-year period (1/3 per year). The approved warrants plan provides for an accelerated vesting in case for instance of a change of control or a public offering on the shares of the Company. The Company believes that this accelerated vesting in a limited number of circumstances is market practice and does not prejudice the shareholders' interests.

2.7.9. Statutory Auditor

SRL E&Y Bedrijfsrevisoren – Réviseurs d'entreprises, having its registered office at De Kleetlaan 2, B – 1831 Diegem, Belgium, duly represented by Carlo-Sébastien d'Addario, is the statutory auditor of the Company.

Carlo-Sébastien d'Addario is a member of the Belgian Institute of Certified Auditors ("Institut des Réviseurs d'Entreprises ").

The annual remuneration of the auditor for the performance of its three-year mandate for the audit of its financial statements (including the statutory financial statements) amounts to €200,000 for the year 2020 (excluding VAT).

2.8 Description of the principal risks associated to the activities of the Group

2.8.1. Risk Management

Risk management is embedded in the strategy of the Company and is of crucial importance for achieving the objectives set by the Board of Directors. The Board is responsible for assessing the risks associated with the activities of the Company and for evaluating the internal audit systems. The Board relies partially on the Executive Committee to perform this assessment.

The internal audit systems play a central role in managing the risks and the activities of the Company. To safeguard the proper implementation and execution of the strategies defined by the Board, the Company has set up internal risk management and control systems. The internal audit system is based on the following pillars:

- The compliance with and the training on the internal policies of the Company, including but not limited to the Code of Business Conduct, Standard Operating Procedures, or policies related to areas such as data protection, information systems, contract lifecycle, conflict of interest, gifts and gratuities, crisis management;
- The values of the Company;
- The monitoring of the legal environment with the support of external attorneys;
- Ongoing risk analysis;
- Audit activities performed by Quality Assurance and Finance departments;
- Controls, supervision and corrective actions and measures.

The purpose of these systems is to manage in an effective and efficient manner the significant risks to which the Company is exposed. They are designed to ensure:

- The careful monitoring of the effectiveness of the Company's short term and long-term strategy;
- The Company's sustainability by a constant evaluation of its performance (operations and cash).

2.8.2. Organization and values

The Company's organization and values as well as the legal environment surrounding the activities of the Company constitute the basis of all the internal audit components. It is determined by a composition of formal and informal rules on which the functioning of the Company relies.

The organization encompasses the following elements:

- Company's Mission: "Developing innovative cell therapies against cancer";
- The Company's values: Passion. Respect. Innovation. Determination. Excellence;
- The Company's vision: "Eliminate cancer. Improve life";
- Employees and consultants: the Company has been able to attract and retain motivated and dedicated qualified employees. Passion, pro-activity, open-mindness, commitment, trust and integrity are the essential traits of character of the Company's team. All the Company's employees and consultants are required to manage the Company's resources with due diligence, integrity and to act with the necessary common sense;
- A Board of Directors, including the Remuneration and Nomination Committee and the Audit Committee. See section 5 for further information on the functioning of the Board and its Committees;
- Independent non-executive directors: the Company is supported by several independent directors. Their expertise and experience contribute to the Company's effective management;
- A Chief Executive Officer, in charge of the day-to-day management, supported by the other member of the Executive Committee;
- An internal set of procedures: the Company set up a Code of Business Conduct and Ethics and adopted internal rules and procedures which regulate the activities within the Company;

- The external environment: the Company operates in a highly regulated environment (GMP, GCP, etc.). Compliance with all these external rules and guidelines is of critical importance to the Company.

The evaluation of the Company's organization, values and compliance with legal environment is made regularly for the supervising bodies.

2.8.3. Risks analysis

The Board of Directors determines the Company's strategy, the risk appetite and the main Company's policies. It is the task of the Board of Directors to strive for long-term success by procuring proper risk assessment. The Executive Committee is responsible for the development of systems that identify, evaluate and monitor risks.

Risk identification consists in examining the factors that could influence the Company's strategy and objectives:

- Internal factors: those are closely related to the internal organization and could have several causes (eg, change in the group structure, staff, ERP system);
- External factors: those can be the result of changes in the economic climate, regulations or competition.

Besides the common risks associated to all industrial companies, the Executive Committee has identified the following specific risk factors which are described hereafter.

2.8.4. Risks related to the Company's financial position and capital requirements

The Company may need substantial additional funding, which may not be available on acceptable terms when needed, if at all.

The Company's operations have required substantial amounts of cash since inception. The Company expects to continue to spend substantial amounts to continue the clinical development of its product candidates, including its ongoing and planned clinical trials for CYAD-02, CYAD-211 and CYAD-101 (the "Product Candidates") or any future product candidates, including but limited to CYAD-103, CYAD-221 and CYAD-231. If approved, the Company will require significant additional amounts in order to launch and commercialize its Product Candidates.

As of December 31, 2020, the Company had cash and cash equivalents of €17.2 million and no short-term investments. On January 8, 2021, the Company has entered into a committed equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Group will have the right to direct LPC to purchase up to an aggregate amount of $40 million American Depositary Shares ("ADSs"), each of which represents one of the ordinary shares of the Company. This equity purchase agreement is expected to strengthen the Group's current statement of financial position while also providing the Group with access to future capital on an as needed basis and to ensure sufficient funding to cover its operations for the next 12 months from the date the financial statements are issued.

Based on the Company's current scope of activities, the Company estimates that its cash and cash equivalents as of December 31, 2020 combined with the $40 million that the Company has access to from the equity purchase agreement established with Lincoln Park Capital Fund should be sufficient to fund operations until mid-2022, including data readouts from the Company's ongoing clinical trials.

However, changing circumstances may cause it to increase its spending significantly faster than it currently anticipates, and the Company may need to spend more money than currently expected because of circumstances beyond its control. The Company may require additional capital for the further development

and commercialization of its Product Candidates and may need to raise additional funds sooner if the Company chooses to expand more rapidly than it presently anticipates.

The achievement of milestones (R&D, scientific, clinical, regulatory, business) will trigger payment obligations towards Celdara, Dartmouth and Horizon, which will negatively impact the Company's profitability and may require material additional funding. These commitments are detailed in the note 5.34.

The Company contracted over the past year numerous funding agreements with the Walloon Region to partially finance its research and development programs. Under the terms of the agreements, the Company would need to obtain the consent of the Walloon Region for any out-licensing agreement or sale to a third party of any or all of its products, prototypes or installations which may reduce the Company's ability to partner or sell part or all of its products. Furthermore, when the research and development programs partially financed by the Company enter in "exploitation phase", the Company has to start reimbursing the funding received. For more information on the potential financial consequences of these exploitation decisions in terms of potential reimbursements and sales percentage fees to be paid to the Walloon Region, refer to note 5.16. The Company may not be able to reimburse such funding under the terms of the agreements or such reimbursement may jeopardize the funding of its clinical and scientific activities.

The Company's ability to raise additional funds will depend on financial, economic and market conditions and other factors, over which it may have no or limited control, and the Company cannot guarantee that additional funds will be available to it when necessary on commercially acceptable terms, if at all. If the necessary funds are not available, the Company may need to seek funds through collaborations and licensing arrangements, which may require it to reduce or relinquish significant rights to its research programs and product candidates, to grant licenses on its technologies to partners or third parties or enter into new collaboration agreements, the terms could be less favorable to the Company than those it might have obtained in a different context. If adequate funds are not available on commercially acceptable terms when needed, the Company may be forced to delay, reduce or terminate the development or commercialization of all or part of its research programs or product candidates or it may be unable to take advantage of future business opportunities.

The Company has incurred net losses in each period since its inception and anticipate that the Company will continue to incur net losses in the future.

The Company is not profitable and has incurred losses in each period since its inception. For the years ended December 31, 2020, 2019 and 2018, the Company incurred a loss for the year of €17.2 million, €28.6 million and €37.4 million, respectively. As of December 31, 2020, the Company had a retained loss of €88.8 million. The Company expects these losses to increase as it continues to incur significant research and development and other expenses related to its ongoing operations, continues to advance its Product Candidates through preclinical studies and clinical trials, seek regulatory approvals for its Product Candidates, scale-up manufacturing capabilities and hire additional personnel to support the development of its Product Candidates and to enhance its operational, financial and information management systems.

Even if the Company succeeds in commercializing one or more of its Product Candidates, it will continue to incur losses for the foreseeable future relating to its substantial research and development expenditures to develop its technologies.

The Company may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect its business. The size of its future net losses will depend, in part, on the rate of future growth of its expenses and its ability to generate revenue.

Its prior losses and expected future losses have had and will continue to have an adverse effect on its shareholders' equity and working capital. Further, the net losses the Company incurs may fluctuate significantly from quarter to quarter and year to year, such that a period to period comparison of its results of operations may not be a good indication of its future performance.

2.8.5. Risks related to Company's business activities and industry

The Company's Product Candidates are a new approach to cancer treatment that presents significant challenges.

The Company has concentrated its research and development efforts on cell-based immunotherapy technology, and its future success is highly dependent on the successful development of cell-based immunotherapies in general and in particular its approach using the NKG2D receptor, an activating receptor of NK cells, to target stress ligands. Currently, two of the Company's clinical Product Candidates use the NKG2D receptor. The Company cannot be sure that its T-cell immunotherapy technologies will yield satisfactory products that are safe and effective, scalable or profitable.

Its approach to cancer immunotherapy and cancer treatment generally poses a number of challenges, including:

- Developing and deploying consistent and reliable processes for engineering a patient's T cells ex vivo and infusing the engineered T-cells back into the patient;
- Educating medical personnel regarding the potential side effect profile of each of its Product Candidates, such as the potential adverse side effects related to cytokine release or neurotoxicity;
- Developing processes for the safe administration of these Product Candidates, including long-term follow-up for all patients who receive its Product Candidates;
- Developing therapies for types of cancers beyond those addressed by its current Product Candidates.

Additionally, because its technology involves the genetic modification of patient cells ex vivo using a virus, the Company is subject to many of the challenges and risks that gene therapies face, including:

- Regulatory requirements governing gene and cell therapy products have changed frequently and may continue to change in the future;
- Although its viral vectors are not able to replicate, there is a risk with the use of retroviral or lentiviral vectors that they could lead to new or reactivated pathogenic strains of virus or other infectious diseases;
- The FDA recommends a 15-year follow-up observation period for all patients who receive treatment using certain gene therapies, and the Company may need to adopt such an observation period for its Product Candidates.

Moreover, public perception of therapy safety issues, including adoption of new therapeutics or novel approaches to treatment, may adversely influence the willingness of subjects to participate in clinical trials, or if approved, of physicians to subscribe to the novel treatment. Physicians may not be willing to undergo training to adopt this novel and personalized therapy, may decide the therapy is too complex to adopt without appropriate training and may choose not to administer the therapy. Based on these and other factors, hospitals and payors may decide that the benefits of this new therapy do not or will not outweigh its costs.

Its Product Candidates are biologics, which are complex to manufacture, and the Company may encounter difficulties in production.

Its Product Candidates are biologics and the process of manufacturing its products is complex, highly-regulated and subject to multiple risks. The manufacture of its Product Candidates involves complex processes, including harvesting cells from patients, selecting and expanding certain cell types, engineering or reprogramming the cells in a certain manner to create CAR T-cells, expanding the cell population to obtain the desired dose, and ultimately infusing the cells back into a patient's body. As a result of the complexities, the cost to manufacture its Product Candidates, is higher than traditional small molecule chemical compounds, and the manufacturing process is less reliable and is more difficult to reproduce. Even minor

deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions.

Although the Company is working, or will be working, to develop commercially viable processes for the manufacture of its Product Candidates, doing so is a difficult and uncertain task, and there are risks associated with scaling to the level required for later-stage clinical trials and commercialization, including, among others, cost overruns, potential problems with process scale-out, process reproducibility, stability issues, lot consistency, and timely availability of reagents or raw materials. The Company may ultimately be unable to reduce the cost of goods for its Product Candidates to levels that will allow for an attractive return on investment if and when those Product Candidates are commercialized.

In addition, the manufacturing process that the Company develops for its Product Candidates is subject to regulatory authorities' approval process, and the Company will need to make sure that the Company or its contract manufacturers, or CMO's, if any, are able to meet all regulatory authorities requirements on an ongoing basis. If the Company or its CMO's are unable to reliably produce Product Candidates to specifications acceptable to the regulatory authorities, the Company may not obtain or maintain the approvals the Company needs to commercialize such Product Candidates. Even if the Company obtains regulatory approval for any of its Product Candidates, there is no assurance that either the Company or its CMO's will be able to manufacture the approved product to specifications acceptable to the regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could have an adverse effect on its business, financial condition, results of operations and growth prospects.

The future commercial success of the Company's Product Candidates will depend on the degree of market acceptance among physicians, patients, hospitals and others in the medical community.

The Company's Product Candidates are at varying stages of development and the Company may never have a product that is commercially successful.

The Company does not expect to be able to market any of its products for a number of years. Furthermore, when available on the market physicians may not prescribe the Company's products, which would prevent the Company from generating significant revenues or becoming profitable. Market acceptance of the Company's future products by physicians, patients and healthcare payers will depend on a number of factors, many of which are beyond the Company's control, including, but not limited to:

- Acceptance by physicians, patients and healthcare payers of each product as safe, effective and cost-effective;
- Relative convenience, ease of use, ease of administration and other perceived advantages over alternative products;
- Prevalence and severity of adverse events;
- The extent to which products are approved for inclusion and reimbursed on formularies of hospitals and managed care organizations;

The Company may face significant competition and technological change which could limit or eliminate the market opportunity for its product candidates.

The market for pharmaceutical products is highly competitive. The Company's competitors include many established pharmaceutical, biotechnology, universities and other research or commercial institutions, many of which have substantially greater financial, research and development resources than the Company. The fields in which the Company operates are characterized by rapid technological change and innovation. There can be no assurance that competitors of the Company are not currently developing or will not in the future develop technologies and products that are equally or more effective and/or are more economical as any current or future technology or product of the Company. Competing products may gain faster or greater market acceptance than the Company's products and medical advances or rapid technological development by competitors may result in the Company's product candidates becoming non-competitive or obsolete before the Company is able to recover its research and development and commercialization expenses. If

the Company or its product candidates do not compete effectively, it may have a material adverse effect on the Company's business.

2.8.6. Risks related to clinical development

The Company may encounter substantial delays in its clinical trials or may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities.

Before obtaining regulatory approval or marketing authorization from regulatory authorities for the sale of its Product Candidates, if at all, the Company must conduct extensive clinical trials to demonstrate the safety and efficacy of the Product Candidates in humans. Pre-clinical tests and Clinical testing are expensive, time-consuming and uncertain as to outcome. The Company cannot guarantee that any pre-clinical and clinical trials will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include:

- Delays in obtaining required Investigational Review Board, or IRB, or Ethics Committee approval at each clinical trial site;
- Imposition of a clinical hold by regulatory agencies, after an inspection of its clinical trial operations or trial sites;
- Failure by its CRO's, other third parties or the Company to adhere to clinical trial requirements;
- Delays in the testing, validation, manufacturing and delivery of its Product Candidates to the clinical sites;
- Occurrence of serious adverse events associated with the product candidate that are viewed to outweigh its potential benefits.

Furthermore, the timely completion of clinical trials in accordance with their protocols depends, among other things, on its ability to enrol a sufficient number of patients who remain in the trial until its conclusion. The Company may experience difficulties in patient enrolment in its clinical trials for a variety of reasons, including:

- The patient eligibility criteria defined in the protocol;
- Its ability to recruit clinical trial investigators with the appropriate competencies and experience;
- Competing clinical trials for similar therapies;
- The risk that patients enrolled in clinical trials will not complete a clinical trial.

Any inability to successfully complete preclinical and clinical development could result in additional costs to the Company or impair its ability to generate revenues from product sales, regulatory and commercialization milestones and royalties. Clinical trial delays could also shorten any periods during which the Company may have the exclusive right to commercialize its Product Candidates or allow its competitors to bring products to market before the Company does, which could impair its ability to successfully commercialize its Product Candidates and may harm its business and results of operations.

Its Product Candidates could potentially cause other adverse events that have not yet been predicted. As described above, any of these events could prevent the Company from achieving or maintaining market acceptance of its Product Candidates and impair its ability to commercialize its products if they are ultimately approved by applicable regulatory authorities.

In previous clinical trials involving T-cell based immunotherapies, some patients experienced serious adverse events. The Company's Product Candidates may demonstrate a similar effect.

In previous and ongoing clinical trials involving CAR-T cell products by other companies or academic researchers, many patients experienced side effects such as neurotoxicity and CRS, which have in some cases resulted in clinical holds in ongoing clinical trials of CAR-T Product Candidates. There have been life threatening events related to severe neurotoxicity and CRS, requiring intense medical intervention such as intubation or pressor support, and in several cases, resulted in death. Severe neurotoxicity is a condition that is currently defined clinically by cerebral edema, confusion, drowsiness, speech impairment, tremors, seizures, or other central nervous system side effects, when such side effects are serious enough to lead to intensive care. In some cases, severe neurotoxicity was thought to be associated with the use of certain lymphodepletion preconditioning regimens used prior to the administration of the CAR-T cell products and product candidates.

Undesirable side effects caused by its Product Candidates, or other T-cell based immunotherapy product candidates, could cause the Company or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other comparable foreign regulatory authorities. Results of its trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trials or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff, as toxicities resulting from T-cell based immunotherapies are not normally encountered in the general patient population and by medical personnel. The Company expects to have to train medical personnel regarding its T-cell based immunotherapy Product Candidates to understand their side effects for both its planned clinical trials and upon any commercialization of any T-cell based immunotherapy Product Candidates. Inadequate training in recognizing or managing the potential side effects of T-cell based immunotherapy Product Candidates could result in patient deaths. Any of these occurrences could have a material adverse effect on its business, financial condition and prospects.

The Company's clinical trials are ongoing and not complete. Initial success in its ongoing clinical trials may not be indicative of results obtained when these trials is completed.

Trial designs and results from previous or ongoing trials are not necessarily predictive of future clinical trial results, and initial or interim results may not continue or be confirmed upon completion of the trial.

There are limited data concerning long-term safety and efficacy following treatment with CYAD-02, CYAD-101 and CYAD-211. Our Product Candidates may fail to show the desired safety and efficacy in later stages of clinical development despite having successfully advanced through initial clinical trials. There can be no assurance that any of these trials will ultimately be successful or support further clinical advancement or regulatory approval of CYAD-02, CYAD-101 and CYAD-211 or other product candidates.

In December 2020, the Company made the strategic decision to discontinue the development of its first-generation autologous NKG2D CAR T candidate CYAD-01 for the treatment of relapsed / refractory acute myeloid leukemia (AML) and myelodysplastic syndromes (MDS) based on data from the Phase 1 THINK and DEPLETHINK trials which did not achieve the necessary internal clinical activity threshold set for the program.

The Company may be adversely affected by natural disasters and/or global health pandemics, and its business, financial conditions and results of operations could be adversely affected.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this Annual Report, Belgium and the United States, where the Company operates, have been impacted by temporary closures. The length or severity of this pandemic cannot be predicted, but the Company

anticipates that there may be an additional impact from a prolonged COVID-19 environment on the planned development activities of the Company.

Further, timely enrollment in clinical trials is reliant on clinical trial sites which may be adversely affected by global health matters, including, among other things, pandemics. With regards to the Company's clinical programs, CYAD-02, CYAD-101 and CYAD-211 were slightly impacted by the coronavirus pandemic throughout 2020. Enrollment in the respective trials for these assets is ongoing without any major disruption, partially due to the staggered enrollment associated with the dose-escalation trials for CYAD-02 and CYAD-211, respectively, and the expansion segment of the of the CYAD-101 trial which began in late 2020. However, certain clinical sites and institutions have not been able to receive visits from the Company or its representatives, which has delayed the Company's data monitoring activities.

The long-term impact of COVID-19 on the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted, including a potential second wave of the pandemic, new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but potential prolonged closures or other business disruptions may negatively affect its operations and the operations of its agents, contractors, consultants or collaborators, which could have a material adverse impact its business, results of operations and financial condition.

In addition, after enrollment in these trials, if patients contract COVID-19 during participation in the Company's trials or are subject to isolation or shelter-in-place restrictions, they may drop out of the trials, miss scheduled follow-up visits or otherwise fail to follow trial protocols. If patients are unable to follow the trial protocols or if the Company's trial results are otherwise disputed due to the effects of the COVID-19 pandemic or actions taken to mitigate its spread, the integrity of data from the trials may be compromised or not accepted by the FDA or other regulatory authorities, which would represent a significant setback for the applicable program.

Some factors from the COVID-19 pandemic that the Company believes may adversely affect enrollment in our trials include:

- The diversion of healthcare resources away from the conduct of clinical trial matters to focus on pandemic concerns, including the attention of physicians serving as the Company's clinical trial investigators, hospitals serving as the clinical trial sites and hospital staff supporting the conduct of the clinical trials;
- Some patients who would otherwise be candidates for enrollment in the Company's clinical trials are at increased risk of severe effects of the coronavirus, which may lead to the death of some patients and render others too ill to participate, limiting the available pool of participants for the trials;
- The fact that there can be no guarantee that any proposed changes to our protocols, if necessary, would be acceptable to regulators;
- Limitations on travel that interrupt key trial activities, such as clinical trial site initiations and monitoring; and
- Interruption in global shipping affecting the transport of clinical trial materials being used in our trials.

These and other factors arising from the COVID-19 pandemic could worsen in countries that are already afflicted with the virus or could continue to spread to additional countries, each of which may further adversely impact the Company's clinical trials. The global outbreak of the COVID-19 pandemic continues to evolve and the conduct of the Company's trials may continue to be adversely affected, despite efforts to mitigate this impact.

Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the Company's clinical trials, which

could prevent completion of these trials and adversely affect our ability to advance the development of the Company's product candidates.

2.8.7. Risks related to legal and regulatory risks

The Company is heavily dependent on the regulatory approval of its Product Candidates in the United States and Europe.

The Company is a clinical-stage biopharmaceutical company with no products approved by regulatory authorities or available for commercial sale. The Company may be unable to develop or commercialize a product, product candidate or research program, or may cease some of its operations, which may have a material adverse effect on the Company's business.

The Company has generated limited revenue to date and does not expect to generate any revenue from product sales for the foreseeable future. The Company's ability to generate revenues in the near term will depend on its ability to obtain regulatory approval and successfully commercialize Product Candidates in the United States, the first country in which the Company intends to seek approval for these candidates. The Company may experience delays in obtaining regulatory approval in the United States for these Product Candidates, if it is approved at all, and the price of its ordinary shares and/or ADSs may be negatively impacted. Even if the Company receives regulatory approval, the timing of the commercial launch of the Product Candidates in the United States is dependent upon a number of factors, including, but not limited to, hiring sales and marketing personnel, pricing and reimbursement timelines, the production of sufficient quantities of commercial drug product and implementation of marketing and distribution infrastructure.

Nearly all aspects of the Company's activities are subject to substantial regulation. No assurance can be given that any of the Company's product candidates will fulfill regulatory compliance.

The international pharmaceutical and medical technology industry is highly regulated by government bodies (hereinafter the "Competent Authorities") that impose substantial requirements covering nearly all aspects of the Company's activities notably on research and development, manufacturing, preclinical tests, clinical trials, labelling, marketing, sales, storage, record keeping, promotion and pricing of its research programs and product candidates. Compliance with standards laid down by local Competent Authorities is required in each country where the Company, or any of its partners or licensees, conducts said activities in whole or in part. The Competent Authorities notably include the European Medicine Agency ("EMA") in the European Union and the Food and Drug Administration ("FDA") in the United States.

There can be no assurance that product candidates of the Company will fulfill the criteria required to obtain necessary regulatory authorization to access the market. Also, at this time, the Company cannot guarantee or know the exact nature, precise timing and detailed costs of the efforts that will be necessary to complete the remainder of the development of its research programs and product candidates.

The specific regulations and laws, as well as the time required to obtain Competent Authorities approvals, may vary from country to country, but the general regulatory procedures are similar in the European Union and the United States. At any time Competent Authorities may require discontinuation or holding of clinical trials or require additional data prior to completing their review or may issue restricted authorization or authorize products for clinical trials or marketing for narrower indications than requested or require further data or studies be conducted and submitted for their review. There can be no guarantee that such additional data or studies, if required, will corroborate earlier data.

2.8.8. Risks related to intellectual property

The Company could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of its Product Candidates.

The patent application process is expensive and time-consuming, and the Company and its current or future licensors and licensees may not be able to apply for or prosecute patents on certain aspects of its Product Candidates or deliver technologies at a reasonable cost, in a timely fashion, or at all. It is also possible that the Company or its current licensors, or any future licensors or licensees, will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Therefore, its patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of its business. It is possible that defects of form in the preparation or filing of its patents or patent applications may exist, or may arise in the future, such as with respect to proper priority claims, inventorship, claim scope or patent term adjustments. Under its existing license agreements with the Trustees of Dartmouth College, the Company has the right, but not the obligation, to enforce its licensed patents. If its current licensors, or any future licensors or licensees, are not fully cooperative or disagree with the Company as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised and the Company might not be able to prevent third parties from making, using, and selling competing products. If there are material defects in the form or preparation of its patents or patent applications, such patents or applications may be invalid and unenforceable

The Company currently has issued patents and patent applications directed to its Product Candidates and medical devices, and the Company anticipates that it will file additional patent applications in several jurisdictions, including several European Union countries and the United States, as appropriate.

The Company cannot be certain, however, that the claims in its pending patent applications will be considered patentable by patent offices in various countries, or that the claims in any of its issued patents will be considered valid and enforceable by local courts.

The strength of patents in the biotechnology and pharmaceutical field can be uncertain and evaluating the scope of such patents involves complex legal and scientific analyses. The patent applications that the Company owns, or in-licenses may fail to result in issued patents with claims that cover its Product Candidates or uses thereof in the European Union, in the United States or in other jurisdictions. Even if the patents do successfully issue, third parties may challenge the validity, enforceability, or scope thereof, which may result in such patents being narrowed, invalidated, or held unenforceable. Furthermore, even if they are unchallenged, its patents and patent applications may not adequately protect its intellectual property or prevent others from designing their products to avoid being covered by its claims. If the breadth or strength of protection provided by the patent applications the Company holds with respect to its Product Candidates is threatened, this could dissuade companies from collaborating with the Company to develop, and could threaten its ability to commercialize, its Product Candidates. Further, because patent applications in most countries are confidential for a period of time after filing, the Company cannot be certain that the Company was the first to file any patent application related to its Product Candidates.

Patents have a limited lifespan. Various extensions may be available; however, the life of a patent, and the protection it affords, is limited. Further, the extensive period of time between patent filing and regulatory approval for a product candidate limits the time during which the Company can market a product candidate under patent protection, which may particularly affect the profitability of its early-stage Product Candidates. If the Company encounters delays in its clinical trials, the period of time during which the Company could market its Product Candidates under patent protection would be reduced. Without patent protection for its Product Candidates, the Company may be open to competition from biosimilar versions of its Product Candidates.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as laws in the European Union or the United States. Consequently, the Company may not be able to prevent third parties from practicing its inventions in all countries, or from selling or importing products made using its inventions in and into other jurisdictions.

The Company's patents and other intellectual property rights portfolio is relatively young and may not adequately protect its research programs and product candidates.

The Company's success will depend in part on the ability of the Company to obtain, maintain and enforce its patents and other intellectual property rights. The Company's research programs, and product candidates are covered by several patent application families, which are either licensed to the Company or owned by the Company. Out of the numerous patent applications controlled by the Company, eleven national patents have been granted in the US relating to the field of immuno-oncology. The Company cannot guarantee that it will be in a position in the future to develop new patentable inventions or that the Company or its licensors will be able to obtain or maintain these patent rights against challenges to their validity, scope and/or enforceability. Moreover, the Company may have little or no control over its licensors' abilities to prevent the infringement of their patents or the misappropriation of their intellectual property. There can be no assurance that the technologies used in the Company's research programs and product candidates are patentable If the Company or its licensors do not obtain meaningful patents on their technologies or if the patents of the Company or its licensors are invalidated, third parties may use the technologies without payment to the Company. A third party's ability to use unpatented technologies is enhanced by the fact that the published patent application contains a detailed description of the relevant technology.

The Company cannot guarantee that third parties, contract parties or employees will not claim ownership rights over the patents or other intellectual property rights owned or held by the Company.

The Company also relies on proprietary know-how to protect its research programs and product candidates. Know-how is difficult to maintain and protect. The Company uses reasonable efforts to maintain its know-how, but it cannot assure that its partners, employees, consultants, advisors or other third parties will not willfully or unintentionally disclose proprietary information to competitors.

As far as the Company is aware, its intellectual property has not been challenged otherwise than by patent offices in the normal course of examination of its patent applications or misappropriated.

The Company depends on intellectual property licensed from third parties and termination of any of these licenses could result in the loss of significant rights, which would harm its business.

The Company is dependent on patents, know-how, and proprietary technology, both its own and licensed from others. The Company's licenses technology from the Trustees of Dartmouth College, or Dartmouth College. Dartmouth College may terminate the Company's license, if the Company fails to meet a milestone within the specified time period, unless the Company pays the corresponding milestone payment. Dartmouth College may terminate either the license in the event the Company defaults or breach any of the provisions of the applicable license, subject to 30 days' prior notice and opportunity to cure. In addition, the license automatically terminates in the event the Company becomes insolvent, make an assignment for the benefit of creditors or file, or have filed against us, a petition in bankruptcy. Furthermore, Dartmouth College may terminate the Company's license, after April 30, 2024, if the Company fails to meet the specified minimum net sales obligations for any year (USD 10 million during first year of sales, USD 40 million during the second year of sales and USD 100 million during the third year of sales and every year of sales thereafter), unless the Company pays to Dartmouth College the royalty the Company would otherwise be obligated to pay had the Company met such minimum net sales obligation.

The Company also licenses technology from Horizon Discovery Limited, or Horizon Discovery. Horizon Discovery may terminate the Company's license in case of insolvency, material breach or force majeure. Any termination of these licenses or any of the Company's other licenses could result in the loss of significant rights and could harm its ability to commercialize its Product Candidates.

Disputes may also arise between the Company and its licensors regarding intellectual property subject to a license agreement, including those relating to:

- The scope of rights granted under the license agreement and other interpretation-related issues;
- Whether and the extent to which its technology and processes infringe on intellectual property of the licensor that is not subject to the license agreement;
- Its right to sublicense patent and other rights to third parties under collaborative development relationships;
- The amount and timing of milestone and royalty payments;
- Whether the company is complying with its diligence obligations with respect to the use of the licensed technology in relation to its development and commercialization of its product candidates;
- The allocation of ownership of inventions and know-how resulting from the joint creation or use of intellectual property by the company and its partners and by its licensors.

If disputes over intellectual property that the Company has licensed prevent or impair its ability to maintain its current licensing arrangements on acceptable terms, the Company may be unable to successfully develop and commercialize the affected Product Candidates. The Company is generally also subject to all of the same risks with respect to protection of intellectual property that the Company licenses as it is for intellectual property that the Company owns, which are described below. If the Company or its licensors fail to adequately protect this intellectual property, the Company's ability to commercialize its products could suffer.

The licenses of the Company may be terminated if it is unable to meet the payment obligations under the agreements (notably if the Company is unable to obtain additional financing).

The Company may infringe on the patents or intellectual property rights of others and may face patent litigation, which may be costly and time consuming.

The Company's success will depend in part on its ability to operate without infringing on or misappropriating the intellectual property rights of others. The Company cannot guarantee that its activities will not infringe on the patents or other intellectual property rights owned by others. The Company may expend significant time and effort and may incur substantial costs in litigation if it is required to defend against patent or other intellectual property right suits brought against the Company regardless of whether the claims have any merit. Additionally, the Company cannot predict whether it or its licensors will be successful in any litigation. If the Company or its licensors are found to infringe on the patents or other intellectual property rights of others, it may be subject to substantial claims for damages, which could materially impact the Company's cash flow and financial position. The Company may also be required to cease development, use or sale of the relevant research program, product candidate or process or it may be required to obtain a license on the disputed rights, which may not be available on commercially reasonable terms, if at all.

There can be no assurance that the Company is even aware of third-party rights that may be alleged to be relevant to any particular product candidate, method, process or technology.

The Company may spend significant time and effort and may incur substantial costs if required to defend against any infringement claims or to assert its intellectual property rights against third parties. The risk of such a claim by a third party may be increased by the Company's public announcement regarding its research programs and product candidates. The Company may not be successful in defending its rights against such procedures or claims and may incur as a consequence thereof significant losses, costs or delays in its intended commercialization plans as a result thereof.

2.8.9. Post-authorisation risks

The Company has not yet finalized its clinical development program for CYAD-02 for the treatment of patients with relapsed / refractory AML and MDS or for CYAD-101, the allogeneic NKG2D CAR-T for the treatment of mCRC or CYAD-211, or allogeneic BCMA

CAR-T for the treatment of r/r multiple myeloma (MM). Regulators may not agree with its proposed protocols for these clinical trials, which could result in delays.

The Company is still considering the clinical development program for CYAD-02 in relapsed / refractory AML and MDS, CYAD-101 for mCRC and CYAD-211 for relapsed / refractory MM. Prior to initiating new clinical trials for its Product Candidates, the Company is required to submit clinical trial protocols for these trials to the FDA and comparable foreign regulators in other jurisdictions where the Company plans to undertake clinical trials. The Company may not reach agreement with these regulators, or there may be a delay in reaching agreement. These regulators may want to see additional clinical or preclinical data regarding its Product Candidates before the Company initiates new clinical trials. Any of these decisions could have a material adverse effect on its expected clinical and regulatory timelines, business, prospects, financial condition and results of operations.

2.8.10. Risks linked to the Company's reliance on third parties

Cell-based therapies rely on the availability of specialty raw materials, which may not be available to the Company on acceptable terms or at all.

Engineered-cell therapies require many specialty raw materials, some of which are manufactured by small companies with limited resources and experience to support a commercial product. The suppliers may be ill-equipped to support the Company's needs, especially in non-routine circumstances like an FDA inspection or medical crisis, such as widespread contamination. The Company also does not have contracts with many of these suppliers and may not be able to contract with them on acceptable terms or at all. Accordingly, the Company may experience delays in receiving key raw materials to support clinical or commercial manufacturing.

In addition, some raw materials are currently available from a single supplier, or a small number of suppliers. The Company cannot be sure that these suppliers will remain in business, or that they will not be purchased by one of its competitors or another Company that is not interested in continuing to produce these materials for its intended purpose.

Two vaccines for COVID-19 were granted Emergency Use Authorization by the FDA in late 2020, and more are likely to be authorized in the coming months. The resultant demand for vaccines and potential for manufacturing facilities and materials to be commandeered under the Defense Production Act of 1950, or equivalent foreign legislation, may make it more difficult to obtain materials or manufacturing slots for the products needed for the Company's clinical trials, which could lead to delays in these trials.

If third parties conducting clinical trials do not successfully carry out their contractual duties, the Company may not be able to obtain regulatory approval for or commercialize its Product Candidates.

The Company relies on clinical research organizations, or CROs, clinical investigators and clinical trial sites to ensure its clinical trials are conducted properly and on time. While the Company will have agreements governing their activities, the Company will have limited influence over their actual performance. The Company will control only certain aspects of its CRO's activities. Nevertheless, the Company will be responsible for ensuring that each of its clinical trials is conducted in accordance with the applicable protocol, legal, and regulatory requirements and scientific standards, and its reliance on these third parties does not relieve the Company of its regulatory responsibilities.

The Company and these third parties are required to comply with the GCP's (from both FDA and EMA) for conducting, recording and reporting the results of clinical trials to assure that the data and reported results are credible and accurate and that the rights, integrity and confidentiality of clinical trial participants are protected. If the Company or its CROs fail to comply with applicable GCP's, the clinical data generated in its future clinical trials may be deemed unreliable and the FDA, the EMA, or other foreign regulatory authorities may require the Company to perform additional clinical trials before approving any marketing applications. Upon inspection, the FDA or the EMA may determine that its clinical trials did not comply with GCP's. In

addition, its future clinical trials will require a sufficient number of test subjects to evaluate the safety and effectiveness of its Product Candidates. Accordingly, if its CRO's fail to comply with these regulations or fail to recruit a sufficient number of patients, the Company may be required to repeat such clinical trials, which would delay the regulatory approval process.

Its CRO's are not the Company's employees, and the Company is therefore unable to directly monitor whether or not they devote sufficient time and resources to its clinical and preclinical programs. These third parties may also have relationships with other commercial entities, including its competitors, for whom they may also be conducting clinical trials or other product development activities that could harm the Company's competitive position. If these third parties do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to the Company's clinical protocols or regulatory requirements, or for any other reasons, the Company's clinical trials may be extended, delayed or terminated, and the Company may not be able to obtain regulatory approval for, or successfully commercialize, its Product Candidates. If any such event were to occur, the Company's financial results and the commercial prospects for its Product Candidates would be harmed, its costs could increase, and its ability to generate revenues could be delayed.

If any of the Company's relationships with these third-party CRO's terminate, the Company may not be able to enter into arrangements with alternative CRO's or to do so on commercially reasonable terms. Further, switching or adding additional CRO's involves additional costs and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which could materially impact its ability to meet its desired clinical development timelines. Though the Company carefully manages its relationships with its CRO's, there can be no assurance that the Company will not encounter challenges or delays in the future or that these delays or challenges will not have a material adverse impact on its business, financial condition and prospects.

The Company relies and will continue to rely on collaborative partners regarding the development of its research programs and product candidates.

The Company is and expects to continue to be dependent on collaborations with partners relating to the development and commercialization of its existing and future research programs and product candidates. The Company had, has and will continue to have discussions on potential partnering opportunities with various pharmaceutical and medical device companies. If the Company fails to enter into or maintain collaborative agreements on reasonable terms or at all, the Company's ability to develop its existing or future research programs and product candidates could be delayed, the commercial potential of its products could change and its costs of development and commercialization could increase.

The Company's dependence on collaborative partners subjects it to a number of risks, including, but not limited to, the following:

- The Company may be required to relinquish significant rights, including intellectual property, marketing and distribution rights;
- The Company relies on the information and data received from third parties regarding its research programs and product candidates and will not have control of the process conducted by the third party in gathering and composing such data and information. The Company may not have formal or appropriate guarantees from its contract parties with respect to the quality and the completeness of such data;
- A collaborative partner may develop a competing product either by itself or in collaboration with others, including one or more of the Company's competitors;

2.8.11. Risks related to the shares

The market price of the shares may fluctuate widely in response to various factors.

A number of factors may significantly affect the market price of the Shares. The main factors are changes in the operating results of the Company and its competitors, announcements of technological innovations or results concerning the product candidates, changes in earnings estimates by analysts.

Other factors which could cause the price of the shares to fluctuate or could influence the reputation of the Company include, amongst other things:

- Developments concerning intellectual property rights, including patents;
- Public information regarding actual or potential results relating to products and product candidates under development by the company's competitors;
- Actual or potential results relating to products and product candidates under development by the company itself;
- Developments concerning intellectual property rights, including patents;
- Regulatory and medicine pricing and reimbursement developments in europe, the united states and other jurisdictions;
- Any publicity derived from any business affairs, contingencies, litigation or other proceedings, the company's assets (including the imposition of any lien), its management, or its significant shareholders or collaborative partners;
- Divergences in financial results from stock market expectations;
- Changes in the general conditions in the pharmaceutical industry and general economic, financial market and business conditions in the countries in which the company operates; and
- Any publicity derived from data protection or cybersecurity breaches.

In addition, stock markets have from time to time experienced extreme price and volume volatility which, in addition to general economic, financial and political conditions, could affect the market price for the Shares regardless of the operating results or financial condition of the Company.

If securities or industry analysts do not publish research or publish inaccurate research or unfavorable research about its business, the price of the securities and trading volume could decline.

The trading market for the securities depends in part on the research and reports that securities or industry analysts publish about the Company or its business. At the date of this report the Company is followed by nine analysts (Bryan Garnier, KBC Securities, Kempen, Kepler Cheuvreux, H.C. Wainwright, Jones Trading, Portzamparc, Wells Fargo and William Blair). If no or few securities or industry analysts cover the Company, the trading price would be negatively impacted. If one or more of the analysts who covers the Company downgrades the securities or publishes incorrect or unfavorable research about its business, the price of the securities would likely decline. If one or more of these analysts eases coverage of the Company or fails to publish reports on the Company regularly, or downgrades the securities, demand for the securities could decrease, which could cause the price of the securities or trading volume to decline.

The market price of the Shares could be negatively impacted by actual or anticipated sales of substantial numbers of Shares.

Sales of a substantial number of Shares in the public markets notably by one of its two major shareholders (TOLEFI SA [holding 16.16% of the Shares] and Victory Capital Management Inc [holding 5.57% of the Shares] as of February 28, 2021), or the perception that such sales might occur, might cause the market price of the Shares to decline. The Company cannot make any prediction as to the effect of any such sales or perception of potential sales on the market price of the Shares.

A public market for the Company's shares may not be sustained.

The Company cannot guarantee the extent to which a liquid market for the Shares will be sustained. In the absence of such liquid market for the Shares, the price of the Shares could be influenced. The liquidity of the market for the Shares could be affected by various causes, including the factors identified in the next risk factor (below) or by a reduced interest of investors in biotechnology sector.

The Company has no present intention to pay dividends on its ordinary shares in the foreseeable future.

The Company has no present intention to pay dividends in the foreseeable future. Any recommendation by its Board of Directors to pay dividends will depend on many factors, including its financial condition (including losses carried-forward), results of operations, legal requirements and other factors. Furthermore, pursuant to Belgian law, the calculation of amounts available for distribution to shareholders, as dividends or otherwise, must be determined on the basis of its non-consolidated statutory accounts prepared in accordance with Belgian accounting rules. In addition, in accordance with Belgian law and its Articles of Association, the Company must allocate each year an amount of at least 5% of its annual net profit under its non-consolidated statutory accounts to a legal reserve until the reserve equals 10% of its share capital. Therefore, the Company is unlikely to pay dividends or other distributions in the foreseeable future. If the price of the securities or the underlying ordinary shares declines before the Company pays dividends, investors will incur a loss on their investment, without the likelihood that this loss will be offset in part or at all by potential future cash dividends.

2.8.12. Audit activities

Internal audit activities are performed by the departments of Finance, for all matters related to accounting and financial information, and Quality Assurance for all matters related to the operational activities of the Company.

As of the date of this report, there is not yet a dedicated internal audit function.

In order to properly manage identified risks, the Company has set up the following audit measures:

- Access and security systems at the premises and offices;
- Establishment, under the supervision of the quality assurance department, of a set of procedures covering all activities of the company;
- Weekly modifications and updates of the existing procedures;
- Development of electronic approval system in the existing erp system;
- Implementation of extra controls in the existing erp system;
- Development of a monthly financial reporting tool which allow a close monitoring of the financial information and kpi's;
- Updated risks and controls matrix are in place for the internal controls processes (entity level, it, financial operations).

2.8.13. Controls, supervision and correctives actions

Controls are performed by all persons in charge of departments and services. When deviations are identified, there are reported to, depending of their relative importance, the head of department or the Executive Committee.

The Executive Committee supervises the implementation of internal audit and risk management, taking into consideration the recommendations on the Audit Committee.

The Executive Committee is also in charge of proposing the Audit Committee corrective actions when identified.

External audit

On May 5, 2020, further to the termination of the mandate of VCBA BDO Bedrijfsrevisoren as statutory auditor, the shareholders meeting approved the appointment of SRL E&Y Bedrijfsrevisoren – Réviseurs d'entreprises, having its registered office at De Kleetlaan 2, B – 1831 Diegem, Belgium, duly represented by Carlo-Sébastien d'Addario, as Statutory Auditor, for a term of 3 years, i.e. until the ordinary general meeting approving the accounts closed on 31 December 2022. E&Y's mission includes the auditing of the statutory annual accounts, the consolidated annual accounts of the Company and its subsidiaries.

The Company is also subject to ad hoc audit performed by the competent authorities to ensure compliance with GMP, GCP or other regulations.

3. GROUP STRUCTURE, SHAREHOLDING AND SHARE CAPITAL

3.1 Group structure

The Company conducts its main business through Celyad Oncology SA.

In 2011, the Company incorporated Cardio3 Inc, a fully owned subsidiary, in the U.S. for the purposes of supporting its clinical and regulatory activities of the Group in the US. Cardio3 Inc became Celyad Inc on May 12, 2015. The growth of the activities of Celyad Inc. is associated to the development of the US clinical and regulatory activities of the Company in the US.

On November 5, 2014, the Company acquired CorQuest Medical, Inc., a private U.S. company, for a single cash payment of €1.5 million and on-going earn-out royalty payments based on sales milestones. CorQuest Medical, Inc. is developing Heart-XS, a new access route to the left atrium. The development of Heart-XS and the activities of CorQuest Medical, Inc. have been on hold following the decision of the Company to abandon the development of its cardio business program (C Cure). On November 22, 2019, CorQuest Medical Inc. has sold to Corquest MedTech SRL, a company established under Belgian laws, its portfolio of patents and related rights for a consideration of €1 and the reimbursement of certain maintenance costs of these patents. CorQuest Medical Inc. has also the right to receive royalties on the future sales and a percentage on the capital gains in case of re-sale or change of control of Corquest MedTech SRL.

On January 21, 2015, the Company purchased OnCyte, LLC, or OnCyte, a wholly-owned subsidiary of Celdara Medical, LLC, a privately-held U.S. biotechnology company for an upfront payment of $10.0 million, of which, $6.0 million was paid in cash and $4.0 million was paid in the form of 93,087 of its ordinary shares. As a result of this transaction the Company acquired its CAR-T cell Product Candidates and related technology, including technology licensed from the Trustees of Dartmouth College. OnCyte, LLC was the company holding the CAR-T Cell portfolio of clinical-stage immuno-oncology assets. In March 2018, the Company has dissolved OnCyte, and all the assets and liabilities of OnCyte, have been fully distributed to and assumed by the Company.

On May 1, 2016, the Company acquired Biological Manufacturing Services SA (BMS). BMS owns GMP laboratories. BMS rent its laboratories to the Company since 2009 and until April 30, 2016. Until the acquisition, BMS was considered as a related party to the Company.

On June 8, 2020, the Company announced the launch of its corporate rebranding, including changing its name to Celyad Oncology. The new name highlights the Company's significant progress with its next-generation CAR T programs and emphasizes its commitment to cancer patients.

The Company's ordinary shares are listed on NYSE Euronext Brussels and NYSE Euronext Paris regulated markets and the Company's American Depositary Shares (ADSs) are listed on the Nasdaq Global Market, all under the ticker symbol CYAD.

The Company does not exercise any activities through a branch office.

The consolidation perimeter of the Company is as follows:

Name	Country of Incorporation and Place of Business	Nature of Business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Company (%)	Proportion of ordinary shares held by non-controlling interests (%)
Celyad Oncology SA	BE	Biopharma	Parent company		
Celyad Inc	US	Biopharma	100%	100%	0%
CorQuest Medical Inc	US	Medical Device	100%	100%	0%
Biological Manufacturing Services SA	BE	Manufacturing	100%	100%	0%

3.2 Capital increase and issuance of shares

On January 1, 2020, the equity of the Company amounted to €48,512,614,57 represented by 13,942,344 shares. In 2020, the Company has not increased its capital. On January 8, 2021, the Company has entered into a committed equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Group will have the right to direct LPC to purchase up to an aggregate amount of $40 million American Depositary Shares ("ADSs"), each of which represents one of the ordinary shares of the Company. This equity purchase agreement is expected to strengthen the Group's current statement of financial position while also providing the Group with access to future capital on an as needed basis.

As of December 31, 2020, the share capital of the Company amounted to €48,512,614,57 and was represented by 13,942,344 shares. The par value is €3.48 per share.

The Board of Directors has decided to increase the capital of the Company in front of a public notary on September 3, 2020[7] and on January 8, 2021. The special reports of the Board of Directors and the reports of the Statutory Auditor are available in the Investors section of the Company's website.

The evolution of the capital of the Company since its inception on July 24, 2007 is presented in the notes to the financial statements.

All shares are issued and fully paid up and are of the same class. Each share (i) entitles its holder to one vote at the Shareholders' Meetings (except for what is said below regarding shares with double voting rights); (ii) represents an identical fraction of the capital and has the same rights and obligations and participates equally in the profit of Celyad; and (iii) gives its holder a preferential subscription right to subscribe to new shares, convertible bonds or warrants in proportion to the part of the share capital represented by the shares already held.

The preferential subscription right can be restricted or cancelled by a resolution approved by the Shareholders' Meeting, or by the Board of Directors subject to an authorization of the Shareholders' Meeting, in accordance with the provisions of the CCA and the Company's articles of association.

Further to the Initial Public Offering (IPO) made on the Nasdaq on June 19, 2015, some shares of the Company are represented in the form of American Depositary Shares (ADS). As of December 31, 2020, there were 1,460,341 ADS outstanding.

[7] On September 3, 2020, the Company entered into an Open Market Sale AgreementSM with Jefferies LLC ("Jefferies") pursuant to which the Company may from time to time sell, for a period of up to 36 months, through "an at the market offering" ("ATM"), with Jefferies acting as sales agent, up to $25,000,000 of new American Depositary Shares ("ADSs"), each of which represents one ordinary share of the Company, assuming sales of 2,522,704 ADSs in the offering at an offering price of $9.91 per ADS, which was the last reported sale price of the ADSs on the Nasdaq Global Market on September 8, 2020.

3.3 Warrants plans

The Company has created various incentive plans under which warrants were granted to its employees, consultants or directors (all warrants are together referred to as "Warrants"). This section provides an overview of the outstanding warrants as of December 31, 2020.

Upon proposal of the Board of Directors, the extraordinary shareholders' meeting approved the issuance of, in the aggregate, warrants giving right to subscribe to shares as follows:

- On September 26, 2008, warrants giving right to 90,000 shares. Of these 90,000 Warrants, 50,000 were accepted by the beneficiaries. None are outstanding as of December 31, 2020;
- On May 5, 2010, warrants giving right to 50,000 shares. Of these 50,000 warrants (15,000 A warrants, 5,000 B warrants and 30,000 C warrants), 12,710 A warrants , 5,000 B warrants, and 21,700 C warrants C were accepted by the beneficiaries. None are outstanding as of December 31, 2020;
- On October 29, 2010, warrants giving right to 79,500 shares. Out of the 79,500 warrants offered, 61,050 Warrants were accepted by the beneficiaries and none are outstanding as of December 31, 2020;
- On January 31, 2013, warrants giving right to 140,000 shares. Out of the 140,000 warrants, 120,000 were granted to certain members of the Executive Committee and a pool of 20,000 warrants was created. The warrants attributed to certain members of the Executive Committee were fully vested at December 31, 2013 and were all exercised in January 2014 and therefore converted into ordinary shares. The remaining 20,000 warrants were not granted and therefore lapsed;
- On May 6, 2013, 11 investor warrants are attached to each Class B Share subscribed in the capital increase in cash which was decided on the same date, with each investor warrant giving right to subscribe to one ordinary share – as a result, these warrants give right to a maximum 2,433,618 ordinary shares. On May 31, 2013, warrants giving right to 2,409,176 ordinary shares were issued and accepted, which have all been exercised as of December 31, 2020;
- On May 6, 2013, warrants giving right to 266,241 ordinary shares. Out of the 266,241 warrants offered, 253,150 Warrants were accepted by the beneficiaries and 2,500 warrants are outstanding as of December 31, 2020;
- On June 11, 2013, overallotment warrant giving right to a maximum number of shares equal to 15% of the new shares issued in the context of the U.S. initial public offering, i.e. 207,225 shares). The overallotment warrant was exercised on July 17, 2013;
- On May 5, 2014, warrants giving right to 100,000 shares; a plan of 100,000 warrants was approved. Warrants were offered to Company's newcomers (employees, non-employees and directors) in several tranches. Out of the warrants offered, 94,400 warrants were accepted by the beneficiaries and 35,698 warrants are outstanding as of December 31, 2020;
- On November 5, 2015, warrants giving right to 466,000 shares; a plan of 466,000 warrants was approved. Warrants were offered to Company's newcomers (employees, non-employees and directors) in several tranches. Out of the warrants offered, 353,550 warrants were accepted by the beneficiaries and 79,315 warrants are outstanding as of December 31, 2020;
- On December 8, 2016, warrants giving right to 100,000 shares; a plan of 100,000 warrants was approved. Warrants were offered to Company's newcomers (employees, non-employees and directors) in two tranches. Out of the warrants offered, 45,000 warrants were accepted by the beneficiaries and 42,500 warrants are outstanding as of December 31, 2020;
- On June 29, 2017, warrants giving right to 520,000 shares; a plan of 520,000 warrants was approved. Warrants were offered to employees, non-employees and directors in several tranches. Out of the warrants offered, 334,400 warrants were accepted by the beneficiaries and 282,251 warrants are outstanding as of December 31, 2020;
- On October 26, 2018, warrants giving rights to 700,000 shares; 700,000.00 warrants have been issued in the framework of the authorized capital. 426,050 warrants were accepted by the beneficiaries, out of which 381,600 warrants are still outstanding as of December 31, 2020;

- On October 25, 2019, warrants giving rights to 939,500 shares; 939,500 warrants have been issued in the framework of the authorized capital. 602,025 warrants were accepted by the beneficiaries, out of which 588,142 warrants are still outstanding as of December 31, 2020;
- On December 11, 2020, warrants giving rights to 561,525 shares; 561,525 warrants have been issued in the framework of the authorized capital. 76,000 warrants were accepted by the beneficiaries, out of which 76,000 warrants are still outstanding as of December 31, 2020.

As a result, as of December 31, 2020 there are 1,488,006 warrants outstanding which represent respectively 9.64% of the total number of all its issued and outstanding shares and 9.60% of the total voting financial instruments. For further information and overview of the features of the various warrant plans, refer to disclosure note 5.14.

3.4 Changes to the share capital

In accordance with the CCA, the Company may increase or decrease its capital by decision of the Extraordinary General Shareholders' Meeting taken with a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of the Company is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary General Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting. There are in this respect no conditions imposed by the Company's articles of association that are more stringent than those required by law.

Within the framework of the powers granted to it under the authorized capital, the Board of Directors may also increase the Company's capital as specified in its articles of association.

3.5 Major Shareholders

The information in the table below is based on information known to the Company or ascertained by the Company from public filings made by the shareholders as of the date of this Annual Report.

On May 23, 2019 the Shareholders' Meeting decided to voluntarily "opt in" and submit the Company to the new Belgian Code of Companies and Associations. Furthermore, the Shareholders' Meeting decided to activate the possibility offered by Article 7:53 of the code of companies and associations and approved the grant of double voting right to the registered shares held by a shareholder in a registered form for more than two years.

As from May 3, 2021, Tolefi SA, a major shareholder of the Company, will be entitled to a double voting right for its 2,295,701 shares (unless all or a portion of those shares have been divested in the meantime).

NAME OF BENEFICIAL OWNER	SHARES BENEFICIALLY OWNED	
5% Shareholders	Number	Percentage
TOLEFI SA	2 295 701	16.16%
Victory Capital Management, Inc.	790 806	5.57%
Directors and Members of the Executive Committee		
Michel Lussier [1]	156 550	1.10%
Serge Goblet	56 180	0.40%
Directors and Members of the Executive Committee as a group	**212 730**	**1.50%**

[1] Of which 145,150 are ordinary shares and 11,400 are ADSs.

3.6 Anti-takeover provisions under Belgian laws

Under Belgian law, public takeover bids for all the outstanding voting securities issued by the issuer are subject to the supervision of the FSMA. If the latter determines that a takeover violates Belgian law, it may lead to suspension of the exercise of the rights attached to any shares that were acquired in connection with the envisaged takeover. Pursuant to the Belgian law of April 1, 2007 on public takeovers, a mandatory takeover bid must be made when, as a result of its own acquisition or the acquisition by persons acting in concert with it, a person owns, directly or indirectly, more than 30% of the securities with voting rights in a company with registered office in Belgium whose securities are admitted to trading on a regulated or recognized market. The acquirer must offer to all other shareholders the opportunity to sell their shares at the highest of (i) the highest price offered by the acquirer for shares of the issuer during the 12 months preceding the announcement of the bid or (ii) the weighted average price of the shares on the most liquid market of the last 30 calendar days prior to the date on which the obligation of the acquirer to offer the takeover of the shares of other shareholders starts.

As required by the article 34 of the Royal Decree of 14 November 2007, the following elements must be disclosed which may have an impact in the event of a takeover bid:

a) *Celyad's capital structure, with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached to it and the percentage of total share capital that it represents on 31 December 2020*

   As from the date of this Report, the share capital of the Company amounts to 49,427,200.33 EUR, represented by 14,205,156 shares of no-par value, fully paid up.

   There are no different classes of Celyad shares.

b) *Restrictions, either legal or prescribed by the articles of association, on the transfer of securities*

   The articles of association of the Company do not contain any restriction on the transfer of the shares.

c) *Holders of any securities with special control rights and a description of those rights*

   There are no such holders except specific shareholders with a double voting rights as described above.

d) *System of control of any employee share scheme where the control rights are not exercised directly by the employees*

   There is no such system.

e) *Restrictions, either legal or prescribed by the articles of association, on the exercise of voting rights*

   There are no such restrictions.

f) *Agreements between shareholders which are known to Celyad and may result in restrictions on the transfer of securities and/or the exercise of voting rights*

   The Company has no knowledge of agreements which may result in restrictions on the transfer of its securities and/or the exercise of voting rights.

g) *Rules governing the appointment and replacement of directors:*

The Chairperson of the Board is in charge of the nomination procedure. The Board is responsible for proposing members for nomination to the shareholders' meeting, in each case based on the recommendation of the Nomination & Remuneration Committee.

For any new appointment to the Board, the skills, knowledge and experience already present and those needed on the Board will be evaluated and, in the light of that evaluation, a description of the role and skills, experience and knowledge needed will be prepared (a "profile").

When dealing with a new appointment, the Chairperson of the Board must ensure that, before considering the candidate, the Board has received sufficient information such as the candidate's curriculum vitae, an assessment of the candidate based on the candidate's initial interview, a list of the positions the candidate currently holds, and, if applicable, the necessary information for assessing the candidate's independence.

If a legal entity is appointed as a director, it is obliged to appoint, in accordance with the provisions of the CCA, a natural person as a permanent representative, who may represent the legal entity in all its dealings with the Company. The legal entity director may not dismiss its permanent representative without simultaneously appointing a new representative.

Any proposal for the appointment of a director by the shareholders' meeting should include a recommendation from the Board based on the advice of the Nomination & Remuneration Committee. This provision also applies to shareholders' proposals for appointment. The proposal must specify the proposed term of the mandate, which must not exceed four years. It must be accompanied by relevant information on the candidate's professional qualifications together with a list of the positions the candidate already holds. The Board will indicate whether the candidate satisfies the independence criteria.

Outgoing directors will remain in office for as long as the shareholders' meeting, for whatever reason, has not filled the vacancy.

Appointments are generally made for a maximum term of four years. Outgoing directors will be eligible for re-election. However, when an independent director has served on the Board for more than 12 years, he is in not eligible for a fourth term as independent director of the Company. Before proposing any director for re-election, the Board should take into account the evaluations made by the Nomination & Remuneration Committee. The mandates of those directors who are not re-appointed for a new term will terminate immediately after the shareholders' meeting which decides on any re-appointment or appointment.

The directors may be revoked by the shareholders' meeting at any time. If at any time a vacancy is created on the Board of Directors, the remaining directors may temporarily appoint a director to the board to fill the vacancy. Any director so appointed will hold office for the remainder of the term of appointment of the director that it replaces. The definitive appointment of the replacing director is added to the agenda of the following shareholders' meeting.

h) Rules governing the amendment of the articles of association

Pursuant to the CCA, any amendment to the articles of association such as an increase or decrease in the capital of the Company, and certain other matters such as the approval of the dissolution, merger or de-merger may only be authorized with the approval of at least 75% of the votes validly cast at an Extraordinary General Shareholders' Meeting where at least 50% of the Company's share capital is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary General Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting.

i) Powers of the Board of Directors in particular to issue or buy back shares

The Board of Directors has the most extensive powers in order to perform all acts which are useful or necessary so as to complete the Company's corporate purpose.

The Board of Directors has the power to perform all acts which are not expressly assigned by law or by the articles of association to the shareholders' meeting.

The Board of Directors has to power to establish an audit committee and other committees, the powers of which it will determine.

On June 8, 2020, an extraordinary shareholders meeting of the Company granted to the Board of Directors the power to increase the share capital in accordance with the articles 7:198 et sq. of the CCA, in one or several times, for a maximum amount of €48,512,614.57 (excluding issue premium), for a period of 5 years as of the publication of the modification to the articles of association of the Company. Furthermore, in accordance with article 7:202 of the CCA, the Board of Directors is empowered to proceed with a share capital increase even after receipt by the Company of a notification by the FSMA of a takeover bid for the Company's share, for a period of three years from June 8, 2020.

When increasing the share capital within the limits of the authorized capital, the Board of Directors may, in the Company's interest, restrict or cancel the shareholders' preferential subscription rights, even if such restriction or cancellation is made for the benefit of one or more specific persons other than the employees of the Company or its subsidiaries. The Board of Directors is not allowed to buy back shares.

Regarding agreements on severance pay, reference is made to the Remuneration Report.

j) Significant agreements to which the Celyad is a party and which take effect, alter or terminate upon a change of control of Celyad following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to Celyad; this exception shall not apply where Celyad is specifically obliged to disclose such information on the basis of other legal requirements

There are no such agreements.

k) Agreements between Celyad and its Board members or employees providing for compensation if the Board members resign or are made redundant without valid reason or if the employment of the employees ceases because of a takeover bid

There are no such agreements.

3.7 Financial services

Citibank N.A. is acting as depositary bank for the ADS issued by the Company.

4. CONSOLIDATED FINANCIAL STATEMENTS

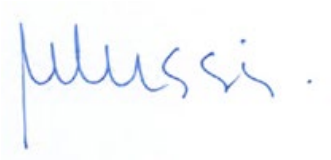
4.1 Responsibility statement

We hereby certify that:

- To the best of our knowledge, the consolidated financial statements as of December 31, 2020, prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position, comprehensive loss, changes in equity and cash flows of the Company and the undertakings included in the consolidation taken as a whole; and that

- The management report includes a fair review of the development and the performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

March 24, 2021 on behalf of the Board of Directors,



Michel Lussier
Chairman

Filippo Petti
CEO

4.2 Statutory auditor's report to the general meeting of shareholders of Celyad Oncology SA for the year ended December 31, 2020 (consolidated financial statements)

EY Bedrijfsrevisoren
EY Réviseurs d'Entreprises
De Kleetlaan 2
B - 1831 Diegem

Tel: +32 (0) 2 774 91 11
ey.com

Building a better working world

Independent auditor's report to the general meeting of Celyad Oncology SA for the year ended 31 December 2020

As required by law and the Company's articles of association, we report to you as statutory auditor of Celyad Oncology SA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statements of financial position as at 31 December 2020, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cashflows for the year ended 31 December 2020 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 5 May 2020, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2022. We performed the audit of the Consolidated Financial Statements of the Group for one year.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Celyad Oncology SA, that comprise of the consolidated statements of financial position on 31 December 2020, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cashflows of the year and the disclosures, which show a consolidated balance sheet total of € 66.084.000 and of which the consolidated income statement shows a loss for the year of € 17.406.000.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2020, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of contingent consideration liability and CAR-T technology intangible asset

Description of the key audit matter

At December 31, 2020, the contingent consideration liability and intangible asset related to the CAR-T technology that were initially recorded in conjunction with the Company's

acquisition of Oncyte LLC, were approximately €15.5 million and €33.7 million, respectively. As explained in the Notes 5.20.2 and 5.6 to the consolidated financial statements, the contingent consideration liability is required to be remeasured each reporting period and the intangible asset is assessed for impairment annually. The fair value of this liability and asset are measured using assumptions, the most significant of which are projected revenue, probabilities of success (PoS), and discount rate. Auditing these assumptions is complex due to the highly judgmental and sensitive nature of the inputs used by management to develop these assumptions. For instance, due to the nature and status of the underlying research and treatment being developed, limited entity or treatment-specific data are currently available. This results in a higher level of subjectivity in management's development of the projected revenue and PoS assumptions. Auditing the discount rate used by management is also complex due to the higher inherent risk associated with the industry, uncertainty around the outcome of the R&D process, and sensitivity of calculated liability and fair market value of the CAR-T technology intangible assets to the discount rate.

Summary of the procedures performed

- We obtained an understanding, evaluated the design and tested the operating effectiveness of control over management's process for estimating these assumptions, including management's review of assumptions, determination of the model and assessment of the data inputs used in developing the assumptions.
- To test the fair value of the contingent consideration liability and CAR-T technology intangible asset, our audit procedures included, among others, evaluating the Company's methodology and models, involving our valuation specialists to assist in testing the significant assumptions described above, comparing assumptions to market and third-party data, testing the completeness and accuracy of the underlying data, performing sensitivity analysis for these significant assumptions and evaluating the disclosures in the financial statements.
- In reference to the projected revenue, we assessed each revenue scenario by comparing them with management's business plan and for consistency with other internal reporting. We also tested overall market and treatment revenue assumptions by benchmarking them against available industry data.
- Auditing the PoS involved evaluating the assumptions used by management considering the evolution of the Company's research and development of its treatment protocol. This included assessing the results of regulatory filings and performing inquiries of non-finance personnel within the entity and comparing the PoS assumptions used by management with available results of other companies' oncology research and development programs.
- Our procedures to test the appropriateness of the discount rate included comparing the discount rate used by management to the market rates and to a range of discount rates independently developed by us with the assistance of our specialists.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report and other information included in the annual report.

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.
- The financial statements of Celyad Oncology SA for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on March 24, 2020.

Diegem, Belgium, 24 March 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Carlo-Sebastien D'Addario *
Partner
*Acting on behalf of a BV/SRL

21CSD0090

4.3 Consolidated financial statements as at December 31, 2020

4.3.1. Consolidated statements of financial position

(€'000)	Notes	December 31, 2020	December 31, 2019
NON-CURRENT ASSETS		**46 379**	**47 000**
Intangible assets	5.6	36 171	36 199
Property, Plant and Equipment	5.7	4 119	5 061
Non-current Trade and Other receivables	5.8	2 117	2 432
Non-current Grant receivables	5.8	3 679	3 051
Other non-current assets	5.8	293	257
CURRENT ASSETS		**19 705**	**42 836**
Trade and Other Receivables	5.9	615	558
Current Grant receivables	5.9	145	1 686
Other current assets	5.9	1 711	1 253
Short-term investments	5.10	-	-
Cash and cash equivalents	5.11	17 234	39 338
TOTAL ASSETS		**66 084**	**89 836**
EQUITY		**30 994**	**45 619**
Share Capital	5.13	48 513	48 513
Share premium	5.13	43 349	43 349
Other reserves	5.22	30 958	28 181
Accumulated deficit		(91 826)	(74 424)
NON-CURRENT LIABILITIES		**23 256**	**32 295**
Bank loans	5.19	-	37
Lease liabilities	5.19	2 525	2 967
Recoverable Cash advances (RCAs)	5.16	4 220	4 139
Contingent consideration payable and other financial liabilities	5.20	15 526	24 754
Post-employment benefits	5.15	614	398
Other non-current liabilities	5.17	371	-
CURRENT LIABILITIES		**11 834**	**11 922**
Bank loans	5.19	37	192
Lease liabilities	5.19	1 076	1 167
Recoverable Cash advances (RCAs)	5.16	371	346
Trade payables	5.18	4 736	6 969
Other current liabilities	5.18	5 614	3 248
TOTAL EQUITY AND LIABILITIES		**66 084**	**89 836**

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

4.3.2. Consolidated statements of comprehensive loss

(€'000)		For the year ended December 31,	
	Notes	2020	2019
Revenue	**5.23**	**5**	**6**
Cost of sales		-	-
Gross profit		**5**	**6**
Research and Development expenses	5.24	(21 522)	(25 196)
General & Administrative expenses	5.25	(9 315)	(9 070)
Change in fair value of contingent consideration	5.28	9 228	433
Other income	5.28	4 731	5 139
Other expenses	5.28	(114)	(191)
Operating Loss		**(16 987)**	**(28 879)**
Financial income	5.31	217	582
Financial expenses	5.31	(434)	(343)
Loss before taxes		**(17 204)**	**(28 640)**
Income taxes	5.21	-	8
Loss for the period		**(17 204)**	**(28 632)**
Basic and diluted loss per share (in €)	5.32	(1.23)	(2.29)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit and loss		**(197)**	**(301)**
Remeasurements of post-employment benefit obligations, net of tax		(197)	(301)
Items that may be subsequently reclassified to profit or loss		**(5)**	**(261)**
Currency translation differences		(5)	(261)
Other comprehensive income / (loss) for the period, net of tax		(202)	(562)
Total comprehensive loss for the period		**(17 406)**	**(29 194)**
Total comprehensive loss for the period attributable to Equity Holders [1]		**(17 406)**	**(29 194)**

[1] For 2020 and 2019, the Group does not have any non-controlling interests and the losses for the year are fully attributable to owners of the parent.

The accompanying disclosure notes form an integral part of these consolidated financial statements

4.3.3. Consolidated statements of changes in equity

(€'000)	Share capital	Share premium	Other reserves	Accumulated deficit	Total Equity
Balance as of January 1, 2019	**41 553**	**206 149**	**25 667**	**(217 778)**	**55 589**
Capital increase	6 960	11 209	-	-	18 169
Transaction costs associated with capital increases	-	(1 721)	-	-	(1 721)
Share-based payments	-	-	2 775	-	2 775
Total transactions with owners, recognized directly in equity	**6 960**	**9 488**	**2 775**	**-**	**19 223**
Loss for the period	-	-	-	(28 632)	(28 632)
Reduction of share premium by absorption of losses	-	(172 287)	-	172 287	-
Currency Translation differences	-	-	(261)		(261)
Remeasurements of defined benefit obligation	-	-	-	(301)	(301)
Total comprehensive loss for the period	**-**	**(172 287)**	**(261)**	**143 354**	**(29 194)**
Balance as of December 31, 2019	**48 513**	**43 349**	**28 181**	**(74 424)**	**45 619**
Balance as of January 1, 2020	**48 513**	**43 349**	**28 181**	**(74 424)**	**45 619**
Share-based payments	-	-	2 782	-	2 782
Total transactions with owners, recognized directly in equity	**-**	**-**	**2 782**	**-**	**2 782**
Loss for the period	-	-	-	(17 204)	(17 204)
Currency Translation differences	-	-	(5)	-	(5)
Remeasurements of defined benefit obligation	-	-	-	(197)	(197)
Total comprehensive loss for the period	**-**	**-**	**(5)**	**(17 402)**	**(17 406)**
Balance as of December 31, 2020	**48 513**	**43 349**	**30 958**	**(91 826)**	**30 994**

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

4.3.4. Consolidated statements of Cash flows

(€'000)	Notes	For the year ended December 31, 2020	2019
Cash Flow from operating activities			
Loss for the period	4.3.2	(17 204)	(28 632)
Non-cash adjustments			
Intangibles - Amortization and impairment	5.6	197	169
Property, plant & equipment - Depreciation	5.7	1 635	1 619
Loss on disposal of Property, plant and equipment	5.28	10	-
Gain on sales of Property, plant & equipment	5.28	(35)	-
Fair value adjustment on securities	5.28	-	(182)
Provision for onerous contract	5.17, 5.18	858	-
Change in fair value of contingent consideration payable and other financial liabilities	5.20	(9 228)	(433)
Remeasurement of Recoverable Cash Advances (RCAs)	5.19	(933)	120
Grant income (RCAs and others)	5.28	(3 089)	(3 296)
Share-based payment expense	5.14	2 782	2 775
Post-employment benefits	5.15	216	267
Change in working capital			
Trade receivables, other (non-)current receivables		(1 148)	(1 772)
Trade payables, other (non-)current liabilities		(1 726)	1 162
Net cash used in operations		**(27 665)**	**(28 202)**
Cash Flow from investing activities			
Acquisition of Property, Plant & Equipment	5.7	(150)	(417)
Acquisitions of Intangible assets	5.6	(169)	(205)
Disposals of Property, Plant & Equipment	5.7	235	-
Proceeds from net investment in lease	5.9	241	230
Proceeds from short-term investments	5.10	-	9 379
Net cash from/(used in) investing activities		**157**	**8 987**
Cash Flow from financing activities			
Repayments of bank borrowings	5.19	(192)	(281)
Repayments of leases	5.19	(1 255)	(1 206)
Proceeds from issuance of shares and exercise of warrants	5.13	-	16 448
Proceeds from RCAs & other grants	5.19	7 272	3 571
Repayment of RCAs & other grants	5.18, 5.19	(429)	(256)
Net cash from/(used in) financing activities		**5 396**	**18 276**
Net cash and cash equivalents at beginning of the period		**39 338**	**40 542**
Change in Cash and cash equivalents	5.11	(22 112)	(940)
Effects of exchange rate changes on cash and cash equivalents		8	(264)
Net cash and cash equivalents at the end of the period		**17 234**	**39 338**

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

5. Notes to the consolidated financial statements

5.1 General information

The Company is a clinical-stage biopharmaceutical company focused on the discovery and development of chimeric antigen receptor T cell (CAR T) therapies for cancer.

Celyad SA was incorporated on July 24, 2007 under the name "Cardio3 BioSciences". Celyad is a limited liability company (Société Anonyme) governed by Belgian law with its registered office at Axis Parc, Rue Edouard Belin 2, B-1435 Mont-Saint-Guibert, Belgium (company number 0891.118.115).

On June 8, 2020, the Company announced the launch of its corporate rebranding, including changing its name to Celyad Oncology. The new name highlights the Company's significant progress with its next-generation CAR T programs and emphasizes its commitment to cancer patients.

The Company's ordinary shares are listed on NYSE Euronext Brussels and NYSE Euronext Paris regulated markets and the Company's American Depositary Shares (ADSs) are listed on the Nasdaq Global Market, all under the ticker symbol CYAD.

The Company has three fully owned subsidiaries (together, the Group) located in Belgium (Biological Manufacturing Services SA) and in the United States (Celyad Inc. and Corquest Medical, Inc.).

These consolidated financial statements have been approved for issuance by the Company's Board of Directors on March 24, 2021. These statements have been audited by SRL E&Y Bedrijfsrevisoren-Réviseurs d'Entreprises, the statutory auditor of the Company and independent registered public accounting firm.

The annual report is available to the public free of charge to the above-mentioned address or via the Company's website (**https://celyad.com/investors/regulated-information/**).

5.2 Basis of preparation and significant accounting policies

The consolidated financial statements of the Group for the twelve months ended December 31, 2020 and 2019 (the "year" or "the period") include Celyad Oncology SA and its subsidiaries. The significant accounting policies used for preparing these consolidated financial statements are explained below.

5.2.1. Basis of preparation

The consolidated financial statements have been prepared on an historical cost basis, except for:

- Financial instruments – Fair value through profit or loss
- Contingent consideration and other financial liabilities
- Post-employment benefits liability

The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in euro and all values are presented in thousands (€000) except when otherwise indicated. Amounts have been rounded off to the nearest thousand and in certain cases, this may result in minor discrepancies in the totals and sub-totals disclosed in the financial tables.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively, IFRSs) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union.

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, are areas where assumptions and estimates are significant to the financial statements. They are disclosed in note 5.4.

Going concern

The Group is pursuing a strategy to develop therapies to treat medical needs in oncology. Management has prepared detailed budgets and cash flow forecasts for the years 2021 and 2022. These forecasts reflect the strategy of the Group and include significant expenses and cash outflows in relation to the development of selected research programs and product candidates, partly compensated by grants funding.

On January 8, 2021, the Company entered into a committed equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Group will have the right to direct LPC to purchase up to an aggregate amount of $40 million American Depositary Shares ("ADSs"), each of which represents one ordinary share of the Company. This equity purchase agreement is expected to strengthen the Company's current statement of financial position while also providing the Company with access to future capital on an as needed basis and to ensure sufficient funding to cover its operations for the next 12 months from the date the financial statements are issued.

Based on its current scope of activities, the Company estimates that its cash and cash equivalents as of December 31, 2020 combined with the $40 million from the equity purchase agreement established with Lincoln Park Capital Fund should be sufficient to fund operations until mid-2022, including data readouts from the Company's ongoing clinical trials.

COVID-19 update

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of our 2020 year-end report, Belgium and United States, where the Group operates, continues to be impacted by the pandemic. The length or severity of this pandemic cannot be predicted, but the Company anticipates that there may be an additional impact from a prolonged COVID-19 environment on the planned development activities of the Company.

To date, COVID-19 has had no impact on the Company's financial statements and corporate cash flow, and the Company expects that its existing Cash and cash equivalents and equity purchase commitment of $40 million by Lincoln Park Capital Fund will be sufficient, based on the current scope of activities, to fund operating expenses and capital expenditure requirements into mid-2022. With regards to our clinical programs, CYAD-101, CYAD-211 and CYAD-02 were insignificantly impacted by the coronavirus pandemic throughout 2020 and enrollment in the respective trials for these assets is ongoing without disruption, partially due to the staggered enrollment associated with both dose-escalation trials for CYAD-211 and CYAD-02, respectively, and the expansion cohort of CYAD-101 which began in late 2020. However, certain clinical sites and institutions have not been able to receive visits from us or our representatives, which has delayed our data monitoring activities.

The long-term impact of COVID-19 on the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted, including a potential new wave of the pandemic, new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among other things, but potential prolonged closures or other business

disruptions may negatively affect its operations and the operations of its agents, contractors, consultants or collaborators, which could have a material adverse impact its business, results of operations and financial condition.

Changes to accounting standards and interpretations

The Group has applied the same accounting policies and methods of computation in its 2020 year-end consolidated financial statements as compared to 2019, except for those that relate to new standards and interpretations.

None of the new or amended standards and interpretations issued by the IASB and the IFRIC that will apply for the first time in future annual periods are expected to have a material effect on the Group as either they are not relevant to the Group's activities or they require accounting which is consistent with the Group's current accounting policies.

5.2.2. Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Business Combinations

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is measured at the aggregate of the fair values of the assets transferred, the liabilities incurred or assumed, and the equity interests issued by the Group at the date of the acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss, in accordance with IFRS 9 if applicable. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

5.2.3. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euros, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions (mainly USD) are translated into the presentation currency using the applicable exchange rate on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the presentation currency spot rate of exchange ruling at the reporting date.

Foreign currency exchange gains and losses arising from settling foreign currency transactions and from the retranslation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognized in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting translation differences are recognized in other comprehensive income.

5.2.4. Revenue

So far, the main revenue generated by the Group relates to the sale of licenses.

Licensing revenue

The Group enters into license and/or collaboration agreements with third-party biopharmaceutical partners. Revenue under these arrangements may include non-refundable upfront payments, product development milestone payments, commercial milestone payments and/or sales-based royalties payments.

Upfront payments

License fees representing non-refundable payments received at the time of signature of license agreements are recognized as revenue upon signature of the license agreements when the Group has no significant future performance obligations and collectability of the fees is assured.

Milestone payments

Milestone payments represent amounts received from the Group's customers or collaborators. The receipt of which is dependent upon the achievement of certain scientific, regulatory, or commercial milestones. Under IFRS 15, milestone payments generally represent a form of variable consideration as the payments are likely to be contingent on the occurrence of future events. Milestone payments are estimated and included in the transaction price based on either the expected value (probability-weighted estimate) or most likely amount approach. The most likely amount is likely to be most predictive for milestone payments with a binary outcome (i.e., the Group receives all or none of the milestone payment). Variable consideration is only recognized as revenue when the related performance obligation is satisfied, and the Group determines that it is highly probable that there will not be a significant reversal of cumulative revenue recognized in future periods.

Royalty revenue

Royalty revenues arise from the Group's contractual entitlement to receive a percentage of product sales achieved by co-contracting parties. As the Group's co-contracting partners currently have no products based on a Celyad-technology approved for sale, the Group has not received any royalty revenue to date. Royalty revenues, if earned, will be recognized on an accrual basis in accordance with the terms of the contracts with the Group's customers when sales occur and there is reasonable assurance that the receivables from outstanding royalties will be collected.

5.2.5. Other income

Government Grants

The Group's grant income reported under 'Other income' in the consolidated statement of comprehensive loss is generated from: (i) recoverable cash advances (RCAs) granted by the Regional government of Wallonia; (ii) R&D tax credits granted by the Belgian federal government; and (iii) grants received from the European Commission under the Seventh Framework Program ("FP7"), Federal Belgian Institute for Health Insurance (Inami) and Regional authorities.

Government grants are recognized at their fair value (calculated based on present value of future repayment of grants) where there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Once a government grant is recognized, any related contingent liability (or contingent asset) is treated in accordance with IAS 37.

Government grants relating to costs are deferred and recognized in the consolidated statement of comprehensive loss over the period necessary to match them with the costs that they are intended to compensate.

Based on the nature of transactions, cash inflows received from government grants provide the entity with financing for the designated activity. They are in substance financing cash inflows consistent with the cash proceeds from RCAs and other grants and are disclosed in the consolidated statements of cash flows as "Cash Flow from financing activities".

The Group's grant income is recognized in the consolidated statement of comprehensive loss under "Other income/expense" and as a non-cash adjustment in "cash flows from operating activities" in the consolidated statements of cash flows.

Recoverable cash advances (RCAs)

The Group receives grants from the Walloon Region in the form of recoverable cash advances (RCAs).

RCAs are dedicated to support specific development programs. All RCA contracts, in essence, consist of three phases, i.e., the "research phase", the "decision phase" and the "exploitation phase". During the research phase, the Group receives funds from the Region based on statements of expenses. In accordance with IAS 20.10A and IFRS Interpretations Committee (IC)'s conclusion that contingently repayable cash received from a government to finance a research and development (R&D) project is a financial liability under IAS 32, 'Financial instruments; Presentation', the RCAs are initially recognized, concomitantly with the occurrence of subsidized expense, as a financial liability at fair value (calculated based on present value of future repayment of grants), determined as per IFRS 9/IAS 39.

The benefit (RCA grant component) consisting in the difference between the cash received (RCA proceeds) and the above-mentioned financial liability's fair value (RCA liability component) is treated as a government grant in accordance with IAS 20.

The RCA grant component is recognized in profit or loss on a systematic basis over the periods in which the entity recognizes the underlying R&D expenses subsidized by the RCA.

The fair market value adjustments to the RCA liability are recognized in the consolidated statement of comprehensive loss under "Other income/expense" and as a non-cash adjustment in "cash flows from operating activities" in the consolidated statements of cash flows.

The RCAs liability contains two components:

- The fixed part of the reimbursement of 30% is refundable based upon an agreed repayment schedule. The initial recognition at fair value is performed using the risk-free discount rate at the date of the convention and the assumption of exploitation until the end of repayment schedule.
- The variable part (from 70% and up to 170%) is refundable to the extent of the revenue generated within exploitation phase. The initial recognition at fair value of the variable part of the component is based on probability-weighted discounted cash flows estimated using Key assumptions listed in note 5.6.2.

The RCAs liability component (RCA financial liability) is subsequently measured at amortized cost using the cumulative catch-up approach under which the carrying amount of the liability is adjusted to the present value of the future estimated revenue, discounted at the liability's original effective interest rate. The resulting adjustment is recognized within profit or loss.

At the end of the research phase, the Group should within a period of six months decide whether or not to exploit the results of the research phase (decision phase). The exploitation phase may have a duration of up to 20 years. In the event the Group decides to exploit the results under an RCA, the relevant RCA becomes contingently refundable, and the fair value of the RCA liability adjusted accordingly, if required. For more information on the potential financial consequences of these exploitation decisions in terms of potential reimbursements and sales % fees to be paid to the Walloon Region, refer to note 5.16.

When the Group does not exploit (or ceases to exploit) the results of programs under an RCA, it has to notify the Region of this decision. This decision is the sole responsibility of the Group. The related liability is then discharged by the transfer of such results to the Region. Also, when the Group decides to renounce its rights to patents which may result from the research, title to such patents will be transferred to the Region. In that case, the RCA liability is extinguished.

R&D Tax credits

Since 2013, the Group applies for R&D tax credits, a tax incentive measure for European SME's established by the Belgian federal government. When capitalizing its R&D expenses under the tax reporting framework, the Group may either i) get a reduction of its taxable income (at current income tax rate applicable); or ii) if no sufficient taxable income is available, apply for the refund of the unutilized tax credits, calculated on the R&D expenses amount for the year. Such settlement occurs at the earliest 5 financial years after the tax credit application filed by the Group.

Considering that R&D tax credits are ultimately paid by the public authorities, the related benefit is treated as a government grant under IAS 20 and booked into other income, in order to match the R&D expenses subsidized by the grant.

Other government grants

The Group has received and will continue to apply for grants from European (FP7), Regional authorities and Federal Belgian Institute for Health Insurance (Inami). These grants are dedicated to partially finance early stage projects such as fundamental research, applied research, prototype design, etc.

To date, all grants received are not associated with any conditions. As per each grant contract, grants are paid upon submission by the Group of a statement of eligible expenses. The Group incurs project expenses first and asks for partial refunding according to the terms of the contracts.

These government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes the underlying R&D expenses subsidized.

5.2.6. Intangible assets

The following categories of intangible assets apply to the current Group operations:

Separately acquired intangible assets

Intangible assets acquired from third parties are recognized at cost, if and only if it is probable that future economic benefits associated with the asset will flow to the Group, and that the cost can be measured reliably. Subsequent payments of contingent consideration are capitalized when incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of intangible assets is assessed as finite, except for Goodwill and in process research and development (IPRD) assets (discussed below). They are amortized over the expected useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates and applied prospectively. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Patents, Licenses and Trademarks

Licenses for the use of intellectual property are granted for a period corresponding to the intellectual property of the assets licensed. Amortization is calculated on a straight-line basis over this useful life.

Patents and licenses are amortized over the period corresponding to the intellectual property (IP) protection and are assessed for impairment whenever there is an indication these assets may be impaired. Indication of impairment is related to the value of the patent demonstrated by the preclinical and clinical results of the technology.

Software

Software only concerns acquired computer software licenses. Software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years on a straight-line basis.

Intangible assets acquired in a business combination

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is measured as a residual at the acquisition date, as the excess of the fair value of the consideration transferred and the assets and liabilities recognized (in accordance with IFRS 3).

Goodwill has an indefinite useful life and is not amortized but tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that goodwill may be impaired, as set forth in IAS 36 (Impairment of Assets).

Goodwill arising from business combinations is allocated to cash generating units, which are expected to receive future economic benefits from synergies that are most likely to arise from the acquisition. These cash

generating units form the basis of any future assessment of impairment of the carrying value of the acquired goodwill.

In-process research and development costs

The In-process research and development costs ("IPRD") acquired as part of a business combination are measured at fair value at the date of acquisition. Subsequent to initial recognition, it is reported at cost and is subject to annual impairment testing until the date the projects are available for use and from that moment, the IPRD will be amortized over its remaining useful economic life.

Subsequent R&D expenditure can be capitalized as part of the IPRD only to the extent that IPRD is in development stage, i.e. when such expenditure meets the recognition criteria of IAS 38. In line with biotech industry practice, the Group determines that 'development stage' under IAS 38 is reached when the product candidate gets regulatory approval (upon Phase III completion). Therefore, any R&D expenditure incurred between the acquisition date and the development stage should be treated as part of research phase and expensed periodically in the income statement.

Internally generated intangible assets

Except qualifying development expenditure (discussed below), internally generated intangible assets are not capitalized. Expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

(a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) Its intention to complete the intangible asset and use or sell it.

(c) Its ability to use or sell the intangible asset.

(d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

For the industry in which the Group operates, the life science industry, criteria a) and d) tend to be the most difficult to achieve. Experience shows that in the Biotechnology sector technical feasibility of completing the project is met when such project completes successfully Phase III of its development. For medical devices this is usually met at the moment of CE marking.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development has been completed and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in Research & Development expenses. During the period of development, the asset is tested for impairment annually, or earlier when an impairment indicator occurs. As of statement of financial position dates, only the development costs of C-Cath$_{ez}$ have been capitalized and are being amortized over a period of 17 years which corresponds to the period over which the intellectual property is protected.

5.2.7. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Land and buildings: 15 to 20 years
- Plant and equipment: 5 to 15 years
- Laboratory equipment: 3 to 5 years
- Office furniture: 3 to 10 years
- Leasehold improvements: based on remaining duration of office building lease
- Right-of-use assets: over lease term

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if applicable.

5.2.8. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Group leases various offices, facilities, cars and IT-equipment.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease term covers the non-cancellable period for which the Group has the right to use an underlying asset, together with both:

(a) Periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and

(b) Periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise IT-equipment.

The Group subleases some office space it leases from a head lessor. In its capacity as intermediate lessor, the Group assesses whether the sublease is a finance or operating lease in the context of the right-of-use asset being leased. The sublease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying right-of-use asset. It is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying right-of-use asset.

From time to time, the Group may enter into sale and leaseback transactions. When a sale occurs, both the seller-lessee and the buyer-lessor account for the leaseback in the same manner as any other lease. Specifically, the seller-lessee recognizes a lease liability and right-of-use asset for the leaseback (subject to the optional exemptions for short-term leases and leases of low-value assets).

5.2.9. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used based on the discounted cash-flow model. For intangible assets under development (like IPRD), only the fair value less costs to sell reference is allowed in the impairment testing process.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment loss is immediately recognized as an expense and the asset carrying value is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's

recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. An impairment loss recognized on goodwill is however not reversed in a subsequent period.

As of the statement of financial position dates, the Group has two cash-generating units which consist of the development and commercialization activities on:

- CYAD products candidate series based on CAR-T technology, for the immune-oncology segment; and
- C-Cath$_{ez}$ commercialized medical device, for the cardiology segment.

Indicators of impairment used by the Group are the preclinical and clinical results obtained with the technology.

5.2.10. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and very short-term deposits with an original maturity of three months or less. Cash and cash equivalents are carried in the statement of financial position at their nominal value.

5.2.11. Financial assets

5.2.11.1 Classification

The Group classifies its financial assets in accordance with IFRS 9 categories for measurement purposes. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

'Amortized cost' measurement category refers to loans and receivables which are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. This measurement category comprises "cash and cash equivalents", "short-term investments", and relevant financial assets within "(non-) current trade and other receivables", "(non-) current grant receivables" and "other (non-) current assets".

5.2.11.2 Initial recognition and measurement

All financial assets are recognized initially at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs.

5.2.11.3 Subsequent measurement

After initial measurement, financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement.

5.2.11.4 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected

credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, IFRS 9 requires the Group to recognize a loss allowance for expected credit losses on trade receivables and contract assets.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Given the current nature and size of operations of the Group, these requirements mainly apply to the financial assets reported under 'non-current trade receivables'. The carrying value of these receivables (resulting mainly from Mesoblast license agreement commented further in note 5.8) take into account a discount rate equal to the Group's partner's incremental borrowing rate and, accordingly, is already credit risk-adjusted. The Group considers there is no significant additional credit risk related to this receivable, which would not have been captured by the discounting effect, both at inception of the receivable and at the reporting date. As such, no additional ECL allowance has been recognized for this financial asset or any other financial asset.

5.2.11.5 Financial assets carried at amortized cost

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

5.2.12. Financial liabilities

5.2.12.1 Classification

The Group's financial liabilities include "bank loans", "lease liabilities", "recoverable cash advances", "contingent consideration and other financial liabilities", "trade payables" and relevant financial liabilities within "Other (non-) current liabilities".

The Group classifies and measures its financial liabilities at 'amortized cost' using the effective interest method, except "contingent consideration and other financial liabilities" which are classified and measured at 'fair value through profit or loss'.

5.2.12.2 Initial recognition and measurement

All financial liabilities are recognized initially at fair value plus or minus, in the case of a financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

5.2.12.3 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as explained above. In particular:

Contingent consideration and other financial liabilities

The contingent consideration and other financial liabilities are recognized and measured at fair value at the acquisition date. After initial recognition, contingent consideration arrangements that are classified as liabilities are re-measured at fair value with changes in fair value recognized in profit or loss in accordance with IFRS 3 and IFRS 9. Therefore, contingent payments will not be eligible for capitalization but will simply reduce the contingent consideration liability.

Details regarding the valuation of the contingent consideration are disclosed in note 5.20.2.

Recoverable cash advances

Recoverable cash advances granted by the Walloon Region are subsequently measured at amortized cost using the cumulative catch-up approach, as described in section 5.2.5 above.

Trade payables and other payables

After initial recognition, trade payables and other payables are measured at amortized cost using the effective interest method.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized.

5.2.12.4 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is

treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

5.2.13. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

5.2.13.1 Employee benefits

Post-employment plan

The Group operates a pension plan which requires defined contributions (DC) to be funded by the Group externally at a third-party insurance company. Under Belgian law, an employer must guarantee a minimum rate of return on the Group's contributions and thus it is treated as defined benefit plan under IAS 19.

At the statement of financial position dates, the minimum rates of return guaranteed by the Group are as follows, in accordance with the law of 18 December 2015:

- 1.75% for the employer's contributions paid as from 1 January 2016 (variable rate based on Governmental bond OLO rates, with a minimum of 1.75% and a maximum of 3.75%);
- 3.25% (fixed rate) for the employer's contributions paid until 31 December 2015.

The cost of providing benefits is determined using the projected unit credit (PUC) method, with actuarial valuations being carried out at the end of each annual reporting period, with the assistance of an independent actuarial firm.

The liability recognized in the statement of financial position in respect of the pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognized in the income statement as part of the operating costs, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognized immediately in the income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the operating costs in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Short-term benefits

Short-term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits such as wages, salaries, profit-sharing and bonuses and non-monetary benefits paid to current employees.

The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in that period. The expected cost of short-term compensated absences is recognized as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts the entity expects to pay as a result of unused entitlements at the end of the period.

Share-based payments

Certain employees, managers and members of the Board of Directors of the Group receive remuneration, as compensation for services rendered, in the form of share-based payments which are “equity-settled”.

Measurement

The cost of equity-settled share-based payments is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details are given in note 5.14.

Recognition

The cost of equity-settled share-based payments is recorded as an expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest.

Modification

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award were met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The incremental fair value granted is the difference between the fair value of the modified equity instrument and the original equity instrument, both estimated as at the date of the modification. If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognized immediately, or over the vesting period if the employee is required to complete an additional period of service before becoming unconditionally entitled to those modified equity instruments.

Forfeiture

An equity-settled award can be forfeited with the departure of a beneficiary before the end of the vesting period, or cancelled and replaced by a new equity settled award. If a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Cancellation

If the cancellation occurs during the vesting period, it is treated as an acceleration of vesting, and the Group recognizes immediately the amount that would otherwise have been recognized for services received over the remainder of the vesting period. If the cancellation occurs after the vesting period, no adjustments will be made to the accounting.

5.2.14. Income Taxes

Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (except if the deferred tax asset arises from the initial recognition of an asset or liability in a transaction other than a business combination and that, at the time of the transaction affects neither accounting nor taxable profit or loss), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

5.2.15. Earnings (loss) per share

The basic net profit/(loss) per share is calculated based on the weighted average number of shares outstanding during the period.

The diluted net profit/(loss) per share is calculated based on the weighted average number of shares outstanding including the dilutive effect of potentially dilutive ordinary shares such as warrants and convertible debts. Potentially dilutive ordinary shares should be included in diluted earnings (loss) per share when and only when their conversion to ordinary shares would decrease the net profit per share (or increase net loss per share).

5.3 Risk Management

Financial risk factors

Interest rate risk

The interest rate risk is very limited as the Group has only a limited amount of finance leases and outstanding bank loans. So far, because of the immateriality of the exposure, the Group did not enter into any interest hedging arrangements.

Credit risk

The Group has a limited amount of trade receivables due to the fact that sales to third parties are not significant and thus the Group's credit risk arises mainly from cash and cash equivalents and deposits with banks and financial institutions. The Group only works with international reputable commercial banks and financial institutions.

The maximum credit risk, to which the Group is theoretically exposed as at the statement of financial position date, is the carrying amount of financial assets. Given the current nature and size of operations of the Group, the requirement of the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL), mainly apply to the financial assets reported under 'non-current trade receivables'. The carrying value of these receivables (resulting mainly from Mesoblast license agreement commented further in note 5.8) take into account a discount rate equal to the Group's partner's incremental borrowing rate and, accordingly, is already credit risk-adjusted. The Group considers there is no significant additional credit risk related to this receivable, which would not have been captured by discounting effect, both at inception of the receivable and at the reporting date. As such, no additional ECL allowance has been recognized for this financial asset or any other financial asset.

Foreign exchange risk

The Group is exposed to foreign exchange risk as certain collaborations or supply agreements of raw materials are denominated in USD. Moreover, the Group has also investments in foreign operations, whose net assets are exposed to foreign currency translation risk (USD). So far, because of the immateriality of the exposure, the Group did not enter into any currency hedging arrangements.

At December 31, 2020, the foreign exchange risk exposure exists mainly on the cash denominated in USD.

A depreciation of 1% on the USD versus EUR would translate into an unrealized foreign exchange loss of €4k for the Group at December 31, 2020.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposit and leases.

Refer to note 5.19 for an analysis of the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an adequate structure to limit to costs of capital.

5.4 Critical accounting estimates and judgments [8]

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made judgments and has used estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Going Concern

When assessing going concern, the Board of Directors considers mainly the following factors:

- The treasury available at the statement of financial position date; and,
- The cash burn projected in accordance with the approved budget for next 12-month period as from the date of the statement of financial position ;
- The availability of grant funding and outcome of ongoing and future grant applications payback loan to be received for the next 12-month period; and;
- The financial facilities open to the company for raising new funds by capital increase operations.

Revenue

The recognition of revenue relating to license and collaboration agreements involves management estimates and requires judgement as to:

[8] The uncertainly raised by the COVID-19 pandemic is not impacting the critical accounting estimates and judgments. For additional information on COVID-19 pandemic update, refer to note 5.2.1.

(i) Classifying the license agreement (right-to-use or right-to-access license) in accordance with 'Licensing' Application Guidance set forth in IFRS 15;

(ii) Identifying the performance obligations comprised in the contract;

(iii) Estimating probability for (pre-)clinical development or commercial milestone achievement;

(iv) Determining the agreed variable considerations to be included in the transaction price taking into account the constraining limit of the "highly probable" criteria;

(v) Allocating the transaction price according to the stand-alone selling price of each of the performance obligations; and

(vi) Estimating the finance component in the transaction price, based on the contract expected duration and discount rate.

The management makes its judgment taking into account all information available about clinical status of the underlying projects at the reporting date and the legal analysis of each applicable contracts. Further details are contained in Note 5.23.

Recoverable Cash Advances received from the Walloon Region

As explained in note 5.2.5, accounting for RCAs requires initial recognition of the fair value of the loan received to determine the benefit of the below-market rate of interest, which shall be measured as the difference between the initial carrying value of the loan and the proceeds received. Loans granted to entities in their early stages of operations, for which there is significant uncertainty about whether any income will ultimately be generated and for which any income which will be generated will not arise until a number of years in the future, normally have high interest rates. Judgment is required to determine a rate which may apply to a loan granted on an open market basis.

In accordance with the RCA agreements, the following two components are assessed when calculating estimated future cash flows:

- 30% of the initial RCA, which is repayable when the Group exploits the outcome of the research financed; and
- A remaining amount, which is repayable based on a royalty percentage of future sales milestones, up to a level of 170% of the initial granted amount.

After initial recognition, RCA liabilities are measured at amortized cost using the cumulative catch up method requiring management to regularly revise its estimates of payments and to adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows.

Measurement and impairment of non-financial assets

With the exception of goodwill and certain intangible assets for which an annual impairment test is required, the Group is required to conduct impairment tests where there is an indication of impairment of an asset. Measuring the fair value of a non-financial assets requires judgement and estimates by management. These estimates could change substantially over time as new facts emerge or new strategies are taken by the Group. Further details are contained in note 5.6.2.

Business combinations

In respect of acquired businesses by the Group, significant judgement is made to determine whether these acquisitions are to be considered as an asset deal or as a business combination. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant. Moreover, managerial judgement is particularly involved in the recognition and fair value measurement of the acquired assets, liabilities,

contingent liabilities and contingent consideration. In making this assessment management considers the underlying economic substance of the items concerned in addition to the contractual terms.

Contingent consideration and other financial liabilities

The Group recorded a liability for the estimated fair value of contingent consideration arising from business combinations. The estimated amounts are the expected payments and timing of such payments, determined by considering the possible scenarios of forecast sales and other performance criteria, the amount to be paid under each scenario, and the probability of each scenario, which is then discounted to a net present value. The estimates could change substantially over time as new facts emerge and each scenario develops.

Deferred Tax Assets

Deferred tax assets for unused tax losses are recognized to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 5.21.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models using Black & Scholes valuation approach for estimating fair value for share-based payment transactions are disclosed in note 5.14.

5.5 Operating segment information

The chief operating decision-maker (CODM), who is responsible for making strategic decisions, allocating resources and assessing performance of the Group, has been identified as the Board of Directors.

Since the acquisition of the oncological platform in 2015, the Management and the CODM have determined that there are two operating segments, being:

- The immuno-oncology segment regrouping all assets developed based on the car-t cell platform;
- The cardiology segment, regrouping the cardiopoiesis platform, the corquest medical, inc. (corquest) platform and c-cath$_{ez}$.

Although the Group is currently active in Europe and in the US, no geographical financial information is currently available given the fact that the core operations are currently still in a study phase. No disaggregated information on product level or geographical level or any other level currently exists and hence also not considered by the Board of Directors for assessing performance or allocating resources.

The CODM does not review assets by segments, hence no segment information per assets is disclosed. At reporting date, the main Group's non-current assets are located in Belgium.

Since mid 2016, the Group is fully focused on the development of its immuno-oncology platform. Therefore, for the year ended December 31, 2020, most of the R&D expenses were incurred in the immuno-oncology segment, in line with prior year.

€ '000	For the year ended December 31, 2020			
	Cardiology	Immuno-oncology	Corporate	Group Total
Revenue recognized at a point in time	5	-	-	5
Revenue recognized over time	-	-	-	-
Total Revenue	5	-	-	5
Cost of Sales	-	-	-	-
Gross Profit	5	-	-	5
Research & Development expenses	(124)	(21 398)	-	(21 522)
General & Administrative expenses	-	-	(9 315)	(9 315)
Change in fair value of contingent consideration	-	9 228	-	9 228
Net Other income/(loss)	(2)	4 582	38	4 617
Operating Profit/(Loss)	**(121)**	**(7 589)**	**(9 277)**	**(16 987)**
Net financial income/(loss)	(33)	(182)	(3)	(217)
Profit/(Loss) before taxes	**(154)**	**(7 771)**	**(9 280)**	**(17 204)**
Income Taxes	-	-	-	-
Profit/(Loss) for the year 2020	**(154)**	**(7 771)**	**(9 280)**	**(17 204)**

€ '000	For the year ended December 31, 2019			
	Cardiology	Immuno-oncology	Corporate	Group Total
Revenue recognized at a point in time	6	-	-	6
Revenue recognized over time	-	-	-	-
Total Revenue	**6**	**-**	**-**	**6**
Cost of Sales	-	-	-	-
Gross Profit	**6**	**-**	**-**	**6**
Research & Development expenses	(146)	(25 049)	-	(25 196)
General & Administrative expenses	-	-	(9 070)	(9 070)
Change in fair value of contingent consideration	-	433	-	433
Net Other income/(loss)	63	4 795	90	4 948
Operating Profit/(Loss)	**(78)**	**(19 821)**	**(8 979)**	**(28 879)**
Net financial income/(loss)	212	(183)	211	239
Profit/(Loss) before taxes	**134**	**(20 005)**	**(8 769)**	**(28 640)**
Income Taxes	-	-	8	8
Profit/(Loss) for the year 2019	**134**	**(20 005)**	**(8 761)**	**(28 632)**

5.6 Intangible assets

5.6.1. Intangible assets details and balance roll forward

The change in intangible assets is broken down as follows, per class of assets:

(€'000)	Goodwill	In-process research and development	Development costs	Patents, licenses, trademarks	Software	Total
Capitalized costs						
At January 1, 2019	**883**	**33 677**	**1 084**	**14 214**	**164**	**50 022**
Additions	-	-	-	181	46	227
Currency translation adjustments	-	-	-	-	-	-
Divestiture	-	-	-	(1 493)	(30)	(1 523)
At December 31, 2019	**883**	**33 678**	**1 084**	**12 903**	**179**	**48 726**
Additions	-	-	-	168	1	169
Currency translation adjustments	-	-	-	-	-	-
Divestiture	-	-	-	-	-	-
Transfer	-	-	-	-	100	100
At December 31, 2020	**883**	**33 678**	**1 084**	**13 071**	**279**	**48 995**

Accumulated amortization						
At January 1, 2019	**-**	**-**	**(411)**	**(13 338)**	**(109)**	**(13 858)**
Amortization charge	-	-	(66)	(92)	(12)	(170)
Divestiture	-	-	-	1 493	8	1 501
At December 31, 2019	**-**	**-**	**(477)**	**(11 938)**	**(112)**	**(12 527)**
Amortization charge	-	-	(66)	(114)	(16)	(197)
Divestiture	-	-	-	-	-	-
Currency translation adjustments	-	-	-	-	-	-
Transfer	-	-	-	-	(100)	(100)
At December 31, 2020	**-**	**-**	**(543)**	**(12 052)**	**(229)**	**(12 824)**
Net book value						
Capitalized costs	883	33 678	1 084	12 903	179	48 726
Accumulated amortization	-	-	(477)	(11 938)	(112)	(12 527)
At December 31, 2019	**883**	**33 678**	**607**	**965**	**66**	**36 199**
Capitalized costs	883	33 678	1 084	13 071	279	48 995
Accumulated amortization	-	-	(543)	(12 052)	(229)	(12 824)
At December 31, 2020	**883**	**33 678**	**540**	**1 019**	**51**	**36 171**

The capitalized development costs relate to the development of C-Cath$_{ez}$. Since May 2012 and the CE marking of C-Cath$_{ez}$, the development costs of C-Cath$_{ez}$ are capitalized and amortized over the estimated residual intellectual property protection as of the CE marking (i.e. until 2029). No other development costs have been capitalized up till now. All other programs' (C-Cure, CYAD-01, CYAD-02, CYAD-101, CYAD-211…) related development costs have been assessed as not being eligible for capitalization and have therefore been recognized in the income statement as research and development expenses. Software is amortized over a period of 3 to 5 years.

Goodwill, IPRD, Patents, Licenses and Trademarks relate to the following items:

- Goodwill and IPRD resulted from the purchase price allocation exercise performed for the acquisition of Oncyte LLC in 2015. As of December 31, 2020 and 2019, Goodwill and IPRD are not amortized but tested for impairment.
- A license, granted in August 2007 by Mayo Clinic (for an amount of €9.5 million) upon the Group's inception and an extension to the licensed field of use, granted on October 29, 2010 for a total amount of €2.3 million. The license and its extension were amortized straight line over a period of 20 years, in accordance with the license term. A €6.0 million impairment loss was recognized on the remaining net book value in the year ended 31 December 2017.
- Patents acquired upon the acquisition of CorQuest Medical Inc. in November 2014. The fair value of these intellectual rights was then determined to be €1.5 million. These patents were amortized over 18 years, corresponding to the remaining intellectual property protection filed for the first patent application in 2012. A €1.2 million impairment loss has been recognized on the remaining net book value in the year ended December 31, 2017. On November 22, 2019 the Heart-XS (CorQuest patents) patents and related rights have been divested to Corquest MedTech SRL, a third-party company established under Belgian laws, whose one of the founders is one of the technology developers, prior to its sale to the Group.
- Exclusive Agreement for Horizon Discovery's shRNA Platform to develop next-generation allogenic CAR-T Therapies acquired for $1.0 million at the end of December 2018. In October 2019, the Company capitalized milestone payments for a total amount of $0.2 million related to the exercise of the option on the Exclusive Agreement and to the first effective IND filing related to CYAD-02. In November 2020, the Group capitalized the milestone payments for an amount of $0.2 million related to the first effective IND, filed by the Group, relating to the product CYAD-211. At December 31, 2020, milestone payments are capitalized for a total amount of $0.4 million. This patent is amortized over the remaining intellectual property protection of 20 years, with the the first patent application filed in 2008.

The Immuno-oncology cash generating unit (CGU) has a net book value of €35.6 million at December 31, 2020. This CGU is composed by:

- The goodwill and IPRD resulting from the purchase price allocation exercise performed for the acquisition of Oncyte LLC in 2015, and;
- The Horizon Discovery's shrna platform.

The variance on the total intangible assets as of December 31, 2020, in comparison to December 31, 2019, resulted primarily from the regular amortization of C-Cath$_{ez}$ costs and the Group's Patents & Licenses.

5.6.2. Impairment testing

Impairment testing is detailed below.

***Immuno-oncology CGU impairment test*[9]**

Goodwill and IPRD exclusively relate to the acquisition of the former entity Oncyte LLC (meanwhile liquidated into Celyad SA) which was acquired in 2015. Management performs an annual impairment test on goodwill and on 'indefinite lived assets' that are not amortized in accordance with the accounting policies stated in notes 5.2.6 and 5.2.9. The impairment test has been performed at the level the immuno-oncology segment corresponding to the CGU to which the goodwill and the IPRD belong as well as the Horizon Discovery's shRNA platform. The recoverable amount associated to this CGU is calculated based fair value less costs to sell model using Level 3 fair value measurements for which the Group developed unobservable inputs and requires the use of assumptions. The calculations use cash flow projections based on business plan ending in 2040 based on probability of success of CYAD-02, CYAD-101 and CYAD-211 product candidates as well as extrapolations of projected cash flows resulting from the future expected sales associated with CYAD-02, CYAD-101 and CYAD-211. CGU recoverable value, determined accordingly, exceeds its carrying amount. Accordingly, no impairment loss was recognized neither on goodwill, on the IPRD nor on the Horizon Discovery's shRNA platform intangible assets at December 31,2020.

Management's key assumptions (assumptions to which the unit's or group of units', recoverable amount is most sensitive) about projected cash flows when determining fair value less costs to sell are as follows:

- *Discount rate (WACC)*
  Management estimated the discount rate (WACC) for year ended December 31, 2020 to be 14.8% (14.6% in 2019) based on following components: the US Government Treasury bill 20-Y, the Group's Beta, the equity Market Risk Premium and the small firm/illiquidity premium. The slight increase of the WACC is mainly due to increase of the Beta of the Group which is attributed to the anticipation of data from our clinical programs and the potential advancement of our ongoing CAR T programs as well as the increase competitive landscape within the immuno-oncology field. Management corroborates its estimation with industry standards for biotechnological companies, the WACC used by Equity Research companies following the Group and transactions that have been sourced by the Group over the past 18 months.

[9] The uncertainly raised by the COVID-19 pandemic is not impacting impairment testing. Although there are lot of uncertainties, it does not impact the Group's assets valuation as of December 31, 2020. For additional information on COVID-19 pandemic update, refer to note 5.2.1.

- *Projected Revenue*
  Management estimated the projected revenue based on the following components: total market and market share, time-to-market, treatment price and terminal value. Management based its estimation of projected revenue and related components with the Group's business plan, industry data for biotechnological companies, evolution of similar R&D programs, comparable prices, expected patent expiration period. The weight of this assumption is partially alleviated by the probability of success (PoS) presented hereunder.

- *Probabilities of Success (PoS)*
  Management estimated the PoS based on Clinical Development Success Rates observed by independent business intelligence consulting companies for hematologic and solid oncological diseases. Probability of the Group's product candidates getting on the market used were in line with prior year and as follows:

PoS	Phase I	Phase I to Phase II	Phase II to Phase III	Phase III to BLA	BLA to Approval	Cumulative PoS
CYAD-02	100%	62%	29%	53%	86%	8,1%
CYAD-101	100%	64%	23%	34%	80%	4,0%
CYAD-211	100%	62%	29%	53%	86%	8,1%

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The following table presents the sensitivity analyses of the recoverable amount of the CGU associated to the immuno-oncology operations:

Sensitivity analysis		Discount rate (WACC)		
Projected Revenue	Impact on model value	14.6%	15.3%	16.0%
	95.0%	-14%	-27%	-39%
	97.5%	-7%	-21%	-33%
	100.0%	Model Reference	-14%	-27%

Regarding the sensitivity analysis related to PoS based on a change in this assumption while holding all other assumptions constant, a decrease by -10% or -20% to the bottom-line cumulative PoS would implied a decrease by -10% or -20% respectively of the recoverable amount of the CGU associated to the immuno-oncology operations. This sensitivity analyze would imply that the recoverable value of the CGU exceeds its carrying amount at December 31, 2020.

C-Cure impairment test

Pursuant to 2017 strategic decision to focus all the efforts of the Group on the development of the immuno-oncology platform and the lack of strategic business development opportunities identified for the C-Cure (Mayo Licenses), this asset had been fully impaired as of December 31, 2017. CGU's recoverable amounts being confirmed to be zero at current year-end, the 100% impairment allowance has been carried forward at December 31, 2020.

5.7 Property, plant and equipment

(€'000)	Property	Equipment	Furniture	Leasehold	Total
Capitalized costs					
At January 1, 2019	-	3 947	329	4 195	8 470
Additions	2 810	648	37	167	3 662
Disposals	-	(496)	(59)	(172)	(728)
Currency translation adjustments	-	0	-	4	4
At December 31, 2019	2 810	4 099	307	4 193	11 409
Additions	191	670	10	56	926
Disposals	-	(932)	(67)	(372)	(1 371)
Currency translation adjustments	-	(1)	-	(17)	(18)
Transfer	-	(271)	-	171	(100)
At December 31, 2020	**3 001**	**3 563**	**249**	**4 032**	**10 845**
Accumulated depreciation:					
At January 1, 2019	-	(2 751)	(211)	(2 494)	(5 456)
Depreciation charge	(399)	(711)	(54)	(455)	(1 619)
Disposals	-	496	59	172	728
Currency translation adjustments	-	(0)	-	(1)	(1)
Depreciation charge	(428)	(691)	(46)	(470)	(1 635)
Disposals	-	760	38	352	1 150
Currency translation adjustments	-	1	-	4	5
Transfer	-	271	-	(171)	100
At December 31, 2020	**(827)**	**(2 625)**	**(214)**	**(3 061)**	**(6 727)**
Net book value					
Capitalized costs	2 810	4 099	307	4 193	11 409
Accumulated depreciation	(399)	(2 967)	(205)	(2 776)	(6 347)
At December 31, 2019	**2 411**	**1 132**	**101**	**1 417**	**5 061**
Capitalized costs	3 001	3 563	250	4 032	10 846
Accumulated depreciation	(827)	(2 625)	(214)	(3 061)	(6 727)
At December 31, 2020	**2 174**	**938**	**36**	**970**	**4 119**

Property, Plant and Equipment is mainly composed of right-of-use on leased offices, facilities and equipment (including vehicles), office furniture, leasehold improvements, and laboratory equipment.

The variance on the total tangible assets as of December 31, 2020 resulted primarily in new leased assets compensated by yearly depreciation.

The additions for the period amounting €0.9 million are mainly driven by the renewal of leased buildings relating to the Group's R&D and manufacturing facilities for €0.2 million and new leased laboratories equipment for €0.5 million, see disclosure 5.30 *Leases*.

At December 31, 2019, the variance on the total tangible assets resulted primarily from the capitalization of leases as a right-of-use on leased buildings (mainly relating to the Group's headquarter offices as well as R&D and manufacturing facilities) and equipment (including vehicles) under IFRS 16 *Leases* as from January 1, 2019. The total additions for the year ended December 31, 2019 related to the IFRS 16 adoption reached a total amount of €3.2 million.

Some leases relate to contracts with financial institutions and relate to laboratory and office equipment. All such leases have a maturity of three years. A key common feature is that they include a bargain option to purchase the leased asset at the end of the three-year-lease term. The total of future minimum lease payments at the end of the reporting period, and their present value reported on the statement of financial position, are similar amounts.

5.8 Non-current trade receivables and other non-current assets

(€'000)	As at December 31,	
	2020	2019
Non-current trade receivables Mesoblast license agreement	1 923	1 955
Net investment in Lease	195	477
Total Non-current Trade and Other receivables	**2 117**	**2 432**

In May, 2018, the Group entered into an exclusive license agreement with Mesoblast, an Australian biotechnology company, to develop and commercialize our intellectual property rights relating to C-Cathez, an intra-myocardial injection catheter. The Group applied the 5-step model foreseen by IFRS 15 to determine revenue recognition pattern applicable to this contract as of December 31, 2018. Key judgements made in accordance with IFRS 15 were that the license agreement:

- Is a distinct component of the Mesoblast agreement;
- Refers to a 'right-to-use' type of license, i.e. The right to use the company's intellectual property as it exists at the point in time the license has been granted (May 2018). Revenue allocated to the transaction price is thus eligible for full revenue recognition for the year 2018 ;
- Foresees a transaction price broken down between upfront (€0.8 million settled in shares) and contingent milestone payments (an additional amount of €2.2 million qualifying for recognition at December 31, 2018);
- Features a financing component (€0.5 million deferred financial income to be deducted from the above), leading to a net out-licensing revenue reported of €2.4 million);
- Further foresees variable consideration of up to $17.5 million related to future regulatory- and commercial-based milestones, which will not be recognized until it becomes highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The related receivable is reported for its discounted value (€1.9 million) under 'Non-current trade receivables'. There are no corresponding contract liabilities reported at December 31, 2020, as no performance obligation was outstanding.

The non-current net investment in lease refers to the receivable recorded under IFRS16 Leases accounting standard as the Group subleases some office spaces it leases from a head lessor.

(€'000)	As at December 31,	
	2020	2019
R&D Tax credit receivable	3 679	3 051
Total Non-current Grant recevables	**3 679**	**3 051**
Deposits	293	257
Total Other non-current assets	**293**	**257**

In 2017, the Group recognized for the first time a R&D tax credit (€1.2 million) receivable from the federal government that included a one-off catch-up effect. Since 2018, further R&D tax credit receivables are recorded on an annual basis. For the year ended December 31, 2020, the R&D tax credit has been updated for an amount of €0.6 million, taking into account all information available as of December 31, 2020.

The non-current assets refer to security deposits paid to the lessors of the building leased by the Group and a deposit to the Social Security administration.

5.9 Trade receivables and other current assets

(€'000)	As at December 31,	
	2020	2019
Trade receivables	165	156
Advance deposits	220	149
Net Investment in Lease	230	253
Other receivables	-	-
Total Trade and Other receivables	**615**	**558**
Current Grant receivables (RCAs)	145	693
Current Grant receivables (Others)	-	993
Total Current Grant receivables	**145**	**1 686**
Prepaid expenses	1 343	647
VAT receivable	342	356
Income and other tax receivables	25	251
Total Other current assets	**1 711**	**1 253**
Total Trade receivables, advances and other current assets	**2 471**	**3 497**

Impairment of receivables is assessed on an individual basis at the end of each accounting year.

At December 31, 2020 and 2019, no receivable was overdue. There were no carrying amounts for trade and other receivables denominated in foreign currencies, except for the net investment in lease for which carrying amount is under USD. No impairments were recorded on trade receivables and other current assets (see note 5.3).

The current net investment in lease refers to the receivable recorded under IFRS16 Leases accounting standard as the Group subleases some office spaces it leases from a head lessor.

As of December 31, 2020, grant receivables for a total amount of €0.1 million has been recorded due to Walloon Region recoverable cash advances regarding CYAD-02 (numbered 8088) and new convention signed in 2020 regarding CYAD-101 (numbered 8212). The decrease of the current grant receivables between the years 2019 and 2020 is mainly explained by higher cash proceeds from the Walloon Region in 2020 compared to expenses subsidized by these RCAs and other grants recognized in 2020.

The increase in prepaid expenses as of December 31, 2020 compared to December 31, 2019 for €0.7 million is mainly driven by the increase on prepaid expenses on insurances combined with transaction costs linked to the LPC and ATM [10] equity facility signed on September 3, 2020 for an amount of €0.5 million subject to capitalization and to be offset against a future capital raise.

5.10 Short-term investments

Given the level of market interest rates of corporate deposits of short-term maturities, the Group has reduced the amounts invested in short-term deposits over 2019 and has no investment in short-term deposits as of December 31, 2020 and 2019.

[10] On September 3, 2020, the Company entered into an Open Market Sale AgreementSM with Jefferies LLC ("Jefferies") pursuant to which the Company may from time to time sell, for a period of up to 36 months, through "an at the market offering" ("ATM"), with Jefferies acting as sales agent, up to $25,000,000 of new American Depositary Shares ("ADSs"), each of which represents one ordinary share of the Company, assuming sales of 2,522,704 ADSs in the offering at an offering price of $9.91 per ADS, which was the last reported sale price of the ADSs on the Nasdaq Global Market on September 8, 2020.

5.11 Cash and cash equivalents

(€'000)	As at December 31,	
	2020	2019
Cash at bank and on hand	17 234	39 338
Total	**17 234**	**39 338**

Cash at banks earn interest at floating rates based on daily bank deposit rates. For the years ended December 31, 2020 and 2019, the earned bank interests have been insignificant.

5.12 Subsidiaries fully consolidated

The consolidation scope of the Group is as follows, for both current and comparative years presented in these year-end financial statements:

Name	Country of Incorporation and Place of Business	Nature of Business	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Celyad Oncology SA	BE	Biopharma	Parent company		
Celyad Inc	US	Biopharma	100%	100%	0%
CorQuest Medical Inc	US	Medical Device	100%	100%	0%
Biological Manufacturing Services SA	BE	Manufacturing	100%	100%	0%

Cardio3 Inc was incorporated in 2011 to support clinical and regulatory activities of the Group in the US. Cardio3 Inc was renamed in Celyad Inc in 2015.

CorQuest Medical Inc was acquired on November 5, 2014. CorQuest Medical Inc. was developing Heart-XS, a new access route to the left atrium. In November 2019, the patent rights related to Heart-XS were sold to CorQuest MedTech SRL, a newly constituted Belgian company developing innovative cellular medicines. The Group does not hold any ordinary shares of CorQuest MedTech SRL.

Biological Manufacturing Services SA (BMS) was acquired in May 2016. BMS owns GMP laboratories. BMS rent its laboratories to Celyad SA since 2009 and until April 30, 2016. Until the acquisition, BMS had been treated as a related party to Celyad.

5.13 Share Capital

The number of shares issued is expressed in units.

	As of December 31,	
	2020	2019
Total number of issued and outstanding shares	13 942 344	13 942 344
Total share capital (€'000)	48 513	48 513

As of December 31, 2020, the share capital amounts to €48,513k represented by 13,942,344 fully authorized and subscribed and paid-up shares with a nominal value of €3.48 per share. This number does not include warrants issued by the Group and granted to certain directors, employees and non-employees of the Group.

As of December 31, 2020, the authorized capital which has already been used by the board of directors amounts to €11,621k. The remaining available from the authorized capital amount to €36,892k as of December 31, 2020.

History of the capital of the Company

The Company was incorporated on July 24, 2007 with a share capital of €62,500 by the issuance of 409,375 class A shares. On August 31, 2007, the Company issued 261,732 class A shares to Mayo Clinic by way of a contribution in kind of the upfront fee that was due upon execution of the Mayo License for a total amount of €9,500,000.

Round B Investors participated in a capital increase of the Company by way of a contribution in kind of a convertible loan (€2,387,049) and a contribution in cash (€4,849,624 of which €1,949,624 was uncalled) on December 23, 2008; 204,652 class B shares were issued at the occasion of that capital increase. Since then, the capital is divided in 875,759 shares, of which 671,107 are class A shares and 204,652 are class B shares.

On October 29, 2010, the Company closed its third financing round resulting in a capital increase totaling €12,100,809. The capital increase can be detailed as follows:

- Capital increase in cash by certain existing investors for a total amount of €2,609,320.48 by the issuance of 73,793 class B shares at a price of €35.36 per share;
- Capital increase in cash by certain existing investors for a total amount of €471,240 by the issuance of 21,000 class B shares at a price of €22.44 per share;
- Capital increase in cash by certain new investors for a total amount of €399,921.60 by the issuance of 9,048 class B shares at a price of €44.20 per share;
- Exercise of 12,300 warrants ("Warrants A") granted to the Round C investors with total proceeds of €276,012 and issuance of 12,300 class B shares. The exercise price was €22.44 per Warrant A;
- Contribution in kind by means of conversion of the loan C for a total amount of €3,255,524.48 (accrued interest included) by the issuance of 92,068 class B shares at a conversion price of €35.36 per share;
- Contribution in kind by means of conversion of the loan D for a total amount of €2,018,879.20 (accrued interest included) by the issuance of 57,095 class B shares at a conversion price of €35.36 per share. The loan D is a convertible loan granted by certain investors to the Company on 14 October 2010 for a nominal amount of €2,010,000.
- Contribution in kind of a payable towards Mayo Foundation for Medical Education and Research for a total amount of €3,069,911 by the issuance of 69,455 class B shares at a price of €44.20 per share. The payable towards Mayo Clinic was related to (i) research undertaken by Mayo Clinic in the years 2009 and 2010, (ii) delivery of certain materials, (iii) expansion of the Mayo Clinical Technology License Contract by way the Second Amendment dated October 18, 2010.

On May 5, 2011, pursuant the decision of the Extraordinary General Meeting, the capital was reduced by an amount of €18,925,474 equivalent to the outstanding net loss as of December 31, 2010.

On May 31, 2013, the Company closed its fourth financing round, the 'Round D financing'. The convertible loans E, F, G and H previously recorded as financial debt were converted in shares which led to an increase in equity for a total amount of €28,645k of which € 5,026k is accounted for as capital and € 6,988k as share premium. The remainder (€ 16,631k) is accounted for as other reserves on fully settled contribution in kind convertible loans. Furthermore, a contribution in cash by existing shareholders of the Company led to an increase in share capital and issue premium by an amount of €7,000k.

At the Extraordinary Shareholders Meeting of June 11, 2013 all existing classes of shares of the Company have been converted into ordinary shares. Preferred shares have been converted at a 1 for 1 ratio.

On July 5, 2013, the Company completed its Initial Public Offering. The Company issued 1,381,500 new shares at €16.65 per shares, corresponding to a total of €23,002k.

On July 15, 2013, the over-allotment option was fully exercised for a total amount of €3,450k corresponding to 207,225 new shares. The total IPO proceeds amounted to €26,452k and the capital and the share premium of the Company increased accordingly. The costs relating to the capital increases performed in 2013 amounted to €2.8 million and are presented as a deduction of share premium.

On June 11, 2013, the Extraordinary General Shareholders' Meeting of Celyad SA authorized the Board of Directors to increase the share capital of the Company, in one or several times, and under certain conditions set forth in extenso in the articles of association. This authorization is valid for a period of five years starting on July 26, 2013 and until July 26, 2018. The Board of Directors may increase the share capital of the Company within the framework of the authorized capital for an amount of up to €21,413k.

Over the course of 2014, the capital of the Company was increased in June 2014 by way of a capital increase of €25,000k represented by 568,180 new shares fully subscribed by Medisun International Limited.

In 2014, the capital of the Company was also increased by way of exercise of Company warrants. Over four different exercise periods, 139,415 warrants were exercised resulting in the issuance of 139,415 new shares. The capital and the share premium of the Company were therefore increased respectively by €488k and €500k.

In January 2015, the shares of Oncyte LLC were contributed to the capital of the Company, resulting in a capital increase of €3,452k and the issuance of 93,087 new shares.

In 2015, the Company conducted two fund raisings. A private placement was closed in March resulting in a capital increase of €31,745k represented by 713,380 new shares. The Company also completed an IPO on Nasdaq in June, resulting in a capital increase of €87,965k represented by 1,460,000 new shares.

Also, in 2015, the capital of the Company was also increased by way of exercise of Company warrants. Over three different exercise periods, 6,749 warrants were exercised resulting in the issuance of 6,749 new shares. The capital and the share premium of the Company were therefore increased respectively by €23k and €196k.

Over 2017 the capital of the Company was also increased by way of exercise of Company warrants. Over four different exercise periods, 225,966 warrants were exercised resulting in the issuance of 225,966 new shares. The capital of the Company was therefore increased by €625k.

In August 2017, pursuant to the amendment of the agreements with Celdara Medical LLC and Dartmouth College, the CAR-T technology inventors, the capital of the Company was increased by way of contribution in kind of a liability owed to Celdara Medical LLC. 328,275 new shares were issued at a price of €32.35 (being Celyad share's average market price for the 30 days preceding the transaction) and the capital and the share premium of the Company were therefore increased respectively by €1,141k and €9,479k without an impact on the cash and cash equivalents, explaining why such transaction is not disclosed in the consolidated statements of cashflows.

In May 2018, the Company completed a global offering of $54.4 million (€46.1 million), resulting in cash proceeds for an amount of €43.0 million net of bank fees and transaction costs.

In May 2019, share premium decreased as a result of the absorption of accounting losses for an amount of €172.3 million, with a counterpart in the financial statements line item 'Accumulated Deficit'. The absorption of the accumulated deficit into share premium is a non-cash accounting transaction.

In September 2019, the Company completed a global offering of $20.0 million (€18.2 million), resulting in cash proceeds for an amount of €16.4 million net of bank fees and transaction costs.

On January 8, 2021, the Company has entered into a committed equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Company will have the right to direct LPC to purchase up to an aggregate amount of $40 million American Depositary Shares ("ADSs"), each of which represents one ordinary share of the Company (see note 5.36).

As of December 31, 2020, all shares issued have been fully paid.

The following share issuances occurred since the incorporation of the Company:

Category	Transaction date	Description	# of shares	Par value (in €)
Class A shares	24 July 2007	Company incorporation	409 375	0.15
Class A shares	31 August 2007	Contribution in kind (upfront fee Mayo License)	261 732	36.30
Class B shares	23 December 2008	Capital increase (Round B)	137 150	35.36
Class B shares	23 December 2008	Contribution in kind (Loan B)	67 502	35.36
Class B shares	28 October 2010	Contribution in cash	21 000	22.44
Class B shares	28 October 2010	Contribution in kind (Loan C)	92 068	35.36
Class B shares	28 October 2010	Contribution in kind (Loan D)	57 095	35.36
Class B shares	28 October 2010	Contribution in cash	73 793	35.36
Class B shares	28 October 2010	Exercise of warrants	12 300	22.44
Class B shares	28 October 2010	Contribution in kind (Mayo receivable)	69 455	44.20
Class B shares	28 October 2010	Contribution in cash	9 048	44.20
Class B shares	31 May 2013	Contribution in kind (Loan E)	118 365	38.39
Class B shares	31 May 2013	Contribution in kind (Loan F)	56 936	38.39
Class B shares	31 May 2013	Contribution in kind (Loan G)	654 301	4.52
Class B shares	31 May 2013	Contribution in kind (Loan H)	75 755	30.71
Class B shares	31 May 2013	Contribution in cash	219 016	31.96
Class B shares	4 June 2013	Conversion of warrants	2 409 176	0.01
Ordinary shares	11 June 2013	Conversion of Class A and Class B shares in ordinary shares	4 744 067	-
Ordinary shares	5 July 2013	Initial Public Offering	1 381 500	16.65
Ordinary shares	15 July 2013	Exercise of over-allotment option	207 225	16.65
Ordinary shares	31 January 2014	Exercise of warrants issued in September 2008	5 966	22.44
Ordinary shares	31 January 2014	Exercise of warrants issued in May 2010	333	22.44
Ordinary shares	31 January 2014	Exercise of warrants issued in January 2013	120 000	4.52
Ordinary shares	30 April 2014	Exercise of warrants issued in September 2008	2 366	22.44
Ordinary shares	16 June 2014	Capital increase	284 090	44.00
Ordinary shares	30 June 2014	Capital increase	284 090	44.00

Ordinary shares	4 August 2014	Exercise of warrants issued in September 2008	5 000	22.44
Ordinary shares	4 August 2014	Exercise of warrants issued in October 2010	750	35.36
Ordinary shares	3 November 2014	Exercise of warrants issued in September 2008	5 000	22.44
Ordinary shares	21 January 2015	Contribution in kind (Celdara Medical LLC)	93 087	37.08
Ordinary shares	7 February 2015	Exercise of warrant issued in May 2010	333	22.44
Ordinary shares	3 March 2015	Capital increase	713 380	44.50
Ordinary shares	11 May 2015	Exercise of warrant issued in May 2010	500	22.44
Ordinary shares	24 June 2015	Capital increase	1 460 000	60.25
Ordinary shares	4 August 2015	Exercise of warrant issued in May 2010	666	22.44
Ordinary shares	4 August 2015	Exercise of warrant issued in October 2010	5 250	35.36
Ordinary shares	1 February 2017	Exercise of warrant issued in May 2013	207 250	2.64
Ordinary shares	2 May 2017	Exercise of warrant issued in May 2013	4 900	2.64
Ordinary shares	1 August 2017	Exercise of warrant issued in May 2013	7 950	2.64
Ordinary shares	23 August 2017	Contribution in kind (Celdara Medical LLC)	328 275	32.35
Ordinary shares	9 November 2017	Exercise of warrant issued in May 2013	5 000	2.64
Ordinary shares	9 November 2017	Exercise of warrant issued in October 2010	866	35.36
Ordinary shares	7 February 2018	Exercise of warrant issued in May 2013	4 500	2.64
Ordinary shares	22 May 2018	Capital increase	2 070 000	22.29
Ordinary shares	16 Sept 2019	Capital increase	2 000 000	9.08

(€000)			
Nature of the transactions	Share Capital	Share premium	Number of shares
Balance as at January 1, 2019	**41 553**	**206 149**	**11 942 344**
Issue of shares related to exercise of warrants	-	-	-
Absorption of accounting losses into Share premium	-	(172 287)	-
Capital increase as a result of the global offering	6 960	9 488	2 000 000
Share Based Payment	-	-	-
Balance as at December 31, 2019	**48 513**	**43 349**	**13 942 344**
Issue of shares related to exercise of warrants	-	-	-
Absorption of accounting losses into Share premium	-	-	-
Capital increase as a result of the global offering	-	-	-
Share Based Payment	-	-	-
Balance as at December 31, 2020	**48 513**	**43 349**	**13 942 344**

The total number of shares issued and outstanding as of December 31, 2020 totals 13,942,344 ordinary common shares

5.14 Share-based payments

The Group operates an equity-based compensation plan, whereby warrants are granted to directors, management and selected employees and non-employees. The warrants are accounted for as equity-settled

share-based payment plans since the Group has no legal or constructive obligation to repurchase or settle the warrants in cash.

Each warrant gives the beneficiaries the right to subscribe to one common share of the Group. The warrants are granted for free and have an exercise price equal to the lower of the average closing price of the Group's share over the 30 days prior to the offer, and the last closing price before the day of the offer, as determined by the Board of Directors of the Group.

Changes in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Weighted average exercise price (in €)	Number of warrants	Weighted average exercise price (in €)	Number of warrants
Outstanding as at January 1,	**22.56**	**1 292 380**	**30.71**	**731 229**
Granted	6.33	404 525	13.21	610 250
Forfeited	6.35	(36 466)	8.24	(24 100)
Exercised	-	-	-	-
Expired	22.45	(172 433)	23.60	(24 999)
At December 31,	**17.00**	**1 488 006**	**22.56**	**1 292 380**

Warrants outstanding at the end of the year have the following expiry date and exercise price:

Warrant plan issuance date	Vesting date	Expiry date	Number of warrants outstanding as at December 31, 2020	Number of warrants outstanding as at December 31, 2019	Exercise price per share
29 October 2010	29 October 2013	29 October 2020	-	766	35.36
06 May 2013	06 May 2016	06 May 2023	2 500	2 500	2.64
05 May 2014	05 May 2017	05 May 2024	35 698	35 698	38.25
05 November 2015	05 November 2018	05 November 2025	79 315	250 982	30.67
08 December 2016	08 December 2019	08 December 2021	42 500	42 500	22.41
29 June 2017	29 June 2020	31 July 2022	282 251	285 084	31.44
26 October 2018	26 October 2021	31 December 2023	381 600	401 350	18.27
25 October 2019	25 October 2022	31 December 2024	588 142	273 500	7.11
11 December 2020	10 December 2023	31 December 2027	76 000	-	6.73
			1 488 006	1 292 380	-

The Group has a reserve of 823,000 authorized warrants for share based compensation plan as of December 31, 2020.

Warrants issued on 29 October 2010

At the Extraordinary Shareholders Meeting of October 29, 2010, a plan of 79,500 warrants was approved. Warrants were offered to Group's employees, non-employees and directors. Out of the 79,500 warrants offered, 61,050 warrants were accepted by the beneficiaries and no warrants are outstanding as of December 31, 2020.

The 61,050 warrants were vested in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary the issuance. The warrants that are vested can only be exercised at the end of the third calendar year following the issuance date, thus starting on January 1, 2014. The exercise price amounts to €35.36. Warrants not exercised within 10 years after issue become null and void.

Warrants issued on May 6, 2013

At the Extraordinary Shareholders Meeting of May 6, 2013, a plan of 266,241 warrants was approved. Warrants were offered to Group's employees and management team. Out of the 266,241 warrants offered,

253,150 warrants were accepted by the beneficiaries and 2,500 warrants are outstanding as of December 31, 2020.

The 253,150 warrants were vested in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary the issuance. The warrants that are vested can only be exercised at the end of the third calendar year following the issuance date, thus starting on January 1, 2017. The exercise price amounts to €2.64. Warrants not exercised within 10 years after issue become null and void.

Warrants issued on May 5, 2014

At the Extraordinary Shareholders Meeting of May 5, 2014, a plan of 100,000 warrants was approved. Warrants were offered to Group's employees, non-employees and directors in five different tranches. Out of the warrants offered, 94,400 warrants were accepted by the beneficiaries and 35,698 warrants are outstanding as of December 31, 2020.

The 100,000 warrants were vested in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary the issuance. The warrants that are vested can only be exercised at the end of the third calendar year following the issuance date, thus starting on January 1, 2018. The exercise price of the different tranches ranges from €33.49 to €45.05. Warrants not exercised within 10 years after issue become null and void.

Warrants issued on 5 November 2015

At the Extraordinary Shareholders Meeting of 5 November 2015, a plan of 466,000 warrants was approved. Warrants were offered to Group's employees, non-employees and directors in five different tranches. Out of the warrants offered, 353,550 warrants were accepted by the beneficiaries and 79,315 warrants are outstanding as of December 31, 2020.

These warrants vest in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary of issuance. The warrants that are vested can only be exercised as from the end of the third calendar year following the issuance date, thus starting on January 1, 2019. The exercise price of the different tranches ranges from €15.90 to €34.65. Warrants not exercised within 10 years after issue become null and void.

Warrants issued on December 8, 2016

On December 8, 2016, the Board of Directors issued a new plan of 100,000 warrants. An equivalent number of warrants were cancelled from the remaining pool of warrants of the plan of November 5, 2015. Warrants were offered to Group's employees and non-employees in two different tranches. Out of the warrants offered, 45,000 warrants were accepted by the beneficiaries and 42,500 warrants are outstanding as of December 31, 2020.

These warrants will vest in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary of issuance. The warrants that are vested can only be exercised as from the end of the third calendar year following the issuance date, thus starting on January 1, 2020. The exercise price of the different tranches ranges from €17.60 to €36.81. Warrants not exercised within 5 years after issue become null and void.

Warrants issued on June 29, 2017

At the Extraordinary Shareholders Meeting of June 29, 2017, a plan of 520,000 warrants was approved. Warrants were offered in different tranches to beneficiaries (employees, non-employees and directors). Out of the warrants offered, 334,400 warrants were accepted by the beneficiaries and 282,252 warrants are outstanding as of December 31, 2020.

These warrants will be vested in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary of issuance. The warrants that are vested can only be exercised as from the end of the third calendar year following the issuance date, thus starting on January 1, 2021. The exercise price of the different tranches ranges from €31.34 to €48.89. Warrants not exercised within 5 years after issue become null and void.

Warrants issued on October 26, 2018

On October 26, 2018, the Board of Directors issued a new plan of 700,000 warrants. Warrants were offered in different tranches to beneficiaries (employees, non-employees and directors). Out of the warrants offered, 426,050 warrants were accepted by the beneficiaries and 381,600 warrants are outstanding as of December 31, 2020.

These warrants will vest in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary of issuance. The warrants that are vested can only be exercised as from the end of the third calendar year following the issuance date, thus starting on January 1, 2022. The exercise price of the different tranches ranges from €9.36 to €22.04. Warrants not exercised within 5 years after issue become null and void after the 31th of December of the 5th year.

Warrants issued on October 25, 2019

On October 25, 2019, the Board of Directors issued a new plan of 939,500 warrants. Warrants were offered in different tranches to beneficiaries (employees, non-employees and directors). Out of the warrants offered, 602,025 warrants were accepted by the beneficiaries and 588,142 warrants are outstanding as of December 31, 2020. The increase in the number of warrants issued / granted in 2019 follows an update to our benchmark analysis which now incorporates development-stage, biotechnology peers from both Europe and the United States. In addition, the Group had a double allocation of warrants granted in 2019 (Q1:2019 and Q4:2019, respectively). Future double allocation of warrants may be considered. Finally, over the past two years, the Group recruited new EC members as well as new managers which are remunerated in warrants.

These warrants will vest in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary of issuance. The warrants that are vested can only be exercised as from the end of the third calendar year following the issuance date, thus starting on January 1, 2023. The exercise price of the first offer was of €8.16. Warrants not exercised within 5 years after issue become null and void after the 31th of December of the 5th year.

Warrants issued on December 11, 2020

On December 11, 2020, the Board of Directors issued a new plan of 561,525 warrants. Warrants were offered in different tranches to beneficiaries (employees, non-employees and directors). Out of the warrants offered, 76,000 warrants were accepted by the beneficiaries and 76,000 warrants are outstanding as of December 31, 2020.

These warrants will vest in equal tranches over a period of three years. The warrants become 100% vested after the third anniversary of issuance. The warrants that are vested can only be exercised as from the end of the third calendar year following the issuance date, thus starting on January 1, 2024. The exercise price of the first offer was of €6.73. Warrants not exercised within 7 years after issue become null and void after the 31th of December of the 7th year..

As a result, as of December 31, 2020 there are 1,488,006 warrants outstanding which represent respectively 9.64% of the total number of all its issued and outstanding shares and 9.60% of the total voting financial instruments.

The fair value of the warrants has been determined at grant date based on the Black-Scholes formula. The variables, used in this model, are:

	Warrants issued on										
	29 Oct. 2010	31 Jan. 2013	06 May 2013	05 May 2014	05 Nov. 2015	08 Dec. 2016	29 Jun. 2017	26 Oct. 2018	25 Oct. 2019	10 Dec. 2020	Total
Number of warrants issued	79 500	140 000	266 241	100 000	466 000	100 000	520 000	700 000	939 500	561 525	**3 872 766**
Number of warrants granted	61 050	140 000	253 150	94 400	353 550	45 000	334 400	426 050	602 025	76 000	**2 385 625**
Number of warrants not fully vested as of 31 December 2020	-	-	2 500	35 698	79 315	42 500	282 251	381 600	588 142	76 000	**1 488 006**
Average exercise price (in €)	35.36	4.52	2.64	38.25	30.67	22.41	31.44	18.27	7.11	6.73	**17.00**
Expected share value volatility	35.60%	35.60%	39.55%	67.73%	60.53%	61.03%	60.61%	58.82%	59.14%	58.84%	
Risk-free interest rate	3.21%	2.30%	2.06%	1.09%	0.26%	-0.40%	-0.23%	-0.06%	-0.38%	-0.66%	
Average fair value (in €)	9.00	2.22	12.44	25.19	20.04	11.28	15.65	8.91	3.99	3.73	**9.04**
Weighted average remaining contractual life	-	2.08	2.34	3.34	4.84	0.93	1.49	2.82	3.81	6.94	

The total expense recognized in the income statement for the outstanding warrants totals €2.7 million for the year 2020 (€2.8 million of expense for the prior year 2019).

5.15 Post-employment benefits

(€'000)	As at December 31,	
	2020	2019
Pension obligations	614	398
Total	**614**	**398**

The Group operates a pension plan which requires contributions to be made by the Group to an insurance company. The pension plan is a defined contribution plan. However, because of the Belgian legislation applicable to 2nd pillar pension plans (so-called "Law Vandenbroucke"), the Group's defined contribution plan is accounted under IAS 19.

At the end of each year, the Group is measuring and accounting for the potential impact of defined benefit accounting for these pension plans with a minimum fixed guaranteed return.

The contributions to the plan are determined as a percentage of the yearly salary. There are no employee contributions. The benefit also includes a death in service benefit.

The amounts recognized in the statement of financial position are determined as follows:

(€'000)	As at December 31,	
	2020	2019
Present value of funded obligations	2 748	2 330
Fair value of plan assets	(2 134)	(1 932)
Deficit of funded plans	614	398
Total deficit of defined benefit pension plans	614	398
Liability in the statement of financial position	**614**	**398**

The change in the defined benefit liability over the year is as follows:

(€'000)	Present value of obligation	Fair value of plan assets	Total
At January 1, 2019	**1 838**	**1 707**	**131**
Current service cost	193	-	193
Interest expense/(income)	44	31	13
	2 076	1 737	339
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
- Actuarial (Gain)/loss due to change in actuarial assumptions	222	-	222
- Actuarial (Gain)/Loss due to experience	70	-	70
	292	-	292
Employer contributions:	-	233	(233)
Benefits Paid	(38)	(38)	-
At December 31, 2019	**2 330**	**1 932**	**398**

At January 1, 2020	**2 330**	**1 932**	**398**
Current service cost	233	-	233
Interest expense/(income)	30	38	(8)
	2 593	1 970	623
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
- Actuarial (Gain)/loss due to change in actuarial assumptions	187	-	187
- Actuarial (Gain)/Loss due to experience	24	-	24
	212	-	212
Employer contributions:	-	220	(220)
Benefits Paid	(57)	(57)	-
At December 31, 2020	**2 747**	**2 133**	**614**

The plan assets are 100% invested in an insurance product.

The income statement charge included in operating profit for post-employment benefits amount to:

(€'000)	2020	2019
Current service cost	233	193
Interest expense on DBO	30	44
Expected return on plan assets	(24)	(40)
Net periodic pension cost	**239**	**198**

The re-measurements included in other comprehensive loss amount to:

(€'000)	2020	2019
Effect of changes in actuarial assumptions	187	222
Effect of experience adjustments	24	70
(Gain)/Loss on assets for the year	(14)	8
Remeasurement of post-employment benefit obligations	**197**	**301**

Plan assets relate all to qualifying insurance policies. The significant actuarial assumptions as per December 31, 2020 were as follows:

Demographic assumptions (for both current and comparative years presented in these year-end financial statements):

- Mortality tables: mortality rates-5 year for the men and 5 year for the women
- Withdrawal rate: 15% each year
- Retirement age: 65 years

Economic assumptions:

- Yearly inflation rate: 1.8% (no change compared to comparative period)
- Yearly salary raise: 1.5% (above inflation), no change compared to last year
- Yearly discount rate: 0.6% (vs 1.2% last year). The discount rate reflects the yield on high quality (AA) long-term corporate bonds (within the EURO zone) having the same duration as the duration of the pension liabilities at the valuation date.

If the discount rate would decrease by 0.5% then, the defined benefit obligation would increase by 7.22%. If the discount rate would increase by 0.5% then the defined benefit obligation would decrease by 6.13%.

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Through its defined benefit pension plan, the Group is exposed to several risks, the most significant of which are detailed below:

- Changes in discount rate: a decrease in discount rate will increase plan liabilities;
- Inflation risk: the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

The investment positions are managed by the insurance company within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes.

Expected contributions to pension plans for next financial year amount to €0.2 million.

5.16 Advances repayable

(€'000)	As at December 31,	
	2020	2019
Non-Current portion as at January 1,	4 139	2 864
Non-Current portion as at December 31,	4 220	4 139
Current portion as at January 1,	346	276
Current portion as at December 31,	371	346
Total Recoverable Cash Advances as at January 1,	**4 484**	**3 140**
Total Recoverable Cash Advances as at December 31,	**4 590**	**4 484**

The Group receives government support in the form of recoverable cash advances from the Walloon Region in order to compensate the research and development costs incurred by the Group. Refer to note 5.2.5 and note 5.19.2.

At December 31, 2020, the Group has been granted total recoverable cash advances amounting to €41.5 million. Out of this total amount: i) €32.0 million have been received to date; ii) out of the active contracts, an amount of €8.0 million should be received in 2021 or later depending on the progress of the different programs partially funded by the Region; and iii) an amount of €1.5 million refer to contracts for which the exploitation has been abandoned (and thus will not be received).

For further details, reference is made to the table below which shows (i) the year for which amounts under those agreements have been received and initially recognized on the statement of financial position for the financial liability and deferred grant income components and (ii) a description of the specific characteristics of those recoverable cash advances including repayment schedule and information on other outstanding advances. Underlying R&D is ongoing and no exploitation decisions are expected before mid-2021 with the exception of the convention 7685 (THINK) for which an exploitation decision has been taken in the second quarter of 2020.

(in €'000)			Amounts received for the years ended December 31,			Amounts to be received		As at December 31, 2020
Id	Project	Contractual amount	Prior years	2019	2020	Cumulated cashed in	2021 and beyond	Status	Amount reimbursed (cumulative)
5160	C-Cure	2 920	2 920	-	-	2 920	-	Abandoned	-
5731	C-Cure	3 400	3 400	-	-	3 400	-	Abandoned	-
5914	C-Cure	700	687	-	-	687	-	Abandoned	180
5915	C-Cathez	910	910	-	-	910	-	Exploitation	600
5951	Industrialization	1 470	866	-	-	866	-	Abandoned	245
6003	C-Cure	1 729	1 715	-	-	1 715	-	Abandoned	-
6230	C-Cure	1 084	1 084	-	-	1 084	-	Abandoned	-
6363	C-Cure	1 140	1 126	-	-	1 126	-	Abandoned	1 536
6548	Industrialization	660	541	-	-	541	-	Abandoned	-
6633	C-Cathez	1 020	1 020	-	-	1 020	-	Exploitation	275
6646	Proteins	1 200	450	-	-	450	-	Abandoned	450
7027	C-Cathez	2 500	2 500	-	-	2 500	-	Exploitation	500
7246	C-Cure	2 467	2 467	-	-	2 467	-	Abandoned	-
7502	CAR-T Cell	2 000	2 000	-	-	2 000	-	Exploitation	40
7685	THINK	3 496	2 060	1 086	350	3 496	-	Exploitation	-
8087	CYAD01 - Deplethink	2 492		623	1 447	2 070	421	Research	-
8088	CYAD02 - Cycle1	3 538		885	615	1 500	2 038	Research	-
1910028	CwalityCAR	2 102		-	749	749	1 353	Research	-
8212	CYAD-101	3 300			825	825	2 475	Research	-
8436	Immunicy	3 394			1 697	1 697	1 697	Research	-
Total		**41 522**	**23 746**	**2 593**	**5 684**	**32 023**	**7 985**		**3 826**

Regarding active contracts (in exploitation status):

The contract 5915 has the following specific characteristics:

- Funding by the Region covers 70% of the budgeted project costs;
- Certain activities have to be performed within the Region;
- In case of an outlicensing agreement or a sale to a third party, the Group will have to pay 10% of the price received (excl. Of VAT) to the Region;
- Sales-independent reimbursements, sales-dependent reimbursements, and amounts due in case of an outlicensing agreement or a sale to a third party, are, in the aggregate, capped at 100% of the principal amount paid out by the Region;
- Sales-dependent reimbursements payable in any given year can be set-off against sales-independent reimbursements already paid out during that year;

- The amount of sales-independent reimbursement and sales-dependent reimbursement may possibly be adapted in case of an outlicensing agreement, a sale to a third party or industrial use of a prototype or pilot installation, when obtaining the consent of the Walloon Region to proceed thereto.

The RCA liability associated to the contract 5915 amounted to €0.3 million.

The other contracts have the following specific characteristics:

- Funding by the Region covers from 45 to 70% of the budgeted project costs;
- Certain activities have to be performed within the European Union;
- Sales-independent reimbursements represent in the aggregate 30% of the principal amount;
- Sales-independent reimbursements and sales-dependent reimbursements are, in the aggregate (including the accrued interests), capped at 200% of the principal amount paid out by the Region;
- Interests (at Euribor 1 year (as applicable on the first day of the month in which the decision to grant the relevant RCA was made + 100 basis points) accrue as of the 1st day of the exploitation phase;
- The amount of sales-independent reimbursement and sales-dependent reimbursement may possibly be adapted in case of an outlicensing agreement, a sale to a third party or industrial use of a prototype or pilot installation, when obtaining the consent of the Region to proceed thereto.
- In case of bankruptcy, the research results obtained by the Group under those contracts are expressed to be assumed by the Region by operation of law.

The RCA liability associated to the other contracts amounted to €4.3 million, which mainly incorporate the sales-independent reimbursements for €3.3 million and the sales-dependent reimbursements for €1.0 million.

The table below summarizes, in addition to the specific characteristics described above, certain terms and conditions for the recoverable cash advances:

Contract number (€'000)	Research phase	Percentage of total project costs	Turnover-dependent reimbursement	Turnover-independent reimbursement	Interest rate accrual	Amounts due in case of licensing (per year) resp. Sale
5160	01/05/05-30/04/08	70%	0.18%	Consolidated with 6363	N/A	N/A
5731	01/05/08-31/10/09	70%	0.18%	Consolidated with 6363	N/A	N/A
5914	01/09/08-30/06/11	70%	5.00%	€30k in 2012 and €70k each year after	N/A	10% with a minimum of 100/Y
5915	01/08/08-30/04/11	70%	5.00%	€40k in 2012 and €70k each year after	N/A	10% with a minimum of 100/Y
5951	01/09/08-31/12/14	70%	5.00%	€100k in 2014 and €150k each year after	N/A	10% with a minimum of 200/Y
6003	01/01/09-30/09/11	60%	0.18%	Consolidated with 6363	N/A	N/A
6230	01/01/10-31/03/12	60%	0.18%	Consolidated with 6363	N/A	N/A
6363	01/03/10-30/06/12	60%	0.18%	From €103k to €514k starting in 2013 until 30% of advance is reached	Starting on 01/01/13	N/A

6548	01/01/11-31/03/13	60%	0.01%	From €15k to €29k starting in 2014 until 30% of advance is reached	Starting on 01/10/13	N/A
6633	01/05/11-30/11/12	60%	0.27%	From €10k to €51k starting in 2013 until 30% of advance is reached	Starting on 01/06/13	N/A
6646	01/05/11-30/06/15	60%	0.01%	From €12k to €60k starting in 2015 until 30% of advance is reached	Starting on 01/01/16	N/A
7027	01/11/12-31/10/14	50%	0.33%	From €25k to €125k starting in 2015 until 30% of advance is reached	Starting on 01/01/15	N/A
7246	01/01/14-31/12/16	50%	0.05%	From €30k to €148k starting in 2017 until 30% of advance is reached.	Starting in 2017	N/A
7502	01/12/15-30/11/18	45%	0.19%	From €20k to €50k starting in 2019 until 30% is reached.	Starting 2019	N/A
7685	1/01/17-31/12/19	45%	0.33%	From €35k to €70k starting in 2019 until 30% is reached.	Starting 2020	N/A
8087	01/05/19 - 31/12/20	45%	0.22%	From €25k to €75k starting in 2021 until 30% is reached	Starting 01/01/21	N/A
8088	01/05/19 - 31/12/20	45%	0.21%	From €35k to €106k starting in 2021 until 30% is reached	Starting 01/01/21	N/A
1910028	06/06/19 - 05/05/21	45%	0.01%	From €21k to €42k starting in 2022 until 30% is reached	Starting 01/06/21	N/A
8212	01/01/2020 - 31/12/2021	45%	0.46%	From €33K to €99K starting in 2022 until 30% is reached	Starting 01/01/22	N/A
8436	01/11/2020 - 31/12/2023	45%	0.32%	From €34K to €102K starting in 2024 until 30% is reached	Starting 01/11/22	N/A

5.17 Other non-current liabilities

(€'000)	As at December 31,	
	2020	2019
Onerous contracts - non-current liabilities	371	-
Total Other non-current liabilities	**371**	**-**

As of December 2020, the Group recorded a provision for onerous contracts for a total amount of €0.9 million in order to cover the contractual obligations, mainly on clinical activities follow-up and studies closing costs, after the Group's decision to discontinue the development of first-generation, autologous CAR T candidate CYAD-01. The non-current portion of this provision reaches an amount of €0.4 million. The current portion of the provision reaches an amount of €0.5 million (see note 5.18).

5.18 Trade payables and other current liabilities

(€'000)	As at December 31,	
	2020	2019
Total Trade payables	**4 736**	**6 969**
Other current liabilities		
Social security	319	482
Payroll accruals	1 653	1 750
Onerous contracts - current liabilities	488	-
Other current grant liabilities	1 838	666
Other current liabilities	1 317	350
Total Other current liabilities	**5 614**	**3 248**
Total Trade payables and other current liabilities	**10 350**	**10 217**

Trade payables

Trade payables are non-interest-bearing liabilities and are normally settled on a 90-day terms. Their decrease is mainly attributable to monthly effect in the timing of the expenses and the related payments.

Other current liabilities

As of December 31, 2020, the decrease on social security, payroll accruals by €0.3 million compared to December 31, 2019 related to timing differences of payments on these accruals and employee movements in 2020.

As of December 31, 2020, the Group recorded a provision for onerous contracts in order to cover the contractual obligations, mainly on clinical activities follow-up and studies closing costs, after the Group's decision to discontinue the development of first-generation, autologous CAR T candidate CYAD-01. The provision recorded to cover for contractual obligations through 2021 reaches an amount of €0.5 million.

The other non-current liabilities attached to grants is mainly explained by the excess of cash proceeds compared to the eligible expenses subsidized by the convention numbered 8436 (CYAD-211 Immunicy) recognized in 2020 for €1.6million. The increase related to this new convention is partially offset by the reversal of deferred revenue related to the Federal Belgian Institute for Health Insurance Inami (€0.2 million) based on subsidized expenses recognized in 2020 and the reimbursement of the excess of the cash proceeds received on a grant from European (FP7) authorities for €0.2 million for which an accrual had been already been recognized in 2019 following an audit of eligible expenses related to this convention.

Other current liabilities increase of €1.1 million is mainly explained by the establishment of an accrual in 2020 to cover for a €1.0 million reimbursement of R&D tax credit related to an assessment resulting from an audit of fiscal years 2013 and 2014. While management plans to appeal the assessment, currently management has determined that it is probable that reimbursement will be required.

No discounting was performed to the extent that the amounts do not present payments terms longer than one year at the end of each financial year presented.

5.19 Financial liabilities

5.19.1. Maturity analysis

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for advances repayable which are presented at amortized cost. Contingent consideration liability has not been disclosed in the table below, because as of statement of financial position date, it does not meet the definition of a contractual obligation. Commitments relating to contingent consideration are detailed in the disclosure note 5.34.1.

Financial liabilities reported as at December 31, 2020:

(€'000)	Total	Less than one year	One to five years	More than five years
As at December 31, 2020				
Bank loan	37	37	-	-
Lease liabilities (undiscounted)	4 129	1 306	2 732	92
Advances repayable	4 590	371	1 022	3 197
Trade payables	4 736	4 736	-	-
Total financial liabilities	**13 493**	**6 450**	**3 754**	**3 289**

Financial liabilities reported as at December 31, 2019:

(€'000)	Total	Less than one year	One to five years	More than five years
As at December 31, 2019				
Bank loan	229	192	37	-
Lease liabilities (undiscounted)	4 838	1 401	3 052	385
Advances repayable	4 484	346	976	3 163
Trade payables	6 969	6 969	-	-
Total financial liabilities	**16 520**	**8 908**	**4 065**	**3 547**

5.19.2. Changes in liabilities arising from financing activities

The change in bank loans balances is detailed as follows:

BANK LOANS FINANCIAL LIABILITY ROLL FORWARD		
(€'000)	For the year ended	
	2020	2019
Opening balance at January 1,	**229**	**510**
New bank loans	-	-
Payments	(192)	(281)
Closing balance at December 31,	**37**	**229**

The change in lease liability balances is detailed as follows:

LEASES FINANCIAL LIABILITY ROLL FORWARD		
(€'000)	For the year ended	
	2020	2019
Opening balance at January 1,	4 134	1 136
New leases[1]	723	4 204
Payments	(1 255)	(1 206)
Closing balance at December 31,	**3 602**	**4 134**

[1] Includes the effects of first-time application of IFRS 16 on leases using the modified retrospective approach, effective January 1, 2019 which amounts to €3.9 million as of January 1, 2019

New leases are mainly related to new leased laboratories equipment for €0.5 million.

The change in recoverable cash advance liability balances is detailed as follows:

RECOVERABLE CASH ADVANCE LIABILITY ROLL FORWARD (€'000)	For the year ended	
	2020	2019
Opening balance at January 1,	4 484	3 140
Repayments	(246)	(256)
New Liability component	1 284	1 481
Remeasurement	(933)	120
Closing balance at December 31,	**4 590**	**4 484**

The RCAs are initially recognized as a financial liability at fair value, calculated based on present value of future repayment of grants (using initial effective discount rates ranging between 0% and 1% for the fixed part and between 14% to 25% for the variable part, depending on RCAs listed in note 5.16), determined as per IFRS 9/IAS 39. The benefit (RCA grant component) consisting in the difference between the cash received (RCA proceeds) and the financial liability's fair value (RCA liability component) is treated as a government grant in accordance with IAS 20.

The RCAs liability component (RCA financial liability) is subsequently measured at amortized cost using the cumulative catch-up approach under which the carrying amount of the liability is adjusted to the present value of the future estimated cash flows (future estimated cash flow are measured by the management using same key assumptions than for the impairment testing in note 5.6.2). The resulting adjustment is recognized within profit or loss (note 5.2.12).

The change in the recoverable cash advances liability at the statement of financial position date mainly reflects both the new grants received in current year as well as the remeasurement of the liability at amortized cost, based on the Group's updated business plan and sales forecast for its CAR-T product candidates. See disclosure note 5.28. The year-end balance also captures the repayments of contractual turnover independent lump sums to the Walloon Region (relating to C-Cath$_{ez}$ agreements).

5.20 Financial instruments

5.20.1. Financial instruments not reported at fair value on statement of financial position

The carrying and fair values of financial instruments that are not reported at fair value in the consolidated financial statements were as follows for the current and comparative periods:

(€'000)	As at December 31,	
	2020	2019
Financial Assets ('Amortized cost' category) within:		
Non-current Trade receivables	2 117	2 432
Other non-current assets	293	257
Trade receivables and other current assets	615	558
Short-term investments	-	0
Cash and cash equivalents	17 234	39 338
Total	**20 259**	**42 586**

For the above-mentioned financial assets, the carrying amount reported as per December 31, 2020 is a reasonable approximation of their fair value.

(€'000)	As at December 31,	
	2020	2019
Financial Liabilities ('Financial liabilities at amortized cost' category) within:		
Bank loans	37	229
Lease liabilities	3 602	4 134
RCAs liability	4 590	4 484
Trade payables	4 736	6 969
Total	**12 965**	**15 817**

For the above-mentioned financial liabilities, the carrying amount reported as per December 31, 2020 is a reasonable approximation of their fair value.

5.20.2. Financial instruments reported at fair value on statement of financial position

Contingent consideration and other financial liabilities are reported at fair value in the statement of financial position using Level 3 fair value measurements for which the Group developed unobservable inputs.

(€'000)	Level I	Level II	Level III	Total
Assets				
Investment in equity securities	-	-	-	-
Total Assets	**-**	**-**	**-**	**-**
Liabilities	**-**	**-**	**-**	**-**
Contingent consideration and other financial liabilities	-	-	15 526	15 526
Total Liabilities	**-**	**-**	**15 526**	**15 526**

After initial recognition, contingent consideration liabilities are re-measured at fair value with changes in fair value recognized in profit or loss in accordance with IFRS 3. The calculations use cash flow projections based on business plan ending in 2040 based on probability of success of CYAD-02 and CYAD-101 product candidates (eligible for milestone payments to Dartmouth and Celdara as disclosed within note 5.34.1) as well as extrapolations of projected cash flows resulting from the future expected sales associated with CYAD-02 and CYAD-101.

The change in the balance is detailed as follows:

(€'000)	For the year ended 2020	2019
Opening balance Contingent consideration at 1 January	**24 754**	**25 187**
Milestone payment	-	-
Fair value adjustment	(9 228)	(433)
Closing balance Contingent consideration at 31 December	**15 526**	**24 754**
Total - Contingent consideration and Other financial liabilities at 31 December	**15 526**	**24 754**

The contingent consideration and other financial liabilities refer to the acquisition of the Group's immuno-oncology platform and corresponds to the fair value of the potential future payments due to Celdara Medical, LLC and Dartmouth College. The liability evolution reflects the development of the Group's product candidates using CAR-T technology and their progress towards market approval in both autologous and allogeneic programs, as well as the update of its underlying business plans and revenue forecast.

There has not been any change in valuation technique in 2020 compared to 2019. The valuation is prepared by the Finance Team on a quarterly basis and reviewed by the Management. The Management's key assumptions about projected cash flows when determining fair value less costs to sell are the same key assumptions than for impairment testing purposes (see note 5.6.2). These key assumptions are i) the discount rate (WACC), ii) the projected revenue and iii) the probabilities of success (PoS) for the Group's product candidates to get commercialized.

The liability decrease at December 31, 2020, is due to the fair value adjustment, mainly driven by updated assumptions associated with the timing of the potential commercialization of our autologous AML/MDS CAR T program after the Group's decision to discontinue the development of first-generation, autologous CAR T candidate CYAD-01 based on clinical futility observed to date from the Phase 1 THINK trial while the preliminary data from CYCLE-1 trial evaluating next-generation autologous CYAD-02 showed encouraging clinical results. The decrease of the liability is also driven by USD foreign exchange rate update as of December 31, 2020.

The contingent consideration liability captures the commitments disclosed under note 5.34.1. It does not include any amount for contingent consideration payable relating to any sub-licensing agreements entered into or to be entered into by the Group for the reasons that:

- Any contingent consideration payable would be due only when the Group earns revenue from such sub-licensing agreements, and in an amount representing a fraction of that revenue; and
- The development of the underlying product candidates by the sub-licensees is not under the Group's control, making a reliable estimate of any future liability impossible.

Contingent consideration liability sensitivity analysis

A sensitivity analysis has been performed on the key assumptions driving the fair value of the contingent consideration liability. The key assumptions are i) the discount rate (WACC), ii) the projected revenue and iii) the probabilities of success (PoS) for the Group's product candidates to get commercialized.

	Discount rate (WACC)				
	13.3%	**14.0%**	**14.8%**	**15.5%**	**16.3%**
Cont. consideration (€ million)	17.0	16.2	15.5	14.9	14.2
Impact (%)	9%	4%	-	-4%	-9%

	Projected revenue				
	95.0%	**97.5%**	**100.0%**	**102.5%**	**105.0%**
Cont. consideration (€ million)	15.0	15.3	15.5	15.8	16.1
Impact (%)	-3%	-2%	-	2%	3%

To determine the contingent consideration liability, the Group used the same PoS than for impairment testing purposes (see note 5.6.2):

PoS	Phase I	Phase I to Phase II	Phase II to Phase III	Phase III to BLA	BLA to Approval	Cumulative PoS
CYAD-02	100%	62%	29%	53%	86%	8.1%
CYAD-101	100%	64%	23%	34%	80%	4.0%

In order to assess the sensitivity to this driver, the Group applies here an incremental probability factor to the bottom-line cumulative PoS disclosed below:

	Probabilities of Success				
	-20.0%	-10.0%	PoS model	10.0%	20.0%
Cont. consideration (€ million)	12.4	14.0	15.5	17.1	18.6
Impact (%)	-20%	-10%	-	10%	20%

5.21 Income taxes

The Group reports income taxes in the income statement as detailed below:

INCOME TAX EXPENSE IN PROFIT OR LOSS (€'000)	For the year ended December 31, 2020	2019
Current tax (expense) / income	-	8
Deferred tax (expense) / income	-	-
Total income tax expense in profit or loss	**-**	**8**

The Group has a history of losses. For 2020, the Group does not have any income tax expense or benefit.

The following table shows the reconciliation between the effective and theoretical income tax at the nominal Belgian income tax rate of 25.00% for the year 2020 and at the nominal Belgian income tax rate of 29.58% for the year 2019:

EFFECTIVE INCOME TAX RECONCILIATION (€'000)	For the year ended December 31, 2020	2019
Loss before tax	(17 204)	(28 640)
Permanent differences		
Tax disallowed expenses	1 092	967
Share-based payment	2 782	2 775
Nominal tax rate	**25.00%**	**29.58%**
Tax income at nominal tax rate[1]	3 333	7 365
Deferred Tax assets not recognized	(3 333)	(7 357)
Effective tax expense	**-**	**8**
Effective tax rate	0%	0%

[1] The difference in foreign tax rate in the US (21.00%) compared to the Belgian rate (25.00%) is not distinctively disclosed in this table due to non-materiality of the operations of the Group's subsidiary Celyad Inc.

As having not yet reached the commercialization step, the Group accumulates tax losses that are carried forward indefinitely for offset against future taxable profits of the Group. Significant uncertainty exists however surrounding the Group's ability to realize taxable profits in a foreseeable future. Therefore, the Group has not recognized any net deferred tax assets in its statements of financial position.

Deferred tax assets and liabilities are detailed below by nature of temporary differences for the current year:

DEFERRED TAX ASSETS AND LIABILITIES, PER TAX BASES (€'000)	For the year ended December 31, 2020		
	Assets	Liabilities	Net
Intangibles assets	-	(1 826)	(1 826)
Tangible assets	-	(26)	(26)
Recoverable cash advances liability	1 067	-	1 067
Contingent consideration liability	3 881	-	3 881
Employee Benefits liability	154	-	154
Other temporary difference	-	(346)	(346)
Tax-losses carried forward	63 302	-	63 302
Unrecognized Gross Deferred Tax assets/(liabilities)	**68 405**	**(2 197)**	**66 208**
Netting by tax entity	**(2 174)**	**2 174**	**-**
Unrecognized Net Deferred Tax assets/(liabilities)	**66 231**	**(23)**	**66 208**

Deferred tax assets and liabilities are detailed below by nature of temporary differences for the prior year:

DEFERRED TAX ASSETS AND LIABILITIES, PER TAX BASES (€'000)	For the year ended December 31, 2019		
	Assets	Liabilities	Net
Intangibles assets	-	(894)	(894)
Tangible assets	-	(90)	(90)
Recoverable cash advances liability	1 056	-	1 056
Contingent consideration liability	6 189	-	6 189
Employee Benefits liability	100	-	100
Other temporary difference	-	(473)	(473)
Tax-losses carried forward	55 414	-	55 414
Unrecognized Gross Deferred Tax assets/(liabilities)	**62 758**	**(1 458)**	**61 300**
Netting by tax entity	**(1 365)**	**1 365**	**-**
Unrecognized Net Deferred Tax assets/(liabilities)	**61 393**	**(93)**	**61 300**

The Group's main deductible tax base relates to tax losses carried forward, which have indefinite term under both BE and US tax regimes applicable to its subsidiaries.

The remaining temporary differences refer to differences between IFRS accounting policies and local tax reporting policies.

The Group has not recognized any net deferred tax asset on its statements of financial position, for the same reason as explained above (uncertainty relating to taxable profits in a foreseeable future).

The change in the Group's net deferred tax asset balance is detailed below:

UNRECOGNIZED DEFERRED TAX ASSET BALANCE ROLL FORWARD		
(€'000)	For the year ended	
	2020	2019
Opening balance at January 1,	**61 300**	**53 280**
Temporary difference creation or reversal	(2 981)	(536)
Change in Tax-losses carried forward	8 064	8 556
Change in US tax rate applicable (23% > 21%)	(176)	-
Closing balance at December 31,	**66 208**	**61 300**

The net increase in the balance mainly relates to the additional losses reported for the current year.

5.22 Other reserves

(€'000)	Share based payment reserve	Other equity reserve from conversion of convertible loan in 2013	Currency Translation Difference	Total
Balance as at January 1, 2019	**10 246**	**16 631**	**(1 211)**	**25 667**
Vested share-based payments	2 775	-	-	2 775
Currency Translation differences subsidiaries	-	-	(261)	(261)
Balance as at December 31, 2019	**13 021**	**16 631**	**(1 472)**	**28 181**
Vested share-based payments	2 782	-	-	2 782
Currency Translation differences subsidiaries	-	-	(5)	(5)
Balance as at December 31, 2020	**15 803**	**16 631**	**(1 476)**	**30 958**

The amount of €16,631k has been accounted for as other reserves following the conversion of the loans E, F, G and H on May 31, 2013, as a legacy IFRS adjustment on fully settled contribution-in-kind convertible loans.

5.23 Revenue

(€'000)	For the year ended December 31,	
	2020	2019
Out-licensing revenue	-	-
C-Cath$_{EZ}$ sales	5	6
Other revenue	-	0
Total	**5**	**6**

The Group's license and collaboration agreements have generated no revenue for the years ended December 31, 2020 and 2019.

5.24 Research and Development expenses

The following table is a summary of manufacturing expenses, clinical, quality and regulatory expenses and other research and development expenses, which are aggregated and presented as research and development expenses in the Group's consolidated financial statements.

(€'000)	For the year ended December 31,	
	2020	2019
Employee expenses	8 564	8 362
Travel & Living	116	486
Clinical study costs	5 555	4 713
Preclinical study costs	1 976	3 711
Process development and scale-up	1 056	3 765
Consulting fees	372	675
IP filing and maintenance fees	230	260
Share-based payments	927	813
Depreciation	1 511	1 444
Rent and utilities	800	746
Delivery systems	47	53
Others	369	168
Total R&D expenses	**21 522**	**25 196**

Research and development expenses totaled €21.5 million for the year ended December 31, 2020, which represents a decrease of 15% compared to 2019. The Group's R&D internal resources are allocated to the continuous development of its immuno-oncology platform both in autologous setting on the products candidate CYAD-02 and in allogenic setting with its products candidate CYAD-101, CYAD-211 and preclinical programs. The decrease in the Group's R&D expenses is primarily driven by:

- A decrease in preclinical activities, including process development and scale-up, associated with its r/r AML and MDS product candidates and the transition from preclinical to clinical development of these programs;
- A decrease of travel & living expenses due to COVID-19 pandemic travel restrictions, partly compensated by;
- An increase of the clinical study costs due to the transition from preclinical to clinical development of the Group's programs. In 2020, these costs include the provision for onerous contract related to the contractual obligation through clinical study suppliers after the Group's decisions to discontinue the development of first-generation, autologous CAR T candidate CYAD-01;
- An increase in consultancy fees to support our clinical and preclinical programs.

5.25 General and administrative expenses

(€'000)	For the year ended December 31,	
	2020	2019
Employee expenses	3 363	3 542
Share-based payments	1 855	1 962
Rent	87	66
Insurances	1 182	559
Communication & Marketing	454	607
Consulting fees	1 747	1 532
Travel & Living	91	331
Post employment benefits	19	(33)
Depreciation	320	345
Other	197	159
Total General and administration	**9 315**	**9 070**

General and administrative expenses increased by €0.2 million over the year ended December 31, 2020, which represents an increase of 3% compared to 2019. This variance primarily relates higher insurances costs compared to prior year partially compensated by savings on the travel & living expenses due to COVID-19 pandemic travel restrictions.

5.26 Depreciation and amortization

(€'000)	For the year ended December 31,	
	2020	2019
Depreciation of property, plant and equipment	1 635	1 619
Amortization of intangible assets	197	170
Total depreciation and amortization	**1 832**	**1 789**

The amortization expenses are stable compared to the year 2019. The depreciation of property, plant and equipment are mainly driven by the amortization expenses relating to right-to-use of leased assets. See disclosure notes 5.2.28 and 5.30.

5.27 Employee benefit expenses

(€'000)	For the year ended December 31,	
	2020	2019
Salaries, wages and fees	7 139	6 932
Executive Management team compensation	2 773	2 993
Share-based payments	2 782	2 775
Social security	1 487	1 473
Post employment benefits	263	215
Hospitalization insurance	146	138
Other benefit expense	138	119
Total Employee expenses	**14 727**	**14 646**

Total employee expenses slightly increased in 2020 compared to 2019. Salaries, wages and fees expenses show a net increase year-on-year, which reflects the organic growth of the Group, despite a total staff headcount decreased by 6.3% at December 31, 2020.

Headcount	For the year ended December 31,	
	2020	2019
Research & Development	85.7	94.2
General and administrative staff	18.8	17.3
Total Headcount	**104.5**	**111.5**

5.28 Change in fair value of contingent consideration, other income and other expenses

Change in fair value of contingent consideration

(€'000)	For the year ended December 31,	
	2020	2019
Change in fair value of contingent consideration	9 228	433
Total Change in fair value of contingent consideration	**9 228**	**433**

The change in fair value of the contingent consideration and other financial liabilities (€9.2 million) relating to the contingent consideration and other financial liabilities as of December 31, 2020, mainly driven by updated assumptions associated with the timing of the potential commercialization of our autologous AML/MDS CAR T program . The decrease of the liability is also driven by the devaluation of the USD foreign exchange rate as of December 31, 2020. See note 5.20.2 for more information.

Other income

(€'000)	For the year ended December 31, 2020	2019
Grant income (RCAs)	2 311	1 508
Grant income (Other)	779	1 788
Remeasurement of RCAs	933	-
Fair value adjustment on securities (MESOBLAST)	-	182
R&D tax credit	657	1 560
Gain on sales of Property, plant & equipment	35	-
Other	17	102
Total Other Income	**4 731**	**5 139**

Other income is mainly related to:

- Grant income (RCAs): additional grant income has been recognized in 2020 on grants in the form of recoverable cash advances (RCAs) for contracts, numbered 7685, 8087, 8088, 8212, 8436 and 1910028. According to IFRS standards, the Company has recognized grant income for the period amounting to €2.3 million and a liability component of €1.3 million is accounted for as a financial liability (see disclosure note 5.16);
- Grant income (Others): additional grant income has been recognized in 2020 on grants received from the Federal Belgian Institute for Health Insurance Inami (€0.2 million) and from the regional government (contract numbered 8066 for €0.6 million), not referring to RCAs and not subject to reimbursement;
- the remeasurement income on the recoverable cash advances (RCAs) of €0.9 million for the year 2020, which is mainly related to the Group decision to update assumptions associated with the timing of the potential commercialization of our autologous AML/MDS CAR T program. For the government grants received in the form of RCAs, refer to disclosure note 5.16; and
- with respect to R&D tax credit, the current year income is predicated on a R&D tax credit recorded (€0.7 million), which has been updated taking into account all information available at this date. The decrease compared to 2020 is mainly related to a catch-up effect for €0.7 million which occurred in 2019 and global decrease on eligible R&D expenses in 2020.
- In 2019, other income related to regional government grants received in 2019. For the regional government grants received in form of recoverable cash advances (RCAs) contract, numbered 7685, 8087, 8088 and 1910028 (amounting to a total of €1.5 million). Additional grants income has been recognized in 2019 on grants received from Federal Belgian Institute for Health Insurance Inami (€0.2 million) and from regional government (contract numbered 8066 for €1.6 million), not referring to RCAs and not subject to reimbursement. The increase of grants income compared to 2018 is mainly related to new convention signed in 2019 (contracts numbered 8087, 8088 and 1910028 in the form of RCA and contract numbered 8066 not referring to RCAs and not subject to reimbursement).

Other expenses

(€'000)	For the year ended December 31, 2020	2019
Clinical Development milestone payment	69	36
Remeasurement of RCAs	-	120
Loss on disposals of Property, plant & equipment	10	-
Other	35	35
Total Other Expenses	**114**	**191**

In 2020, other expenses mainly refer to clinical development milestones for (€0.1 million) paid to Dartmouth after that the Group successfully doses first patient with CYAD-02 in CYCLE-1 trial for r/r AML and MDS treatment.

In 2019, other expenses mainly refer to remeasurement expenses of recoverable cash advances (RCAs) for €0.1 million.

5.29 Non-recurring operating income and expenses

Non-recurring operating income and expenses are defined as one-off items, not directly related to the operational activities of the Group. No operations qualify for such a presentation for the years 2020 and 2019.

5.30 Leases

Amounts recognized in the consolidated statements of financial position

"Property, plant and equipment" comprise owned and leased assets that do not meet the definition of investment property.

(€'000)	As of December 31,	
	2020	2019
Property, Plant and Equipment owned (excluding right-of-use assets)	1 115	1 713
Right-of-use assets	3 004	3 347
Total Property, Plant and Equipment	**4 119**	**5 061**

The additions for the period amounting to €0.8 million are mainly driven by the renewal of leased buildings relating to the Group's R&D and manufacturing facilities for €0.2 million and new leased laboratories equipment for €0.5 million.

The statement of financial position shows the following amounts relating to leases for which the Group is a lessee:

(€'000)	Property	Vehicles	Equipment	Total
Cost				
At 1 January 2019	**2 780**	**106**	**1 715**	**4 601**
Additions	30	257	-	287
Disposals	-	-	-	-
Transfers	-	-	(151)	(151)
At 31 December 2019	2 810	363	1 564	4 737
Additions	191	105	470	765
Disposals	-	(39)	-	(39)
Transfers	-	-	(543)	(543)
At 31 December 2020	**3 001**	**429**	**1 491**	**4 920**
Accumulated depreciation	**-**	**-**	**-**	**-**
At 1 January 2019	-	-	(496)	(496)
Depreciation charge	(399)	(90)	(555)	(1 044)
Disposals	-	-	-	-
Transfers	-	-	151	151
At 31 December 2019	(399)	(90)	(901)	(1 390)
Depreciation charge	(428)	(114)	(567)	(1 109)
Disposals	-	39	-	39

Transfers	-	-	543	543
At 31 December 2020	**(827)**	**(165)**	**(924)**	**(1 916)**
Net book value				
Cost	2 810	363	1 564	4 737
Accumulated depreciation	(399)	(90)	(901)	(1 390)
At 31 December 2019	**2 411**	**273**	**663**	**3 347**
Cost	3 001	429	1 491	4 920
Accumulated depreciation	(827)	(165)	(924)	(1 916)
At 31 December 2020	**2 174**	**263**	**567**	**3 004**

Amounts recognized in the consolidated statements of comprehensive loss

The consolidated statements of comprehensive loss show the following amounts relating to leases:

(€'000)	For the 12-month period ended December 31,	
	2020	2019
Depreciation charge of right-of-use assets		
Property	428	399
Vehicles	75	90
Equipment	567	555
Interest on lease liabilities (including in Financial expenses)[1]	259	286
Interest on sublease receivable (including in Financial income)[1]	(46)	(62)
Variable lease payments not included in the measurement of lease liabilities	-	-
Expenses relating to short-term leases and leases of low-value assets	166	182
Total expenses related to leases	**1,449**	**1,450**

[1] Interests on leases are presented as operating cash flow.

Total cash outflows for leases

(€'000)	For the 12-month period ended December 31,	
	2020	2019
Total cash outflow for leases	1 681	1 494

5.31 Finance income and expenses

(€'000)	For the year ended December 31,	
	2020	2019
Interest finance leases	260	291
Interest on overdrafts and other finance costs	19	35
Interest on RCAs	18	17
Foreign Exchange differences	137	-
Finance expenses	**434**	**343**
Finance income on the net investment in lease	46	62
Interest income bank account	5	30
Foreign Exchange differences	-	326
Other financial income	166	164
Finance income	**217**	**582**
Net Financial result	**(217)**	**239**

The net financial result decreased from a net financial income of €0.2 million at year-end 2019 to €0.2 million of net financial loss at year-end 2020, which is mainly driven by the decrease from €0.3 million of gain on foreign exchange differences for the year 2019 to a loss on foreign exchange differences of €0.1 million for the year 2020 due to the depreciation of the USD through the year 2020 and its impact on the valuation of the Mesoblast future USD revenue.

5.32 Loss per share

The loss per share is calculated by dividing loss for the year by the weighted average number of ordinary shares outstanding during the period. As the Group is incurring net losses, outstanding warrants have an anti-dilutive effect. As such, there is no difference between the basic and the diluted earnings per share. In case the warrants would be included in the calculation of the loss per share, this would decrease the loss per share.

(€'000)	As at December 31,	
	2020	2019
Loss of the year attributable to Equity Holders	(17 204)	(28 632)
Weighted average number of shares outstanding	13 942 344	12 523 166
Earnings per share (non-fully diluted) in €	**(1.23)**	**(2.29)**
Outstanding warrants	1 488 006	1 292 380

5.33 Contingent assets and liabilities

As described in note 5.2.5, the Group has to reimburse certain government grants received in the form of recoverable cash advances under certain conditions. For more information on the potential financial consequences of these exploitation decisions in terms of potential reimbursements and sales percentage fees to be paid to the Walloon Region, refer to note 5.16.

In 2021 and beyond, the Group will have to make exploitation decisions on the remaining RCAs (agreements numbered 8087, 8088, 1910028, 8212 and 8436).

5.34 Commitments

5.34.1. Celdara

Celdara

Background

In January 2015, the Group entered into an agreement with Celdara Medical, LLC, or Celdara in which the Group purchased all outstanding membership interests of OnCyte, LLC, or OnCyte. In connection with this transaction, the Group entered into an asset purchase agreement to which Celdara sold to OnCyte certain data, protocols, regulatory documents and intellectual property, including the rights and obligations under two license agreements between OnCyte and Dartmouth College, or Dartmouth, related to its CAR T development programs.

In March 2018, the Group dissolved the affairs of its wholly owned subsidiary OnCyte. As a result of the dissolution of OnCyte, all the assets and liabilities of OnCyte were fully distributed to the Group. The Group will continue to carry out the business and obligations of OnCyte, including under its license agreement with Dartmouth College.

Amended Asset Purchase Agreement

In August 2017, the Group entered into an amendment to the asset purchase agreement described above. In connection with the amendment, the following payments were made to Celdara: (i) an amount in cash equal to $10.5 million, (ii) newly issued shares of Celyad valued at $12.5 million, (iii) an amount in cash equal to $6.0 million in full satisfaction of any payments owed to Celdara in connection with a clinical milestone related to our CAR-T NKR-2 product candidate, (iv) an amount in cash equal to $0.6 million in full satisfaction of any payments owed to Celdara in connection with the Group's license agreement with Novartis International Pharmaceutical Ltd., and (v) an amount in cash equal to $0.9 million in full satisfaction of any payments owed to Celdara in connection with its license agreement with Ono Pharmaceutical Co., Ltd.

Under the amended asset purchase agreement, the Group is obligated to make certain development-based milestone payments to Celdara up to $40.0 million, certain development-based milestone payments up to $36.5 million and certain sales-based milestone payments up to $156.0 million. We are required to make tiered single-digit royalty payments to Celdara in connection with the sales of CAR-T products, subject to reduction in countries in which there is no patent coverage for the applicable product or in the event Celyad is required to secure licenses from third parties to commercialize the applicable product. We are also required to pay Celdara a percentage of sublicense income, including royalty payments, for each sublicense ranging from the mid-single digits to the mid-twenties, depending on which of a specified list of clinical and regulatory milestones the applicable product has achieved at the time the sublicense is executed. We are required to pay Celdara a single-digit percentage of any research and development funding received by us, not to exceed $7.5 million for each product group. We can opt out of the development of any product if the data does not meet the scientific criteria of success. We may also opt out of development of any product for any other reason upon payment of a termination fee of $2.0 million to Celdara.

Dartmouth College

Amended Dartmouth License

As described above, as a result of our acquisition of all of the outstanding membership interests of OnCyte and the asset purchase agreement among us, Celdara and OnCyte, OnCyte became our wholly-owned subsidiary and acquired certain data, protocols, regulatory documents and intellectual property, including the rights and obligations under two license agreements between OnCyte and Dartmouth. The first of these two license agreements concerned patent rights related, in part, to methods for treating cancer involving chimeric NK and NKP30 receptor targeted therapeutics and T cell receptor-deficient T cell compositions in treating tumor, infection, GVHD, transplant and radiation sickness, or the CAR-T License, and the second of these two license agreements concerned patent rights related, in part, to anti-B7-H6 antibody, fusion proteins and methods of using the same, or the B7H6 License.

In August 2017, the Group and Dartmouth entered into an amendment agreement in order to combine its rights under B7H6 Agreement with its rights under the CAR-T License, resulting in the termination of the B7H6 License, and in order to make certain other changes to the agreement. In connection with the amendment, the Group paid Dartmouth a non-refundable, non-creditable amendment fee in the amount of $2.0 million in 2017. Under the amended license agreement, Dartmouth granted to the Group an exclusive, worldwide, royalty-bearing license to certain know-how and patent rights to make, have made, use, offer for sale, sell, import and commercialize any product or process for human therapeutics, the manufacture, use or sale of which, is covered by such patent rights or any platform product. Dartmouth reserves the right to use the licensed patent rights and licensed know-how, in the same field, for education and research purposes only. The patent rights included in the amended license agreement also include the patents previously covered by the B7H6 License. In consideration for the rights granted to the Group under the

amended license agreement, the Group is required to pay to Dartmouth an annual license fee as well as a low single-digit royalty based on annual net sales of the licensed products by the Group, with certain minimum net sales obligations beginning April 30, 2024 and continuing for each year of sales thereafter. Under the amended license agreement, in lieu of royalties previously payable on sales by sublicensees, Celyad is required to pay Dartmouth a percentage of sublicense income, including royalty payments, (i) for each product sublicense ranging from the mid-single digits to low-single digits, depending on which of a specified list of clinical and regulatory milestones the applicable product has achieved at the time the sublicense is executed and (ii) for each platform sublicense in the mid-single digits. Additionally, the agreement requires that the Group exploits the licensed products, and the Group have agreed to meet certain developmental and regulatory milestones. Upon successful completion of such milestones, Celyad is obligated to pay to Dartmouth certain clinical and regulatory milestone payments up to an aggregate amount of $1.5 million and a commercial milestone payment in the amount of $4.0 million. The Group responsible for all expenses in connection with the preparation, filing, prosecution and maintenance of the patents covered under the agreement.

After April 30, 2024, Dartmouth may terminate the amended license if Celyad fails to meet the specified minimum net sales obligations for any year (USD 10 million during first year of sales, USD 40 million during the second year of sales and USD 100 million during the third year of sales and every year of sales thereafter), unless Celyad pays to Dartmouth the royalty Celyad would otherwise be obligated to pay had Celyad met such minimum net sales obligation. Dartmouth may also terminate the license if Celyad fails to meet a milestone within the specified time period, unless Celyad pays the corresponding milestone payment.

In accordance with IFRS 3, these contingencies are recognized on the statement of financial position at year-end, on a risk-adjusted basis.

5.34.2. Horizon Discovery Group

In April and June 2018, we signed two research and development collaboration and license agreements with Horizon Discovery Group plc, or Horizon, to evaluate the utility of Horizon's SMART vector shRNA reagents to reduce expression of one or more defined targets in connection with the development of our product candidates. The first agreement was focused on targets related to our autologous CAR-T candidate, CYAD-02. The second agreement was focused on targets related to our allogenic CAR-T product candidate CYAD-211 and one pre-clinical allogenic product candidate not yet publicly announced, called CYAD-203.

In December 2018, we exercised our option to convert the second agreement into an exclusive license agreement, in connection with which we paid Horizon an up-front payment of $1 million. In September 2019, we exercised our option to convert the first agreement into an exclusive license agreement, in connection with which we have paid Horizon an up-front payment of $0.1 million and an additional milestone of $0.1 million for the first IND filed by us for CYAD-02. In September 2020, we paid an additional milestone of $0.2 million for the first IND filed by us for CYAD-211.

Under these exclusive license agreements combined, Horizon is eligible to receive additional milestone payments in development, regulatory and commercial milestone payments, in addition to low single digit royalties on net sales, subject to customary reductions.

In December 2020, Horizon Discovery was acquired by PerkinElmer, Inc. (Horizon/PKI).

Horizon/PKI recently informed us they believe we are in material breach of these agreements as a result of certain disclosures we have made in connection with our obligations as a publicly traded company in the United States and Belgium, although they have not formally delivered to us a notice of material breach or termination. We believe any such assertion of material breach would be without merit and we would expect to vigorously defend any such notice of material breach. Any dispute under these agreements would be subject to arbitration in The Hague under the International Chamber of Commerce Rules. We are currently in discussions with Horizon about possible amendments to these agreements in connection with which we would retain freedom to operate under the in-licensed patents.

Of note, we have filed patent applications which, if issued, would cover other aspects of the product candidates described above as well as products developed by third parties that deploy similar technology and targets. These patent applications encompass the downregulation of one or more of the targets covered under the Horizon/PKI agreements, the use of shRNA to downregulate such targets in immune cells and the combination of shRNAs with a chimeric antigen receptor in immune cells. We are also developing a second generation shRNA platform that does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

Our lead allogeneic CAR T product candidate, CYAD-101, does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

5.35 Related-party transactions

5.35.1. Remuneration of key management

Key management consists of the members of the Executive Committee and the entities controlled by any of them.

	As at 31 December,	
	2020	2019
Number of Executive Committee members	**6**	**6**

(€'000)	For the year ended 31 December	
	2020	2019
Short term employee benefits[1]	1 349	1 112
Post employee benefits	34	26
Share-based compensation	1 110	1 005
Other employment costs[2]	110	75
Management fees	1 335	1 789
Total benefits	**3 939**	**4 006**

(1) Include salaries, social security, bonuses, lunch vouchers
(2) Such as Company cars

	As at 31 December,	
	2020	2019
Number of warrants granted	220 000	136 500
Number of warrants lapsed	(20 000)	-
Cumulative outstanding warrants	556 000	295 500
Exercised warrants	-	-
Management fees payables (in '000€)	660	-

5.35.2. Transactions with non-executive directors

	For the year ended 31 December,	
(€'000)	2020	2019
Share-based compensation	396	430
Management fees	366	429
Total benefits	**762**	**859**

	As at 31 December,	
	2020	2019
Number of warrants granted	80 000	100 000
Number of warrants lapsed	30 000	5 000
Number of exercised warrants	-	-
Cumulative outstanding warrants	220 000	190 000
Management fees payables (in '000€)	94	210

5.35.3. Transactions with shareholders

There were no transactions with the Group's shareholders, for 2020 or 2019.

5.36 Events after the close of the fiscal year

On January 8, 2021, the Company has entered into an equity purchase agreement ("Purchase Agreement") for up to $40 million with Lincoln Park Capital Fund, LLC ("LPC"), a Chicago-based institutional investor. Over the 24-month term of the Purchase Agreement, the Company will have the right to direct LPC to purchase up to an aggregate amount of $40 million (before related fees and expenses of $1 million) American Depositary Shares ("ADSs"), each of which represents one ordinary share of the Company. From January 8, 2021 until March 24, 2021, the Company has issued 262,812 ADS to LPC for a total value of €1.3 million.

In December 2020, Horizon Discovery was acquired by PerkinElmer, Inc. (Horizon/PKI).

Horizon/PKI recently informed us they believe we are in material breach of these agreements as a result of certain disclosures we have made in connection with our obligations as a publicly traded company in the United States and Belgium, although they have not formally delivered to us a notice of material breach or termination. We believe any such assertion of material breach would be without merit and we would expect to vigorously defend any such notice of material breach. Any dispute under these agreements would be subject to arbitration in The Hague under the International Chamber of Commerce Rules. We are currently in discussions with Horizon about possible amendments to these agreements in connection with which we would retain freedom to operate under the in-licensed patents.

Of note, we have filed patent applications which, if issued, would cover other aspects of the product candidates described above as well as products developed by third parties that deploy similar technology and targets. These patent applications encompass the downregulation of one or more of the targets covered under the Horizon/PKI agreements, the use of shRNA to downregulate such targets in immune cells and the combination of shRNAs with a chimeric antigen receptor in immune cells. We are also developing a second generation shRNA platform that does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

Our lead allogeneic CAR T product candidate, CYAD-101, does not incorporate any of the Horizon Discovery/Perkin Elmer, Inc. technology described above.

There were no other subsequent events that occur between 2020 year-end and the date when the financial statements have been authorized by the Board for issue.

5.37 Statutory accounts as of December 31, 2020 and 2019 according to Belgian GAAP

This section contains selected financial information, consisting of the balance sheet, income statement and certain notes, as derived from the statutory financial statements of Celyad Oncology SA as of and for the year ended December 31, 2020 (including comparative information as of and for the year ended December 31, 2019). These financial statements were prepared in accordance with the applicable accounting framework in Belgium and with the legal and regulatory requirements applicable to the financial statements in Belgium and are filed with the National Bank of Belgium. These statutory financial statements are approved by the Shareholders' Meeting on May 5, 2021 and the statutory auditor has issued an unqualified audit opinion with respect to these statutory financial statements. The full set of the statutory financial statements is available on the website of the National Bank of Belgium (**www.nbb.be**).

5.37.1. Balance Sheet

(in €)	2020	2019
ASSETS		
FIXED ASSETS	**40 734 524**	**44 272 419**
II. Intangible fixed assets	27 986 462	31 551 977
III. Tangible fixed assets	1 087 290	1 666 799
Land and buildings	-	-
Installations machinery and equipment	80 089	182 834
Furniture and vehicles	55 029	110 288
Leasing and similar rights	367 923	657 876
Other fixed assets	584 249	715 801
Fixed assets under construction and advance payments	-	-
IV. Financial fixed assets	11 660 773	11 053 643
CURRENT ASSETS	**24 171 087**	**47 978 269**
VI. Stocks and contracts in progress	-	-
Goods purchase for resale	-	-
VII. Amounts receivable within one year	1 771 464	3 624 878
Trade debtors	422 822	295 865
Others amounts receivable	1 348 643	3 329 013
VIII. Amounts receivable more than one year	5 128 817	5 326 109
Others amounts receivable	5 128 817	5 326 109
IX. Investment	-	-
X. Cash at bank and in hand	16 422 938	38 448 000
XI. Deferred charges and accrued income	847 868	579 282
TOTAL ASSETS	**64 905 612**	**92 250 687**
CAPITAL AND RESERVES	**53 265 948**	**80 027 523**
I. Capital	48 512 615	48 512 615
Issued capital	48 512 615	48 512 615
Uncalled capital (-)	-	-
II. Share Premium	59 599 665	59 599 665
V. Accumulated profits (losses)	(54 846 331)	(28 084 757)
PROVISIONS AND DEFERRED TAXES	**-**	**-**
VII.A. Provisions for liabilities and charges	-	-
CREDITORS	**11 639 663**	**12 223 165**
VIII. Amounts payable after more than one year	3 023 108	1 344 340
Credit institutions; leasing and other similar obligations	156 217	193 740
Other financial loans	1 918 992	1 150 600
Other debts	947 898	-
IX. Amounts payable within one year	8 614 824	10 690 756
Current portion of amounts payable after one year	516 987	827 153
Trade debts	5 088 332	6 880 528
Suppliers	5 088 332	6 880 528
Taxes; remunerations and social security costs	2 118 591	2 500 978
Taxes	301 073	344 256
Remunerations and social security costs	1 817 518	2 156 722
Other amounts payable	890 914	482 097
X. Accrued charges and deferred income	1 732	188 069
TOTAL LIABILITIES	**64 905 612**	**92 250 687**

5.37.2. Income statement

(in €)	2020	2019
Operating income	**24 408 732**	**29 481 359**
Turnover	4 707	6 286
Capitalization of development costs	18 444 030	22 165 312
Other operating income	5 959 953	7 309 578
Non recurring operating income	41	182
Operating charges	**(50 952 881)**	**(60 226 729)**
Direct Material	(3 472 216)	(6 028 799)
Services and other goods	(14 538 134)	(17 477 513)
Remuneration; social security and pensions	(9 019 398)	(9 755 518)
Depreciation of and other amounts written off formations expenses; intangible and tangible fixed assets (-)	(22 855 773)	(26 610 889)
Write-downs on inventories, on orders in progress and on trade receivables (appropriations -; write-backs +)	-	(22 122)
Provisions for liabilities and charges (appropriations -; use and write-backs +)	-	-
Other operating charges (-)	(1 057 583)	(374 206)
Non recurring operating expenses	(9 776)	(1 925)
Operating profit (loss)	**(26 544 149)**	**(30 745 370)**
Financial income	**125 495**	**483 616**
Income from current assets	5 373	29 570
Income from financial assets	-	-
Other financial income	120 122	454 046
Financial charges (-)	**(965 810)**	**(170 710)**
Interest on financial debts	(5 465)	(13 567)
Other financial charges	(960 345)	(157 143)
Non-recurring financial charges	-	-
Profit (loss) on ordinary activities before taxes (-)	**(27 384 464)**	**(30 432 464)**
Profit (Loss) for the period before taxes (-)	**-**	**-**
Income taxes (-) (+)	**622 889**	**2 347 708**
Profit (loss) for the period available for appropriation	**(26 761 574)**	**(28 084 756)**

5.37.3. Notes

Statement of intangibles assets

(in €)	2020	2019
Acquisition value at the end of the preceding period	171 536 439	149 174 219
Movements during the period	-	-
Acquisitions, included produced fixed assets	18 712 911	22 392 243
Sale, transfer and withdraw	-	30 022
Acquisition value at the end of the period	190 249 350	171 536 439
Depreciation and amounts written down at end of the preceding period	139 984 462	114 119 765
Movements during the period	-	-
Recorded	22 278 426	25 873 120
Sale, transfer and withdraw	-	8 422
Depreciation and amounts written down at the end of the period	162 262 888	139 984 462
Net book value at the end of the period	**27 986 462**	**31 551 977**

Statement of tangible fixed assets

(in €)	2020	2019
LAND AND BUILDINGS		
Acquisition value at the end of the preceding period	-	-
Movements during the period		
Acquisitions, included produced fixed assets	-	-
Acquisition value at the end of the period	-	-
Depreciation and amounts written down at end of the preceding period	-	-
Movements during the period		
Recorded	-	-
Depreciation and amounts written down at end of the period	-	-
Net book value at the end of the period	**-**	**-**
INSTALLATIONS, MACHINERY & EQUIPMENT		
Acquisition value at the end of the preceding period	1 094 125	1 136 307
Movements during the period	212 670	-
Acquisitions, included produced fixed assets	71 532	137 637
Sale, transfer and withdraw	686 231	179 819
Acquisition value at the end of the period	692 095	1 094 125
Depreciation and amounts written down at end of the preceding period	911 291	999 372
Movements during the period	212 670	-
Recorded	39 854	91 443
Sale, transfer and withdraw	551 808	179 524
Depreciation and amounts written down at end of the period	612 006	911 291
Net book value at the end of the period	**80 089**	**182 834**
FURNITURE AND VEHICLES		
Acquisition value at the end of the preceding period	1 499 426	1 729 121
Movements during the period	59 272	150 632
Acquisitions, included produced fixed assets	23 810	112 379
Sale, transfer and withdraw	393 025	492 706
Acquisition value at the end of the period	1 189 483	1 499 426
Depreciation and amounts written down at end of the preceding period	1 389 138	1 704 966
Movements during the period	59 272	150 632
Recorded	13 602	26 246
Sale, transfer and withdraw	327 558	492 706
Depreciation and amounts written down at end of the period	1 134 454	1 389 138
Net book value at the end of the period	**55 029**	**110 288**
LEASING AND OTHER SIMILAR RIGHT		
Acquisition value at the end of the preceding period	1 408 421	1 559 052
Movements during the period	(543 016)	(150 632)
Acquisitions, included produced fixed assets	194 000	-

Sale, transfer and withdraw	-	-
Acquisition value at the end of the period Sale, transfer and withdraw	1 059 405	1 408 421
Depreciation and amounts written down at end of the preceding	750 545	411 771
Movements during the period Recorded	(543 016)	(150 632)
Recorded	483 953	489 406
Sale, transfer and withdraw	-	-
Depreciation and amounts written down at end of the period	691 482	750 545
Net book value at the end of the period	**367 923**	**657 876**
Whereof:		
Land and buildings		
Installation, machinery & equipment	347 368	593 327
Furniture and vehicles	20 555	64 549
OTHER TANGIBLE ASSETS		
Acquisition value at the end of the preceding period	1 252 294	1 146 461
Movements during the period	171 174	-
Acquisitions, included produced fixed assets	16 026	115 566
Sale, transfer and withdraw	148 254	9 733
Acquisition value at the end of the period	1 291 240	1 252 294
Depreciation and amounts written down at end of the preceding period	536 493	415 552
Movements during the period	171 174	-
Recorded	139 839	130 674
Sale, transfer and withdraw	140 514	9 733
Depreciation and amounts written down at end of the period	706 992	536 493
Net book value at the end of the period	**584 249**	**715 801**
FIXED ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS		
Acquisition value at the end of the preceding period	-	-
Movements during the period	-	-
Acquisitions, included produced fixed assets	-	-
Transfers from one heading to another	-	-
Acquisition value at the end of the period	-	-
Depreciation and amounts written down at end of the preceding period	-	-
Movements during the period	-	-
Recorded	-	-
Depreciation and amounts written down at end of the period Recorded	-	-
Net book value at the end of the period	**-**	**-**

Other investments and deposits

(in €)	2020	2019
Other Investments and deposits		
Acquisition value at the end of the preceding period	254 572	206 256

Movements during the period		
Additions	36 061	48 316
Reimbursements (-)	-	-
Net book value at the end of the period	**290 633**	**254 572**

Investment and deposits

(in €)	2020	2019
Less than one year	-	0
More than one year		
Net book value at the end of the period	**-**	**0**

Statement of capital 2020

(in €)	Amounts	Number of shares
Issued capital	48 512 615	13 942 344
Structure of the capital		
Different categories of shares		
Registered	xxxxxxxxxxxxxx	2 368 025
Dematerialized	xxxxxxxxxxxxxx	11 574 319
Unpaid capital		
Uncalled capital	xxxxxxxxxxxxxx	
Capital called, but unpaid	xxxxxxxxxxxxxx	
Shareholders having yet to pay up in full		
Authorized unissued capital	**36 891 844**	

Statement of capital 2019

(in €)	Amounts	Number of shares
Issued capital	48 512 615	13 942 344
Structure of the capital		
Different categories of shares		
Registered	xxxxxxxxxxxxxx	2 368 025
Dematerialized	xxxxxxxxxxxxxx	11 574 319
Unpaid capital		
Uncalled capital	xxxxxxxxxxxxxx	
Capital called, but unpaid	xxxxxxxxxxxxxx	
Shareholders having yet to pay up in full		
Authorized unissued capital	**13 567 364**	

Statement of amounts payable

(in €)	2020	2019
Analysis of amounts payable after more than one year		
Current portion of amounts initially payable after more than one year	516 987	827 153
Amounts payable expiring over one year and before 5 years	1 829 013	834 340
Amounts payable expiring over five year	1 194 094	510 000
Analysis by current position of amounts initially payable after more than one year		
Leasing charges and similar	387 739	652 032
Other debts (loans)	3 152 355	1 519 461
Other debt		
Tax, wage and social amounts payable		
Taxes		
Non expired taxes payable	301 073	344 256
Remuneration and social security		
Other amounts payable related to remuneration and social security	1 817 518	2 156 722

Operating results

(in €)	2020	2019
Other operating income		
Subsidies and recoverable cash advance received from the Walloon Region	5 620 796	5 962 869
Operating charges		
Employees recorded in the personnel register		
Total number at the closing date	83	97
Average number of employees calculated in full-time equivalents	86	92
Number of actual worked hours	143 509	154 564
Personnel costs		
Remuneration and direct social benefits	6 282 555	6 340 731
Employer's social security contributions	1 533 053	1 579 459
Employer's premiums for extra statutory insurances		
Other personnel costs (+)/(-)	914 436	1 531 379
Pensions	289 354	303 949
Impairment of trade receivables		
On trade receivables		
Record		
Withdrawal	-	22 122
Provisions for risks and charges		
Addition		
Use of and withdrawal		
Other operating charges		
Taxes related to operations	1 087	343 920
Other charges	1 056 496	30 287

Hired temporary staff and persons placed at the enterprise's disposal		
Total number at the closing date	-	-
Average number calculated as full-time equivalents	0	1
Number of actual worked hours	64	1 040
Charges to the enterprise	2 884	57 849

Financial results

(in €)	2020	2019
Interest income	5 373	29 570
Other financial income	120 122	454 046
Interest charges	5 465	13 567
Foreign exchange difference	25 458	37 534
Other financial charges	934 887	119 608

Income and charge of exceptional size or incidence

(in €)	2020	2019
Non-recurring income	-	-
Non-recurring financial income	41	182
Non-recurring operating charges	9 776	1 925
Non-recurring financial charges	-	-

Income tax

(in €)	2020	2019
Status of deferred taxes		
Accumulated tax losses deductible from future taxable profits	247 107 718	213 997 484

The total amount of value added tax and taxes borne by third parties

(in €)	2020	2019
The total amount of value added tax and taxes borne by third parties		
The total amount of value added tax charged		
To the enterprise (deductible)	3 948 069	4 480 788
By the enterprise	2 320 642	2 675 397
Amounts retained on behalf of third parties		
Payroll withholding taxes	2 148 288	2 235 792

Financial relationship with Amount of direct and indirect remunerations and pensions, included in the income statement, as long as this disclosure does not concern exclusively or mainly, the situation of a single identifiable person

(in €)	2020	2019
To non-executive directors	365 750	429 250

Financial relationship with auditors

(in €)	2020	2019
Auditor's fees	200 000	127 524
Auditor's special missions fees	66 850	169 220
Fees for special missions executed by related parties to the Auditor	-	-

5.37.4. Summary of valuation rules

Valuation rules are determined by the Board of Directors in accordance with the Royal Decree of 30 January 2001, executing Belgian Company Code and related to the annual accounts requirements for companies.

Formation expenses are booked as intangible fixed assets and amortized over 5 years. Intangible fixed assets acquired from a third party or acquired through a contribution in kind are recorded at the acquisition value. Intangible fixed assets not acquired from a third party are valued at their cost of production in such a way that they do not exceed a prudent estimation of their future economical use or their future return.

Intangible assets developed internally are capitalized when perspectives of future return are probable and clearly identified. Clinical development expenses are capitalized when authorization to start a phase III trial of the related program is obtained. Development expenses of a medical device are capitalized when the device is CE marked.

These intangible fixed assets are – in principle – amortized prorate temporis over 5 years starting the year of the first revenue generation associated with the related asset. Furniture and fixtures are depreciated over 3, 5 or 10 years depending on the economic life of the assets.

An impairment test is performed each year at year end on all tangible and intangible assets. Exceptional depreciation or amortization expenses may result from such impairment analysis.

Financial fixed assets are booked at acquisition value. A write-off is accounted for when the financial fixed asset is permanently impaired. There is no inventory.

Direct materials purchased are directly expensed taken into account their short lifetime. Amounts receivable are booked as asset at nominal value. Amounts receivable in foreign currencies are converted in EUR at the exchange rate at closing date. Negative exchange differences resulting from the conversion in EUR at the exchange rate at closing date are expensed; positive exchange differences are accounted for as deferred income. Amounts receivable are written-off when their realizable value is estimated to be lower than their carrying value.

Bank deposits are valued at their acquisition value. Cash and cash equivalents are valued at nominal value. When the nominal value includes interests, these latter are accounted for through the balance sheet caption "deferred charges and accrued income". A write-off is accounted for when their realizable value is estimated to be lower than their carrying value. Amount payables are booked at nominal value. Amount payables in foreign currencies are converted in EUR at the exchange rate at closing date. Negative exchange differences

resulting from the conversion in EUR at the exchange rate at closing date are expensed; positive exchange differences are accounted for as deferred income.

Recoverable advances are recognized in operating income prorated on the associated R&D costs as soon as there is reasonable assurance that these advances are acquired. Recoverable cash advances contracted with the Walloon Region are subject to reimbursement plans that are both fixed (30% of the recoverable advance) and variable. When the decision to exploit the outcome of the research and development program partially financed by the Walloon Region is notified to the Region, the fixed part of the reimbursements is recognized in debts. The presentation of short-term and long-term debt is based on perspectives of revenue generation and reviewed on a yearly basis. The variable part of reimbursements, depending on turnover, will be paid in the year of income. An off-balance sheet commitment is presented in the appendix and corresponds to the Company's best estimate of the amount potentially reimbursable to the Region and not recognized in debts (including variable part).

CELYAD CONTACT DETAILS

Filippo Petti

Chief Executive Officer / Chief Financial Officer

Email: ***investors@celyad.com***

Paper copy in French and English can be obtained free of charge via the Company's registered office.

CELYAD ONCOLOGY SA

Axis Business Park
Rue Edouard Belin 2
1435 – Mont-Saint-Guibert
Belgium

Tel: +32 10 39 41 00
RPM: Nivelles – BE0891 118 115
Email: ***info@celyad.com***
Website: ***www.celyad.com***

CELYAD AND THE STOCK EXCHANGE

The Company is listed on Euronext Paris and Brussels since July 2013 and on Nasdaq since June 2015.

Mnemo: CYAD

ISIN:BE0974260896

PEA and PEA PME Eligibility

Total outstanding shares: 14,205,156
(as of March 24, 2021)

MORE INFORMATION ON:
www.celyad.com

MORE INFORMATION FOR SHAREHOLDERS ON:
www.celyad.com/investors

CONTACT:
investors@celyad.com