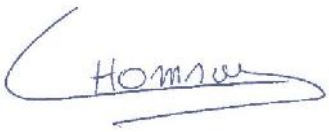
Admission to trading of 2.070.000 new shares (the "**New Shares**") of Celyad SA (the "**Company**") to Euronext Brussels and Euronext Paris.

Investing in shares involves a high degree of risks. An investor is exposed to the risk to lose all or part of his investment. Before any investment in shares, the investor must read the "Risk Factors Section". The Company's main assets are intellectual property rights concerning technologies that have not led to the commercialization of any product. The Company has never been profitable and has never commercialised any products.

This prospectus contains the minimum disclosure requirements for the listing prospectus in accordance with the prospectus Regulation. As this prospectus relates to an application for the admission to trading on a regulated market of shares by an issuer which qualifies as SME, the level of disclosure of this prospectus is proportionate to this type of transaction in accordance with Annex XXV of the Prospectus Regulation.

The English version of this prospectus was approved by the FSMA on 28 August 2018. The FSMA has been requested to provide the French Authority of the Financial Markets ("AMF") with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. The FSMA's approval does not imply any opinion by the FSMA on the suitability and quality of the Offering or on the status of the Company.

Prospectus dated 22 August 2018



Christian Homsy, CEO

Patrick Jeanmart, CFO

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Section A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not applicable."

Section A – Introduction and warnings

Element	Disclosure requirement
A.1	**Introduction and warnings** This summary should be read as introduction to the prospectus. It includes certain important information contained in the prospectus. It does not include all the information that may be important to investors. This summary must be read together with the more detailed information and the appendices of the prospectus. It should also be read together with the matters set forth under "Risk Factors". Any decision to invest in the securities of the Company should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or if it does not provide, when read together with the other parts of the prospectus, any required key information in order to aid investors when considering whether to invest in the Company securities.
A.2	**Consent for use of this prospectus for subsequent resale** Not applicable. The Company does not consent to the use of this prospectus for the subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer

Element	Disclosure requirement
B.1	**The legal and commercial name of the Company** The legal and commercial name of the Company is Celyad SA (previously called Cardio3 BioSciences SA).
B.2	**Registered office and legal form of the Company** The Company is a limited liability company incorporated in the form of a société anonyme under the laws of Belgium. The Company is registered with the legal entities register (Nivelles) under number 0891.118.115. ItsIts registered office is located at Rue Edouard Belin 2, 1435 Mont-Saint-Guibert, Belgium.

Element	Disclosure requirement
B.3	**Current operations and principal activities of the Company and the principal markets in which it competes** The Company considers that it is a leader in engineered cell therapy treatments with clinical programs initially targeting indications in cardiovascular disease and oncology. All of its current drug product candidates are autologous cell therapy treatments. In autologous procedures, a patient's cells are harvested, selected, reprogrammed and expanded, and then infused back into the same patient. A benefit of autologous therapies is that autologous cells are not recognized as foreign by patients' immune systems. The Company believes that it is well situated to effectively advance autologous cell therapy treatments for cancer and other indications as a result of the expertise and knowhow that it has acquired through its development of C-Cure. The market sizes the Company is in are determined by the patient population enrolled in its clinical trials. Currently, the Company is with THINK, EPITHINK and DEPLETHINK targeting first line AML patient (with EPITHINK) and relapse or refractory patients (with THINK and DEPLETHINK). In the markets the Company is targeting (i.e. USA + 5 largest EU countries), there are 34,000 and 17,500 new cases every year respectively in the EPITHINK and THINK/DEPLETHINK patient population. In the solid tumour field and in CRC more precisely, the Company is also targeting first line CRC patent (with SHRINK) and relapse or refractory patients (with THINK). In the markets the Company is targeting (i.e. USA + 5 largest EU countries), there are 227,000 and 52,000 new cases every year respectively in the SHRINK and THINK patient population.
B.4a	**Significant recent trends affecting the Company and the industries in which it operates** Its lead drug product candidate, CYAD-01 (CAR-T-NKG2D), is an autologous chimeric antigen receptor (CAR) using NKG2D, an activating receptor of Natural Killer (NK) cells, transduced on T-lymphocytes (T cells). NK cells are lymphocytes of the immune system that kill diseased cells. The receptors of the NK cells used in its therapies target the binding molecules, called ligands, that are expressed in cancer cells but are absent or expressed at very low levels in normal cells. The Company believes its CAR-T-NKG2D approach has the potential to treat a broad range of both solid and hematologic tumors. In December 2016, the Company initiated a Phase 1 clinical trial, called THINK (THerapeutic Immunotherapy with NKG2D), to assess the safety and clinical activity of multiple administrations of CYAD-01 in seven refractory cancers, including both solid and hematologic cancers. As of December 31, 2017, the Company had treated 15 patients in the THINK trial. As of such date, the Company had observed signs of clinical activity ranging from Stable Disease (SD) to Complete Response (CR) in six of the 10 patients treated at the per-protocol intended dose. In October 2017, the Company announced a world's first with the complete response in a patient with refractory and relapsed AML, obtained without preconditioning chemotherapy or other treatments combined with CYAD-01. Importantly, clinical activity has been observed in all AML patients dosed in 2017 at the intended dose, with all

Element	Disclosure requirement
	patients seeing a reduction in their blast counts in the bone marrow and improvements in their hematological parameters. In January 2018, the Company announced that it had modified its manufacturing process to include a monoclonal antibody (mAb) that inhibits NKG2D expression on the T cell surface during production. The Company believes that this mAb manufacturing process will enable it to consistently manufacture drug product with significantly higher cell numbers than its legacy manufacturing process. The first patient in its THINK trial to be administered drug product manufactured using the mAb manufacturing process was treated in January 2018. As of April 5, 2018, the date of its most recent interim safety report for the THINK trial, the Company had collected safety data from 20 patients treated with CYAD-01 in the THINK trial. Of the 20 patients included in the interim safety report for the THINK trial, two patients experienced a Grade 4 serious adverse event. One of these patients, who was enrolled in the hematologic cohort, experienced respiratory failure and other Grade 4 adverse events after administration of dose level one of CYAD-01. The other patient, who were in the solid tumor cohort, experienced cytokine release syndrome and other Grade 4 adverse events after administration of dose level three of CYAD-01, which was adjudicated as a dose-limiting toxicity (DLT). Those two patients recovered from their Grade 4 events but subsequently passed away due to general health deterioration, a Grade 5 event that was deemed to be unrelated to administration of CYAD-01. The industry in which the Company operates is subject to rapid technological change. The Company face competition from pharmaceutical, biopharmaceutical and medical devices companies, as well as from academic and research institutions. Some of these competitors are pursuing the development of medicinal products and other therapies that target the same diseases and conditions that the Company is targeting. Some of its current or potential competitors, either alone or with their collaboration partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials and marketing approved products than the Company does. Its commercial opportunity could be reduced or eliminated if its competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that the Company may develop. Its competitors also may obtain FDA or other regulatory approval for their products more rapidly than the Company may obtain approval for its, which could result in its competitors establishing a strong market position before the Company is able to enter the market. The key competitive factors affecting the success of all of its programs are likely to be their efficacy, safety and convenience.
B.5	**Description of the Group and the Company's position within the Group** The Company and its subsidiaries are a biotechnology group specialising in stem cell-based therapies for the treatment of cardiovascular diseases. As of 31 December 2017, the group had three fully owned subsidiaries in the US, Celyad Inc, Corquest Medical Inc and OnCyte LLC, and one fully owned subsidiary in Belgium, Biological Manufacturing Services SA (which owns its GMP laboratories). All assets and

Element	Disclosure requirement
	liabilities of Oncyte LLC has been transferred to Celyad SA on 8 March 2018 and Oncyte LLC has then been liquidated.
B.6	**Relationship with major shareholders** 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 Prospectus its major shareholder is Tolefi SA which owns 19.2% of its share capital. Tolefi SA and its major shareholder, M. Serge Goblet, are also directors of the Company.
B.7	**Selected historical key financial information**

(€'000)	For the year ended 31 December,	
	2017	**2016**
Consolidated statement of comprehensive loss		
Revenue	3,540	8,523
Cost of sales	(515)	(53)
Gross Profit	**3,025**	8,471
Research and development expenses	(22,908)	(27,675)
General and administrative	(9,310)	(9,744)
Other operating income	2,590	3,340
Adjusted operating loss - Adjusted EBIT[1]	**(26,603)**	**(25,609)**
Amendment of Celdara Medical and Darmouth College agreements	(24,341)	-
Write-off C-Cure and Corquest assets and derecognition of related liabilities	(1,932)	-
Operating loss - EBIT	**(52,876)**	**(25,609)**
Financial income	933	2,204
Financial expenses	(4,454)	(207)
Income taxes	1	6
Loss for the year	**(56,395)**	**(23,606)**
Basic and diluted loss per shares[2]	(5.86)	(2.53)
Number of shares used for computing basic and diluted loss for the year[3]	9,627,601	**9,313,603**

(1) Adjusted EBIT does not include non-recurring and one-time expenses of importance matters, which are isolated in separate lines below the sub-total Adjusted EBIT.

(2) Basic and diluted net loss per share are the same in these periods because outstanding warrants would be anti-dilutive due to its net loss in these periods.

(3) Weighted-average number of shares for the period then ended.

(€'000)	For the year ended 31 December,	
	2017	**2016**
Consolidated statement of financial position		
Non-current assets	**41,232**	**53,440**
Intangible assets	36,508	49,566
Property, Plant and Equipment	3,290	3,563
Other non-current assets	1,434	311
Current assets	**36,394**	**85,367**
Trade and Other Receivables	233	1,359
Other current assets	2,255	1,420
Short term investment	10,653	34,230
Cash and cash equivalents	23,253	48,357
Total assets	**77,626**	**138,806**
Share capital	34,337	32,571
Share premium	170,297	158,010
Other reserves	23,322	24,329
Retained loss	(180,421)	(124,026)
Total shareholders' equity	**47,535**	**90,885**
Bank loans	326	536

Element	Disclosure requirement

Finance leases	482	381
Non-current advances repayable	1,544	7,330
Contingent and other financial liabilities	19,583	28,179
Post employment benefits	204	204
Other non-current liabilities	7	16
Total non-current liabilities	**22,146**	**36,646**
Bank loans	209	207
Finance leases	427	354
Advances repayable	226	1,108
Trade payables	4,800	8,098
Other current liabilities	2,282	1,508
Total current liabilities	**7,945**	**11,275**
Total liabilities	**30,091**	**47,921**
Total equity and liabilities	**77,626**	**138,806**

(€'000)	For the year ended 31 December,	
	2017	**2016**
Consolidated statement of cash flows		
Net Loss for the year	(56,395)	(23,606)
Cash expense for amendment of Celdara Medical and Dartmouth College agreements	13,276	-
Non-cash adjustments		
Intangibles - Amortisation & Impairment	8,038	756
PP&E - Depreciation	966	760
Non-Cash expense for amendment of Celdara Medical and Dartmouth College agreements	10,620	
Post Employment Benefit	-	(24)
Change in fair value of Contingent consideration liability	(193)	1,633
Remeasurement of RCA's	(5,356)	(2,154)
RCA's and Grants income	(1,376)	(3,003)
Currency Translation Adjustment	-	(144)
Non-cash employee benefits expense – share based payments	2,569	2,847
Change in working capital		
Trade receivables, other receivables, other non-current assets	(832)	(1,018)
Trade payables, other payable and accruals	(2,482)	(740)
Net cash used in operations, before non-recurring items	**(31,165)**	**(24,692)**
Cash expense for amendment of Celdara Medical and Dartmouth College agreements	(13,276)	-
Net cash used in operations	**(44,441)**	**(24,692)**
Cash Flow from investing activities		
Acquisitions of Property, Plant & Equipment	(851)	(1,687)
Acquisitions of Intangible assets	(7)	(95)
Disposals of fixed assets	-	78
Contingent liability pay out	(5,107)	
Acquisition of short term investments	(10,749)	(34,230)
Proceeds from short term investments	34,326	7,338
Acquisition of BMS SA	-	(1,560)
Net cash from/(used in) investing activities	**17,613**	**(30,157)**
Cash Flow from financing activities		
Proceeds from finance leases and bank borrowings	543	1,165

Element	Disclosure requirement

Repayments of finance leases and bank borrowings	(576)	(399)
Proceeds from issuance of shares and exercise of warrants	625	-
Proceeds from RCAs & other grants	1,376	3,107
Repayment of advances	(1,364)	(842)
Net cash from/(used in) financing activities	**605**	**3,031**
Net cash and cash equivalents at beginning of the period	**48,357**	**100,174**
Change in Cash and cash equivalents	(26,224)	(51,818)
Effects of exchange rate changes on cash and cash equivalents	1,120	-
Net cash and cash equivalents at the end of the period	**23,253**	**48,357**

(€'000)	**For the 6-month period ended 30 June,**	
	2018	**2017**
Consolidated statement of comprehensive loss		
Revenue	2,518	3,505
Cost of sales	-	(526)
Gross Profit	**2,518**	**2,979**
Research and development expenses	(11,136)	(11,147)
General and administrative	(5,457)	(4,244)
Other operating income	(4,716)	(1,272)
Operating loss - EBIT	**(18,791)**	**(13,684)**
Financial income	337	556
Financial expenses	(5)	(1,285)
Income taxes	-	-
Loss for the period	**(18,459)**	**(14,414)**
Basic and diluted loss per shares[(1)]	(1.79)	(1.52)
Number of shares used for computing basic and diluted loss for the year[(2)]	10,328,883	9,486,954

(1) Basic and diluted net loss per share are the same in these periods because outstanding warrants would be anti-dilutive due to its net loss in these periods.

(2) Weighted-average number of shares for the period then ended.

(€'000)	**For the 6-month period ended 30 June,**	
	2018	**2017**
Consolidated statement of financial position		
Non-current assets	**42,054**	**41,232**
Intangible assets	35,266	36,508
Property, Plant and Equipment	3,148	3,290
Non-current trade receivables	2,144	-
Other non-current assets	1,496	1,434
Current assets	**67,003**	**36,394**
Trade and Other Receivables	271	233
Other current assets	3,504	2,255
Short term investment	843	10,653
Cash and cash equivalents	62,385	23,253
Total assets	**109,057**	**77,626**
Share capital	41,553	34,337
Share premium	206,148	170,297
Other reserves	23,863	23,322
Retained loss	(198,880)	(180,421)
Total shareholders' equity	**72,684**	**47,535**
Bank loans	368	326
Finance leases	349	482
Non-current advances repayable	2,742	1,544

Element	Disclosure requirement		
	Contingent and other financial liabilities	22,570	19,583
	Post employment benefits	204	204
	Other non-current liabilities	7	7
	Total non-current liabilities	**26,240**	**22,146**
	Bank loans	283	209
	Finance leases	299	427
	Advances repayable	291	226
	Trade payables	6,441	4,800
	Other current liabilities	2,819	2,282
	Total current liabilities	**10,133**	**7,945**
	Total liabilities	**36,373**	**30,091**
	Total equity and liabilities	**109,057**	**77,626**

(€'000)	For the 6-month period ended 30 June,	
	2018	**2017**
Consolidated statement of cash flows		
Net Loss for the period	(18,459)	(14,415)
Non-cash adjustments		
Intangibles - Amortisation & Impairment	33	380
PP&E - Depreciation	606	501
Upfront payment paid in shares	(843)	-
Change in fair value of Contingent consideration liability	2,987	953
Remeasurement of RCA's	886	283
RCA's and Grants income	-	(56)
Loss on tangible assets	56	-
Non-cash employee benefits expense – share based payments	1,793	836
Change in working capital		
Trade receivables, other receivables, other non-current assets	(3,493)	734
Trade payables, other payable and accruals	2,555	(3,686)
Net cash used in operations	**(13,877)**	**(14,469)**
Cash Flow from investing activities		
Acquisitions of Property, Plant & Equipment	(528)	(210)
Acquisitions of Intangible assets	-	(7)
Disposals of fixed assets	-	207
Acquisition of short term investments	-	(45,386)
Proceeds from short term investments	10,653	34,230
Net cash from/(used in) investing activities	**10,125**	**(11,166)**
Cash Flow from financing activities		
Proceeds from finance leases and bank borrowings	220	-
Repayments of finance leases and bank borrowings	(366)	(279)
Proceeds from issuance of shares and exercise of warrants	43,011	560
Proceeds from RCAs & other grants	-	56
Net cash from/(used in) financing activities	**42,865**	**337**
Net cash and cash equivalents at beginning of the period	**23,253**	**48,357**
Change in Cash and cash equivalents	39,112	(25,298)
Effects of exchange rate changes on cash and cash equivalents	20	390
Net cash and cash equivalents at the end of the period	**62,385**	**23,449**

B.8 **Selected key pro forma financial information**

Not applicable.

B.9 **Profit forecast or estimate**

Not applicable. No profit forecast has been included in this prospectus.

B.10 **A description of the nature of any qualifications in the audit report on the historical financial information**

Not applicable. There are no qualifications to the audit report on the historical financial information.

Element	Disclosure requirement
B.11	**Working capital** On the date of this prospectus, the Company is of the opinion that the Company has sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this prospectus.

Section C – Securities

Element	Disclosure requirement
C.1	**Type and class of the securities being admitted to trading** The shares offered to be admitted to trading (the "New Shares") are ordinary shares without nominal value. All of its shares belong to the same class. They are in registered or dematerialized form. The following codes have been assigned to its shares: ISIN: BE0974260896 National code: 974260.89
C.2	**Currency of the New Shares** The currency of the New Shares is euro.
C.3	**Number of shares issued** On the date of this prospectus, its registered capital amounts to €41,552,614.57 represented by 11,942,344 shares without nominal value. The par value is €3.48 per share. As of the date of this prospectus, the capital is fully paid up. On May 22, 2018 the Company issued 2,070,000 new ordinary shares (the **New Shares**). The New Shares were offered and subscribed through (i) an confidentially marketed public offering (CMPO) of 568,500 ordinary shares in the form of American Depositary Shares (ADSs) in the US and (ii) a private placement of 1,501,500 ordinary shares to qualified investors in Europe. At the date of issuance of the New Shares, 1,646,194 New Shares were listed on Euronext Brussels and Euronext Paris out of the 2,070,000 New Shares issued. The present prospectus has been prepared for the purpose of the admission to trading of all 2,070,000 New Shares on Euronext Brussels and Euronext Paris
C.4	**Rights attached to the New Shares** All New Shares will have the same rights and benefits attached to them as its other ordinary shares and will be issued with coupons 1 and following attached. An ADS holder will not be treated as one of its shareholders and will not have shareholder rights. The depositary will be the holder of the ordinary shares underlying ADSs. A holder of ADSs will have ADS holder rights. A deposit agreement among the Company, the depositary and all persons directly and indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADRs.
C.5	**Restrictions on the free transferability of the New Shares**

Element	Disclosure requirement
	All of its outstanding shares are fully paid-up and freely transferable, subject to any contractual restrictions.
C.6	**Applications for admission to trading on a regulated market and identity of all the regulated markets where the New Shares are or are to be traded** An application has been made to have the New Shares listed on the regulated market of Euronext Brussels and the regulated market of Euronext Paris under the symbol "CYAD". Its ADSs are listed on the NASDAQ Global Market under the symbol "CYAD."
C.7	**A description of dividend policy** The Company has never declared or paid any cash dividends on its ordinary shares. The Company does not anticipate paying cash dividends on its equity securities in the foreseeable future and intends to retain all available funds and any future earnings for use in the operation and expansion of its business. In general, distributions of dividends proposed by its board of directors require the approval of its shareholders at a meeting of shareholders with a simple majority vote, although its board of directors may declare interim dividends without shareholder approval, subject to the terms and conditions of the Belgian Company Code.

Section D – Risks

Element	Disclosure requirement
D.1	**Key Risks Relating to its Business** Investing in securities involves a high degree of risk. You should carefully consider the following risks and all other information contained in this prospectus, including its consolidated financial statements and the related notes, before making an investment decision regarding its securities. The risks and uncertainties described below are those significant risk factors, currently known and specific to the Company, that the Company believes are relevant to an investment in its securities. If any of these risks materialize, its business, financial condition or results of operations could suffer, the price of the securities could decline and you could lose part or all of your investment. • The main assets of the Company are intellectual property rights concerning technologies that have not led to the commercialization of any product. Celyad has never been profitable and has never commercialized any (pharmaceutical) product. • The Company has incurred net losses in each period since its inception and anticipates that it will continue to incur net losses in the future. • The Company may need substantial additional funding, which may not be available on acceptable terms when needed, if at all. • The Company has generated only limited revenue from sales of our catheter C-Cathez to date, and does not expect to generate material revenue until it receives regulatory approval for one of its drug product candidates. • 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.

Element	Disclosure requirement
	• Our drug product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences. • Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials as well as data from any interim analysis of ongoing clinical trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development. • The Company is heavily dependent on the regulatory approval of its product candidates (including CYAD-01) in the United States and Europe, and subsequent commercial success of such product candidates, both of which may never occur. • THINK trial is ongoing and not complete. Initial success in ongoing clinical trial may not be indicative of results obtained when this trial is completed. Furthermore, success in early clinical trials may not be indicative of results obtained in later trials. • In previous clinical trials involving T cell-based immunotherapies, some patients experienced serious adverse events. Our lead drug product candidate CYAD-01 may demonstrate a similar effect or have other properties that could halt its clinical development, prevent its regulatory approval, limit its commercial potential, or result in significant negative consequences. • CYAD-01 drug product candidate is 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 NKG2D receptor ligands, an activating receptor of NK cells. The Company cannot be sure that its T cell immunotherapy technologies will yield satisfactory products that are safe and effective, scalable or profitable. • The Company has not yet finalized its clinical development program for CYAD-01 in AML and CRC. The FDA and comparable foreign regulators may not agree with its proposed protocols for these clinical trials, which could result in delays. • The price setting, the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers is uncertain and may impede on the Company's ability to generate sufficient operating margins to offset operating expenses. • 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. • 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 may face significant competition and technological change which could limit or eliminate the market opportunity for its product candidates.
D.3	**Key Risks Relating to the Securities**

Element	Disclosure requirement
	• 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 market price of the Shares could be negatively impacted by actual or anticipated sales of substantial numbers of Shares. • Raising additional capital may cause additional dilution of the percentage ownership of existing shareholders, restrict its operations, require the Company to relinquish rights to its technologies, products or product candidates and could cause its share price to fall.

Section E – The Issue

Element	Disclosure requirement
E.1	**Net proceeds and expenses of the issuing of the New Shares** The Company has received net proceeds from this Global Offering, including the full execution of the 15% overallotment option) of approximately $50.7 (€43.3) million, based on a public offering price of $26.28 per ADS in the U.S. offering and €22.29 per ordinary share in the European private placement, after deducting underwriting commissions and offering expenses payable by it. The Company estimated the total fees associated to the Global offering to €2.8 million, representing 6% of the total amount, including exercise of the underwriters' option to purchase additional ordinary shares and ADSs. The fees associated to the transaction could be breakdown as followed; 6% placement fee due to the underwriters and 0.4% counsel and audit fees.
E.2a	**Use of proceeds** The Company intends to use the net proceeds from this Global Offering to advance the development of CYAD-01 through Phase 1 and potentially Phase 2 clinical development as a treatment for up to seven refractory cancers, to advance additional CAR-T cell therapy drug product candidates for the treatment of additional hematologic and solid tumors, to support its growth globally by expanding general, administrative and operational functions in its headquarters in Belgium and in the United States, and general corporate purposes, which may include working capital, acquisitions or investments in businesses, products or technologies, and capital expenditures.
E.3	**Terms and conditions of the issuing of the New Shares** The New Shares were offered and subscribed through (i) an confidentially marketed public offering (CMPO) of 568,500 ordinary shares in the form of American Depositary Shares (ADSs) in the US and (ii) a private placement of 1,501,500 ordinary shares to qualified investors in Europe. The offering price was $26.28 per ADS in the U.S. offering and €22.29 per ordinary share in the European private placement
E.4	**Material interests to the issuing of the New Shares** Save for the fees payable to the underwriters in the context of the Global offering, so far as the Company is aware, no person involved in the issue of the New Shares has an interest that could be material to the issue.

Element	Disclosure requirement
E.5	**Entity offering the New Shares and Lock-ups** In the context of the Global Offering the Company, the members of its board of directors and its executive management team have entered into lock-up agreements with the underwriters. Under the lock-up agreements, subject to certain exceptions, the Company and each of these persons may not, without the prior written approval of Wells Fargo Securities, offer, sell, contract to sell, pledge, or otherwise dispose of, directly or indirectly, or hedge its shares, ADSs or securities convertible into or exchangeable or exercisable for its ADSs. These restrictions were in effect for a 90-day period after 22 May 2018.
E.6	**Dilution resulting from the issuing of the New Shares** The table below provide an overview of the shareholding of the significant shareholders of the Company after the completion of the Global offering and listing of the Company's new shares. The number of outstanding shares and warrants after the completion of the Global offering and listing of the new shares assumes that the over-allotment option has been fully exercised and that as a result, the number of outstanding shares amounts to 11,942,344.

Share- / Warrantholder	Number of shares	%	Warrants in number of shares [1]	%	Total number of shares and warrants	%
A. Executive Management Team						
CEO and other members of the Executive Management Team	187,000	1.57	384,000	56.92	571,000	4.53
B. (Independent) Directors						
Independent Directors	-	-	85.000	12.60	85,000	0.67
C. Other shareholders						
Tolefi SA	2,359,004	19.75	10,000	1.48	2,369,004	18.78
PMV-Tina NV	360,775	3.02	-	-	360,775	2.86
SRIW Techno and Sofipôle	305,000	2.55	-	-	305,000	2.42
Mr Michel Lussier	153,000	1.28	20,000	2.96	173,000	1.37
Other shareholders	6,507,565	54.49	-	-	6,507,565	51.58
Subtotal	**9,685,344**	**81.10**	**30,000**	**4.45**	**9,715,344**	**77.00**
D. Personnel						
Personnel	-	-	175,612	26.03	175,612	1.39
Subtotal A+B+C+D	**9,872,344**	**82.67**	**674,612**	**100.00**	**10,546,956**	**83.59**
E. Global offering						
New shares	2,070,000	17.33	-		2,070,000	16.41
Total A+B+C+D+E	**11,942,344**	**100.00**	**674,612**	**100.00**	**12,616,956**	**100.00**

Element	Disclosure requirement
	The Global Offering created a total dilution to shareholders of 17.33%. A shareholder who would have owned 1% of the shares of the Company prior the Global offering would have a shareholding of 0.8267% after the Global Offering.
E.7	**Estimated expenses charged to the investor by the Company** Not applicable. No fees or expenses in connection with the admission to trading will be charged to investors by the Company.

1 RISK FACTORS

*Investing in the shares of the Company (the "**Shares**") involves a high degree of risk. You should carefully consider the following risks and all other information contained in this prospectus before making an investment decision regarding its securities. The risks and uncertainties described below are those significant risk factors, currently known and specific to the Company, which the Company believes are relevant to an investment in its securities. If any of these risks materialize, its business, financial condition or results of operations could suffer, the price of the shares could decline and you could lose part or all of your investment.*

The prospectus also contains forward-looking statements that involve risks and uncertainties. The risks and uncertainties that the Company believes are material are further described below. However, these risks and uncertainties may not be the only ones faced by the Company and are not intended to be presented in any assumed order of priority. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

1.1 Risks Related to the Company's Financial Position and Need for Additional Capital

Celyad 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 31 December 2017 and 2016, the Company incurred a loss for the year of €56.4 million and €23.6 million, respectively. As of 31 December 2017, the Company had a retained loss of €180.4 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 drug product candidates through pre-clinical studies and clinical trials, seek regulatory approvals for its drug product candidates, scale-up manufacturing capabilities and hire additional personnel to support the development of its drug product candidates and to enhance its operational, financial and information management systems.

The main assets of the Company are intellectual property rights concerning technologies that have not led to commercialization of any product. Celyad has never been profitable and has never commercialized any (pharmaceutical) product.

Even if the Company succeeds in commercializing one or more of its drug 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 anticipates that its expenses will increase substantially if and as the Company:

- continues its research, pre-clinical and clinical development of its drug product candidates;
- expands the scope of therapeutic indications of its current clinical studies for its drug product candidates;
- initiates additional pre-clinical studies or additional clinical trials of existing drug product candidates or new drug product candidates;
- further develops the manufacturing process for its drug product candidates;
- changes or adds additional manufacturers or suppliers;
- seeks regulatory and marketing approvals for its drug product candidates that successfully complete clinical studies;
- establishes a sales, marketing and distribution infrastructure to commercialize any products for which the Company may obtain marketing approval, in the European Union and the United States;
- makes milestone or other payments under any in-license agreements; and
- maintains, protects and expands its intellectual property portfolio.

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.

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 drug product candidates, including its ongoing and planned clinical trials for CAR-T NKG2D and any future drug product candidates. If one or several product candidates are approved by the relevant competent authority, the Company will require significant additional amounts in order to launch and commercialize its drug product candidates.

On 30 June 2018, the Company had €62.4 million in cash and €0.8 million in short term investments. On 22 May 2018 the Company secured a share capital increase of €46,1 million through a global offering on both US and European markets (see section 4 of this prospectus). The Company believes that such resources will be sufficient to fund its operations for at least the next 12 months from the date of this Prospectus. 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 drug product candidates and may need to raise additional funds sooner if the Company chooses to expand more rapidly than it presently anticipates.

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 programmes and product candidates, to grant licences on its technologies to partners or third parties or enter into new collaboration agreements, the terms could be less favourable 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 commercialisation of all or part of its research programmes or product candidates or it may be unable to take advantage of future business opportunities.

Raising additional capital may cause dilution to its existing shareholders, restrict its operations or require the Company to relinquish rights to its drug product candidates or technologies.

The Company may seek additional funding through a combination of equity offerings, debt financings, collaborations and/or licensing arrangements. To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, the shareholders will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a shareholder. The incurrence of indebtedness and/or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on its ability to incur additional debt and/or issue additional equity, limitations on its ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact its ability to conduct its business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of the Shares to decline. In the event that the Company enters into collaborations and/or licensing arrangements in order to raise capital, it may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms its rights to technologies or drug product candidates that the Company otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when the Company might be able to achieve more favorable terms.

1.2 Risk related to product development, regulatory approval and commercialization

The Company is heavily dependent on the regulatory approval of CYAD-01 in the United States and Europe, and subsequent commercial success of CYAD-01, both of which may never occur.

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 commercialise a product, product candidate or research programme, or may cease some of its operations, which may have a material adverse affect on the Company's business. On December 22, 2017, the Company notified the Walloon Region of its decision not to pursue the exploitation of the C Cure programs and the research work financed by recoverable loans from the Walloon Region. The Company has justified its decision by the intention to focus its strategy and resources on its immune-oncology programs and by the fact that it has not been successful to identify a partner to pursue the development of C Cure.

The Company has generated limited revenue to date and does not expect to generate any revenue from product sales for the foreseeable future. As a result, its future success is currently dependent upon the regulatory approval and commercial success of CYAD-01 in one or more of the indications for which the Company intends to seek approval. The Company Its ability to generate revenues in the near term will depend on its ability to obtain regulatory approval and

successfully commercialize CYAD-01 on its own in the United States, the first country in which the Company intends to seek approval for CYAD-01. The Company may experience delays in obtaining regulatory approval in the United States for CYAD-01, 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 CYAD-01 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.

In addition, the Company has incurred and expect to continue to incur significant expenses as the Company continues to pursue the approval of CYAD-01 in the United States, Europe and elsewhere. The Company plans to devote a substantial portion of its effort and financial resources in order to continue to grow its operational capabilities. This represents a significant investment in the clinical and regulatory success of CYAD-01, which is uncertain. The success of CYAD-01, if approved, and revenue from commercial sales, will depend on several factors, including:

- execution of an effective sales and marketing strategy for the commercialization of CYAD-01;
- acceptance by patients, the medical community and third-party payors;
- its success in educating physicians and patients about the benefits, administration and use of CYAD-01;
- the incidence and prevalence of the indications for which its CYAD-01 drug product candidate is approved in those markets in which CYAD-01 is approved;
- the prevalence and severity of side effects, if any, experienced by patients treated with CYAD-01;
- the availability, perceived advantages, cost, safety and efficacy of alternative treatments, including potential alternate treatments that may currently be available or in development or may later be available or in development or approved by regulatory authorities;
- successful implementation of its manufacturing processes that the Company plans to include in a future biologics license applications and production of sufficient quantities of commercial drug product;
- maintaining compliance with regulatory requirements, including current good manufacturing practices (cGMPs), good laboratory practices (GLP) and good clinical practices (GCPs); and
- obtaining and maintaining patent, trademark and trade secret protection and regulatory exclusivity and otherwise protecting its rights in its intellectual property portfolio.

The Company may also fail in its efforts to develop and commercialize future drug product candidates, including CYAD-101 (the allogeneic version of its CYAD-01 drug product candidate). If this were to occur, the Company would continue to be heavily dependent on the regulatory approval and successful commercialization of CYAD-01, its development costs may increase and its ability to generate revenue or profits, or to raise additional capital, could be impaired.

The achievement of milestones (R&D, scientific, clinical, regulatory, business) will trigger payment obligations towards Celdara and Darthmouth, which will negatively impact Celyad's profitability.

Its THINK trial is ongoing and not complete. Initial success in its ongoing clinical trial may not be indicative of results obtained when this trial is completed. Furthermore, success in early clinical trials may not be indicative of results obtained in later trials.

Its clinical experience with its lead drug product candidate CYAD-01 is limited. The Company has treated a small number of patients as of the date of this report. In particular, the results of the CM-CS1 trial and the interim results of the THINK trial should not be relied upon as evidence that its ongoing or future clinical trials will succeed. 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. These data, or other positive data, may not continue or occur for these patients or for any future patients in its ongoing or future clinical trials, and may not be repeated or observed in ongoing or future trials involving its drug product candidates. There is limited data concerning long-term safety and efficacy following treatment with CYAD-01. Its drug 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-01 or other drug product candidates.

There is a high failure rate for drugs and biologics proceeding through clinical trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later stage clinical trials even after achieving promising results in earlier stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, regulatory delays or

rejections may be encountered as a result of many factors, including changes in regulatory policy during the period of product development.

In previous clinical trials involving T cell-based immunotherapies, some patients experienced serious adverse events. Our lead drug product candidate CYAD-01 may demonstrate a similar effect or have other properties that could halt its clinical development, prevent its regulatory approval, limit its commercial potential, or result in significant negative consequences.

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 drug 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. CRS is a condition that is currently defined clinically by certain symptoms related to the release of cytokines, which can include fever, chills, low blood pressure, when such side effects are serious enough to lead to intensive care with mechanical ventilation or significant vasopressor support. The exact cause or causes of CRS and severe neurotoxicity in connection with treatment of CAR-T cell products is not fully understood at this time. In addition, patients have experienced other adverse events in these studies, such as a reduction in the number of blood cells (in the form of neutropenia, thrombocytopenia, anemia or other cytopenias), febrile neutropenia, chemical laboratory abnormalities (including elevated liver enzymes), and renal failure.

Undesirable side effects caused by its CYAD-01 drug product candidate or other T cell-based immunotherapy drug 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 drug product candidates to understand their side effects for both its planned clinical trials and upon any commercialization of any T cell-based immunotherapy drug product candidates. Inadequate training in recognizing or managing the potential side effects of T cell-based immunotherapy drug product candidates could result in patient deaths. Any of these occurrences could have a material adverse effect on its business, financial condition and prospects.

CYAD-01 drug product candidate is 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 NKG2D receptor ligands, an activating receptor of NK cells. 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:

- obtaining regulatory approval from the FDA and other regulatory authorities that have very limited experience with the commercial development of genetically modified T cell therapies for cancer;
- 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;
- preconditioning patients with chemotherapy or other product treatments in conjunction with delivering each of its drug product candidates, which may increase the risk of adverse side effects;
- educating medical personnel regarding the potential side effect profile of each of its drug product candidates, such as the potential adverse side effects related to cytokine release or neurotoxicity;
- developing processes for the safe administration of these drug product candidates, including long-term follow-up for all patients who receive its drug product candidates;

- sourcing clinical and, if approved, commercial supplies for the materials used to manufacture and process its drug product candidates;
- developing a manufacturing process and distribution network with a cost of goods that allows for an attractive return on investment;
- establishing sales and marketing capabilities after obtaining any regulatory approval to gain market acceptance, and obtaining adequate coverage, reimbursement, and pricing by third-party payors and government authorities; and
- developing therapies for types of cancers beyond those addressed by its current drug 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. To date, only one product that involves the genetic modification of patient cells has been approved in the United States and only one has been approved in the European Union.
- In the event of improper insertion of a gene sequence into a patient's chromosome, genetically modified products could lead to lymphoma, leukemia or other cancers, or other aberrantly functioning cells.
- 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 gene therapies, and the Company may need to adopt such an observation period for its drug product candidates.
- Clinical trials using genetically modified cells conducted at institutions that receive funding for recombinant DNA research from the National Institutes of Health, are subject to review by the Recombinant DNA Advisory Committee (RAC). Although the FDA decides whether individual protocols may proceed, the RAC review process can impede the initiation of a clinical trial, even if the FDA has reviewed the study and approved its initiation.

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 mechanics. Physicians, hospitals and third-party payors often are slow to adopt new products, technologies and treatment practices that require additional upfront costs and training. 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.

The Company has not yet finalized its clinical development program for CYAD-01 in AML and CRC. The FDA and comparable foreign 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-01 in AML and CRC. Prior to initiating new clinical trials for its drug 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 CYAD-01 drug product candidate 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.

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 drug product candidates, if at all, the Company must conduct extensive clinical trials to demonstrate the safety and efficacy of the drug product candidates in humans. Clinical testing is expensive, time-consuming and uncertain as to outcome. The Company cannot guarantee that any 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 raising, or inability to raise, sufficient capital to fund the planned clinical trials;

- delays in reaching a consensus with regulatory agencies on trial design;
- identifying, recruiting and training suitable clinical investigators;
- delays in reaching agreement on acceptable terms with prospective clinical research organizations, or CROs, and clinical trial sites;
- delays in obtaining required Investigational Review Board, or IRB, approval at each clinical trial site;
- delays in recruiting suitable patients to participate in its clinical trials;
- delays due to changing standard of care for the diseases the Company is studying;
- adding new clinical trial sites;
- imposition of a clinical hold by regulatory agencies, after an inspection of its clinical trial operations or trial sites;
- failure by its CROs, other third parties or the Company to adhere to clinical trial requirements;
- catastrophic loss of drug product candidates due to shipping delays or delays in customs in connection with delivery to foreign countries for use in clinical trials;
- failure to perform in accordance with the FDA's good clinical practices, or GCPs, or applicable regulatory guidelines in other countries;
- delays in the testing, validation, manufacturing and delivery of its drug product candidates to the clinical sites;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- clinical trial sites or patients dropping out of a trial;
- occurrence of serious adverse events associated with the drug product candidate that are viewed to outweigh its potential benefits; or
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols.

Any inability to successfully complete pre-clinical 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 drug product candidates or allow its competitors to bring products to market before the Company does, which could impair its ability to successfully commercialize its drug product candidates and may harm its business and results of operations.

If the results of its clinical trials are inconclusive or if there are safety concerns or adverse events associated with its drug product candidates, the Company may:

- be delayed in obtaining marketing approval for its drug product candidates, if at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to changes in the way the product is administered;
- be required to perform additional clinical trials to support approval or be subject to additional post-marketing testing requirements;
- have regulatory authorities withdraw their approval of the product or impose restrictions on its distribution in the form of a risk evaluation and mitigations strategy, or REMS, plan;
- be subject to the addition of labeling statements, such as warnings or contraindications;
- be sued; or
- experience damage to its reputation.

Its drug 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 drug product candidates and impair its ability to commercialize its products if they are ultimately approved by applicable regulatory authorities.

The Company's drug product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, or result in significant negative consequences.

As with most biological drug products, use of its drug product candidates could be associated with side effects or adverse events which can vary in severity from minor reactions to death and in frequency from infrequent to prevalent. Undesirable side effects or unacceptable toxicities caused by its drug product candidates could cause the Company or regulatory authorities to interrupt, delay, or halt clinical trials. The FDA, EMA, or comparable foreign regulatory authorities could delay or deny approval of its drug product candidates for any or all targeted indications and negative side effects could result in a more restrictive label for any product that is approved. Side effects such as toxicity or other

safety issues associated with the use of its drug product candidates could also require the Company or its collaborators to perform additional studies or halt development or sale of these drug product candidates.

Treatment-related side effects could also affect patient recruitment or the ability of enrolled subjects to complete the trial, or could result in potential product liability claims. In addition, these side effects may not be appropriately or timely recognized or managed by the treating medical staff. Any of these occurrences may materially and adversely harm its business, financial condition and prospects.

Additionally, if one or more of its drug product candidates receives marketing approval, and the Company or others later identify undesirable side effects caused by such products, including during any long-term follow-up observation period recommended or required for patients who receive treatment using its products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- the Company may be required to create a REMS plan which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers, and/or other elements to assure safe use;
- the Company could be sued and held liable for harm caused to patients; and
- its reputation may suffer.

Any of the foregoing could prevent the Company from achieving or maintaining market acceptance of the particular drug product candidate, if approved, and could significantly harm its business, results of operations, and prospects.

If the Company encounters difficulties enrolling patients in its clinical trials, its clinical development activities could be delayed or otherwise adversely affected.

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

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to trial sites;
- the design of the trial;
- its ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies;
- clinicians' and patients' perceptions as to the potential advantages and side effects of the drug product candidate being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications the Company is investigating;
- its ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will not complete a clinical trial.

In addition, its clinical trials will compete with other clinical trials for drug product candidates that are in the same therapeutic areas as its drug product candidates, and this competition will reduce the number and types of patients available to the Company, because some patients who might have opted to enroll in its trials may instead opt to enroll in a trial being conducted by one of its competitors. Because the number of qualified clinical investigators is limited, the Company expects to conduct some of its clinical trials at the same clinical trial sites that some of its competitors use, which will reduce the number of patients who are available for its clinical trials at such clinical trial sites. Moreover, because its drug product candidates represent a departure from more commonly used methods for ischemic HF and cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, rather than enroll patients in its clinical trials.

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

Clinical development is a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials as well as data from any interim analysis of ongoing clinical trials may not be predictive of future trial results. Clinical failure can occur at any stage of clinical development.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Although drug product candidates may demonstrate promising results

in early clinical (human) trials and pre-clinical (animal) studies, they may not prove to be effective in subsequent clinical trials. For example, testing on animals may occur under different conditions than testing in humans and therefore the results of animal studies may not accurately predict human experience. Likewise, early clinical trials may not be predictive of eventual safety or effectiveness results in larger-scale pivotal clinical trials. The results of pre-clinical studies and previous clinical trials as well as data from any interim analysis of ongoing clinical trials of its drug product candidates, as well as studies and trials of other products with similar mechanisms of action to its drug product candidates, may not be predictive of the results of ongoing or future clinical trials. Drug product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through pre-clinical studies and earlier clinical trials. In addition to the safety and efficacy traits of any drug product candidate, clinical trial failures may result from a multitude of factors including flaws in trial design, dose selection, placebo effect and patient enrollment criteria. Based upon negative or inconclusive results, the Company or its collaborators may decide, or regulators may require it, to conduct additional clinical trials or pre-clinical studies. In addition, data obtained from trials and studies are susceptible to varying interpretations, and regulators may not interpret its data as favorably as the Company does, which may delay, limit or prevent regulatory approval.

The regulatory approval processes of the FDA, EMA and other comparable regulatory authorities is lengthy, time-consuming, and inherently unpredictable, and the Company may experience significant delays in the clinical development and regulatory approval, if any, of its drug product candidates.

The research, testing, manufacturing, labelling, approval, selling, import, export, marketing, and distribution of drug products, including biologics, are subject to extensive regulation by the FDA, EMA and other comparable regulatory authorities. The Company is not permitted to market any biological drug product in the United States until the Company receives a Biologics License Application, or BLA, from the FDA or a marketing authorization application, or MAA, from the EMA. the Company has not previously submitted a BLA to the FDA, MAA to the EMA, or similar approval filings to comparable foreign authorities. A BLA must include extensive pre-clinical and clinical data and supporting information to establish that the drug product candidate is safe, pure, and potent for each desired indication. The BLA must also include significant information regarding the chemistry, manufacturing, and controls for the product, and the manufacturing facilities must complete a successful pre-license inspection. The Company expects the nature of its drug product candidates to create further challenges in obtaining regulatory approval. For example, the FDA and EMA have limited experience with commercial development of genetically modified T-cell therapies for cancer. The FDA may also require a panel of experts, referred to as an Advisory Committee, to deliberate on the adequacy of the safety and efficacy data to support licensure. The opinion of the Advisory Committee, although not binding, may have a significant impact on its ability to obtain licensure of the drug product candidates based on the completed clinical trials. Accordingly, the regulatory approval pathway for its drug product candidates may be uncertain, complex, expensive, and lengthy, and approval may not be obtained.

Obtaining and maintaining regulatory approval of its drug product candidates in one jurisdiction does not mean that the Company will be successful in obtaining regulatory approval of its drug product candidates in other jurisdictions.

If the Company obtains and maintains regulatory approval of its drug product candidates in one jurisdiction, such approval does not guarantee that the Company will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA or EMA grants marketing approval of a drug product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the drug product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the European Union or in the United States, including additional pre-clinical studies or clinical trials as clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions, a drug product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that the Company intends to charge for its products is also subject to approval.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for the Company and could delay or prevent the introduction of its products in certain countries. If the Company fails to comply with the regulatory requirements in international markets and/or to receive

applicable marketing approvals, its target market will be reduced and its ability to realize the full market potential of its drug product candidates will be harmed.

Even if the Company obtains regulatory approval of its drug product candidates, the products may not gain market acceptance among physicians, patients, hospitals and others in the medical community.

Its autologous engineered-cell therapies may not become broadly accepted by physicians, patients, hospitals, and others in the medical community. Numerous factors will influence whether its drug product candidates are accepted in the market, including:

- the clinical indications for which its drug product candidates are approved;
- physicians, hospitals, and patients considering its drug product candidates as a safe and effective treatment;
- the potential and perceived advantages of its drug product candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA, EMA, or other regulatory authorities;
- limitations or warnings contained in the labeling approved by the FDA or EMA;
- the timing of market introduction of its drug product candidates as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of its sales and marketing efforts.

In addition, although the Company is not utilizing embryonic stem cells in its drug product candidates, adverse publicity due to the ethical and social controversies surrounding the therapeutic use of such technologies, and reported side effects from any clinical trials using these technologies or the failure of such trials to demonstrate that these therapies are safe and effective may limit market acceptance its drug product candidates due to the perceived similarity between its drug product candidates and these other therapies. If its drug product candidates are approved but fail to achieve market acceptance among physicians, patients, hospitals, or others in the medical community, the Company will not be able to generate significant revenue.

Even if its products achieve market acceptance, the Company may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than its products, are more cost effective or render its products obsolete.

Its drug product candidates are biologics, which are complex to manufacture, and the Company may encounter difficulties in production, particularly with respect to process development or scaling-out of its manufacturing capabilities. If the Company or any of its third-party manufacturers encounters such difficulties, its ability to provide supply of its drug product candidates for clinical trials or its products for patients, if approved, could be delayed or stopped, or the Company may be unable to maintain a commercially viable cost structure.

Its drug product candidates are biologics and the process of manufacturing its products is complex, highly-regulated and subject to multiple risks. The manufacture of its drug 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 either cardiopoietic cells or 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 drug product candidates, is higher than traditional small molecule chemical compounds, and the manufacturing process is less reliable and is more difficult to reproduce. Its manufacturing process is susceptible to product loss or failure due to logistical issues associated with the collection of blood cells, or starting material, from the patient, shipping such material to the manufacturing site, shipping the final product back to the patient, and infusing the patient with the product, manufacturing issues associated with the differences in patient starting materials, interruptions in the manufacturing process, contamination, equipment or reagent failure, improper installation or operation of equipment, vendor or operator error, inconsistency in cell growth, and variability in product characteristics. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions. Because some of its drug product candidates are manufactured for each particular patient, the Company is required to maintain a chain of identity with respect to materials as they move from the patient to the manufacturing facility, through the manufacturing process, and back to the patient. Maintaining such a chain of identity is difficult and complex, and failure to do so could result in adverse patient outcomes, loss of product, or regulatory action including

withdrawal of its products from the market. Further, as drug product candidates are developed through pre-clinical to late stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause its drug product candidates to perform differently and affect the results of ongoing clinical trials or other future clinical trials.

Although the Company is working, or will be working, to develop commercially viable processes for the manufacture of its drug 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. We may ultimately be unable to reduce the cost of goods for its drug product candidates to levels that will allow for an attractive return on investment if and when those drug product candidates are commercialized.

In addition, the manufacturing process that the Company develops for its drug 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 CMOs, if any, are able to meet all regulatory authorities requirements on an ongoing basis. If the Company or its CMOs are unable to reliably produce drug product candidates to specifications acceptable to the regulatory authorities, the Company may not obtain or maintain the approvals the Company needs to commercialize such drug product candidates. Even if the Company obtains regulatory approval for any of its drug product candidates, there is no assurance that either the Company or its CMOs 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.

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 fulfil regulatory compliance. Failure to comply with such regulations could result in delays, suspension, refusals, fines and withdrawal of approvals.

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, pre-clinical tests, clinical trials, labelling, marketing, sales, storage, record keeping, promotion and pricing of its research programmes 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 fulfil the criteria required to obtain necessary regulatory clearance 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 programmes and products 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 of America. Each Competent Authority may impose its own requirements, may discontinue an approval, may refuse to grant approval, or may require additional data before granting approval, notwithstanding that approval may have been granted by one or more other Competent Authorities. Competent Authority approval may be delayed, limited or denied for a number of reasons, most of which are beyond the Company's control. Such reasons include the production process or site not meeting the applicable requirements for the manufacture of regulated products, or the products not meeting applicable requirements for safety or efficacy during the clinical development stage or after marketing. No assurance can be given that clinical trials will be approved by Competent Authorities or that products will be approved for marketing by Competent Authorities in any pre-determined indication or intended use. Competent Authorities may disagree with the Company's interpretation of data submitted for their review. Even after obtaining approval for clinical trials or marketing, products will be subject to ongoing regulation and evaluation of their benefit/safety or risk/performance ratio; a negative evaluation of the benefit/safety or risk/performance ratio could result in a potential use restriction and/or withdrawal of approval for one or more products. 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 authorisation or authorise 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.

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

The future commercial success of the Company's product candidates will depend on the degree of market acceptance of its products among physicians, patients, healthcare payers and 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. Celyad has to date no product authorised for marketing yet. Due to the inherent risk in the development of pharmaceutical and medical device products, it is probable that not all of the product candidates in Celyad' portfolio will successfully complete development and be marketed.

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:

- The wording of the product label;
- 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;
- Limitations, precautions or warnings listed in the summary of product characteristics, patient information leaflet, package labeling or instructions for use;
- The cost of treatment with the Company's products in relation to alternative treatments;
- The extent to which products are approved for inclusion and reimbursed on formularies of hospitals and managed care organizations;
- Whether products are designated in the label and/or under physician treatment guidelines and/or under reimbursement guidelines as a first-line therapy, or as a second-line, or third-line or last-line therapy.

The price setting, the availability and level of adequate reimbursement by third parties, such as insurance companies, governmental and other healthcare payers is uncertain and may impede on the Company's ability to generate sufficient operating margins to offset operating expenses.

The Company's commercial performance will depend in part on the conditions for setting the sales price of its products by the relevant public commissions and bodies and the conditions of their reimbursement by the health agencies or insurance companies in the countries where the Company intends to market its products. The current context of healthcare cost control and economic and financial crisis that most countries are currently facing, coupled with the increase in health care budgets caused by the aging population creates extra pressure on health care spending in most if not all countries. Consequently, pressure on sales prices and reimbursement levels is intensifying owing in particular to;

- Price controls imposed by many states;
- The increasing reimbursement limitations of some products under budgetary policies;
- The heightened difficulty in obtaining and maintaining a satisfactory reimbursement rate for medicines.

Obtaining adequate pricing decisions that would generate return on the investment incurred for the development of the product candidates developed by the Company is therefore uncertain. The Company's ability to manage its expenses and cost structure to adapt to increased pricing pressure is untested and uncertain.

All of these factors will have a direct impact on the Company's ability to make profits on the products in question. The partial/no reimbursement policy of medicines could have a material adverse effect on the business, prospects, financial situation, earnings and growth of the Company.

Changes in regulatory approval policies or enactment of additional regulatory approval requirements may delay or prevent the product candidates from being marketed.

The regulatory clearance process is expensive and time consuming and the timing of marketing is difficult to predict. Once marketed, products may be subject to post-authorisation safety studies or other pharmaco-vigilance or device vigilance activities or may be subject to limitations on their uses or may be withdrawn from the market for various reasons, including if they are shown to be unsafe or ineffective, or when used in a larger population that may be different from the trial population studied prior to market introduction of the product.

The Company's product candidates may become subject to changes in the regulatory framework or market conditions. Regulatory guidelines may change during the course of product development and review process, making the chosen development strategy suboptimal. Market conditions may change resulting in the emergence of new competitors or new treatment guidelines which may require alterations in the development strategy. These factors may result in significant delays, increased trial costs, significant changes in commercial assumptions or failure of the products to obtain marketing authorisation.

The Company is subject to inspection and shall be subject to market surveillance by the FDA, EMA and other Competent Authorities for compliance with regulations that prohibit the promotion of the Company's products for a purpose or indication other than those for which approval has been granted.

While a product manufacturer may not promote a product for such "off label" use, doctors are allowed, in the exercise of their professional judgment in the practice of medicine, to use a product in ways not approved by Competent Authorities. Off-label marketing regulations are subject to varying evolving interpretations.

Post-approval manufacturing and marketing of Company's products may show different safety and efficacy profiles to those demonstrated in the data on which approval to test or market said products was based. Such circumstances could lead to the withdrawal or suspension of approval, which could have a material adverse effect on the Company's business, financial condition, operating results or cash flows. In addition, Competent Authorities may not approve the labelling claims or advertisements that are necessary or desirable for the successful commercialisation of the Company's products.

Competent Authorities have broad enforcement power, and a failure by the Company or its collaboration partners to comply with applicable regulatory requirements can, among other things, result in recalls or seizures of products, operating and production restrictions, withdrawals of previously approved marketing applications, total or partial suspension of regulatory approvals, refusal to approve pending applications, warning letters, injunctions, penalties, fines, civil proceedings, criminal prosecutions and imprisonment.

1.3 Risks related to the Company's reliance on third parties

The Company has obtained and could obtain significant funding from the Walloon Region. The terms of the agreements signed with the Region may hamper the Company to partner part or all its products.

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

The Company is and expects to continue to be dependent on collaborations with partners relating to the development and commercialisation of its existing and future research programmes 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 programmes and product candidates could be delayed, the commercial potential of its products could change and its costs of development and commercialisation 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 not be able to control the amount or timing of resources that collaborative partners devote to the Company's research programs and product candidates;
- 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;
- the Company's collaborative partners' willingness or ability to complete their obligations under the Company's collaboration arrangements may be adversely affected by business combinations or significant changes in a collaborative partner's business strategy; and/or
- the Company may experience delays in, or increases in the costs of, the development of the Company's research programs and product candidates due to the termination or expiration of collaborative research and development arrangements.

The Company relies on third parties to conduct, supervise and monitor its clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, the Company may not be able to obtain regulatory approval for or commercialize its drug product candidates and its business could be substantially harmed.

The Company relies on clinical research organizations, or CROs, 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 CROs' activities. Nevertheless, the Company will be responsible for ensuring that each of its clinical trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and its reliance on the CROs does not relieve the Company of its regulatory responsibilities.

The Company and its CROs are required to comply with the FDA's GCPs 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. The FDA, the Competent Authorities of the Member States of the EEA, and comparable foreign regulatory authorities, enforce these GCPs through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If the Company or its CROs fail to comply with applicable GCPs, 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 may determine that its clinical trials did not comply with GCPs. In addition, its future clinical trials will require a sufficient number of test subjects to evaluate the safety and effectiveness of its drug product candidates. Accordingly, if its CROs 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 CROs 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 pre-clinical programs. These CROs 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 its CROs 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 drug product candidates. If any such event were to occur, the Company's financial results and the commercial prospects for its drug 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 CROs terminate, the Company may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. Further, switching or adding additional CROs 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 CROs, 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.

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.

1.4 Risk related to the Company's intellectual property

The Company's patents and other intellectual property rights portfolio is relatively young and may not adequately protect its research programmes and product candidates, which may impede the Company's ability to compete effectively.

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 programmes 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 filed by the Company, six national patents have been granted in Belgium and fifteen national patents have been granted in the US, of which nine relate to the field of immune-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 patent offices and other third-party challenges to their validity, scope and/or enforceability. The Company cannot guarantee that it is or has been the first to conceive an invention and to file a patent or a patent application, notably given the fact that patent applications are not published in most countries before an 18-months period from the date of the filing. Moreover, the Company may have no or limited control over the effectiveness of its licensors in preventing the misappropriation of their patents and intellectual property. Because patent law in the biopharmaceutical industry is highly uncertain, there can be no assurance that the technologies used in the Company's research programmes and product candidates are patentable, that patents will be granted to the Company or its licensors under pending or future applications, or that patents will be of sufficient breadth to provide adequate and commercially meaningful protection against competitors with similar technologies or products, or that patents granted to the Company or its licensors will not be successfully challenged, circumvented, invalidated or rendered unenforceable by third parties, hence enabling competitors to circumvent or use them and depriving the Company from the protection it may expect against competitors. If the Company or its licensors do not obtain patents in respect of their technologies or if the patents of the Company or its licensors are invalidated (for example, as a result of the discovery of prior art), 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 programmes and product candidates and Cardiopoiesis platform. 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 wilfully or unintentionally disclose proprietary information to competitors. Furthermore, the Company's competitors may independently develop equivalent knowledge and know-how, which could diminish or eliminate the Company's competitive advantage.

The enforcement of patents, know-how and other intellectual property is costly, time consuming and highly uncertain. The Company cannot guarantee that it will be successful in preventing the misappropriation of its patented inventions, know-how and other intellectual property rights and those of its licensors, and failure to do so could significantly impair the ability of the Company to effectively compete.

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 (to the exception, however, of the C-Cure® trademark for which the Company has received a "cease and desist" request letter from SMB SA limited to the Benelux market in the event it would be authorized by EMA to use this trademark for an approved pharmaceutical product. In view of the therapeutic connotations of the word "C-Cure", the Company is however not likely to be authorized by EMA to use this mark to identify its products or services).

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, or those of its licensors, 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 or its licensors 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 programme, product candidate or process or it may be required to obtain a licence on the disputed rights, which may not be available on commercially reasonable terms, if at all.

In parallel with the development of the Company's own intellectual property, patent literature related to heart repair in general and, more specifically, patents of competing companies, are regularly evaluated, in order to avoid infringement and to explore the space of patentable subject matter. To date, no patent infringement claims have been made against Celyad nor by Celyad against third parties.

There can be no assurance that the Company's efforts to search for existing proprietary rights before embarking on a research and development programme with respect to a particular product candidate, method, process or technology will uncover all relevant third party rights relating to such product, 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 procedure by a third party may increase in view of the Company making public announcement regarding one or more of its research programmes 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 commercialisation plans as a result thereof.

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. Any termination of these licenses could result in the loss of significant rights and could harm its ability to commercialize its drug 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 drug product candidates; and
- 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 drug 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 – see section 1.1 above).

We could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of its drug 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 drug 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 Mayo Foundation for Medical Education and Research and 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. Moreover, its competitors may independently develop equivalent knowledge, methods, and know-how. Any of these outcomes could impair its ability to prevent competition from third parties, which may have an adverse impact on its business, financial condition and operating results.

We currently have issued patents and patent applications directed to its drug 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. However, the Company cannot predict:

- if and when any patents will issue from patent applications;
- the degree and range of protection any issued patents will afford the Company against competitors, including whether third parties will find ways to invalidate or otherwise circumvent its patents;
- whether others will apply for or obtain patents claiming aspects similar to those covered by its patents and patent applications; or
- whether the Company will need to initiate litigation or administrative proceedings to defend its patent rights, which may be costly whether the Company win or lose.

We cannot be certain, however, that the claims in its pending patent applications will be considered patentable by patent offices, 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 drug 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 drug product candidates is threatened, this could dissuade companies from collaborating with the Company to develop, and could threaten its ability to commercialize, its drug product candidates. Further, because patent applications in most countries are confidential for a period of time after filing, the Company cannot be certain that it was the first to file any patent application related to its drug 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 drug product candidate limits the time during which the Company can market a drug product candidate under patent protection, which may particularly affect the profitability of its early-stage drug product candidates. If the Company encounters delays in its clinical trials, the period of time during which the Company could market its drug product candidates under patent protection would be reduced. Without patent protection for its drug product candidates, the Company may be open to competition from biosimilar versions of its drug product candidates.

We may not be able to protect its intellectual property rights throughout the world.

Filing, prosecuting and defending patents on drug 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. Competitors may use its technologies in jurisdictions where the Company has not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where the Company has patent protection but enforcement is not as strong. These products may compete with its products and its patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in a number of jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for the Company to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce its patent rights in some jurisdictions could result in substantial costs and divert its efforts and attention from other aspects of its business, could put its patents at risk of being invalidated or interpreted narrowly and its patent applications at risk of not issuing and could provoke third parties to assert claims against the Company. We may not prevail in any lawsuits that the Company initiates and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, its efforts to enforce its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that the Company develops or licenses.

We may be involved in lawsuits to protect or enforce its patents or the patents of its licensors, which could be expensive, time-consuming, and unsuccessful.

Competitors may infringe its patents or the patents of its licensors. To cease such infringement or unauthorized use, the Company may be required to file patent infringement claims, which can be expensive and time-consuming. In addition, in an infringement proceeding or a declaratory judgment action against the Company, a court may decide that one or more of its patents is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that its patents do not cover the technology in question. An adverse result in any litigation or defense proceeding could put one or more of its patents at risk of being invalidated, held unenforceable, interpreted narrowly, or amended such that they do not cover its drug product candidates. Such results could also put its pending patent applications at risk of not issuing. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from its business. Interference or derivation proceedings provoked by third parties may be necessary to determine the priority of inventions with respect to, or the correct inventorship of, its patents or patent applications or those of its licensors. An unfavorable outcome could result in a loss of its current patent rights and could require the Company to cease using the related technology or to attempt to license rights to it from the prevailing party. Its business could be harmed if the prevailing party does not offer the Company a license on commercially reasonable terms. Litigation, interference, or derivation proceedings may result in a decision adverse to its interests and, even if the Company is successful, may result in substantial costs and distract its management and other employees.

Furthermore, because of the substantial amount of discovery required in some jurisdictions in connection with intellectual property litigation, there is a risk that some of its confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of its ordinary shares.

Issued patents covering its drug product candidates could be found invalid or unenforceable if challenged in court or before relevant authority.

If the Company or one of its licensing partners initiate legal proceedings against a third party to enforce a patent covering one of its drug product candidates, the defendant could counterclaim that the patent covering its drug product candidate is invalid or unenforceable. Third parties may also raise similar claims before administrative bodies, even outside the context of litigation. Such mechanisms include \ opposition or derivation proceedings. Such proceedings could result in revocation or amendment to its patents in such a way that they no longer cover and protect its drug product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of its patents, for example, the Company cannot be certain that there is no invalidating prior art of which the Company, its patent counsel, and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, the Company would lose at least part, and perhaps all, of the patent

protection on its drug product candidates. Such a loss of patent protection could have a material adverse impact on its business.

We may be subject to claims that its employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties.

We have received confidential and proprietary information from third parties. In addition, the Company employs individuals who were previously employed at other biotechnology or pharmaceutical companies. We may be subject to claims that the Company or its employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed confidential information of these third parties or its employees' former employers. Litigation may be necessary to defend against these claims. Even if the Company is successful in defending against these claims, litigation could result in substantial cost and be a distraction to its management and employees.

1.5 Risks related to the Company's organization, structure and operation

Maintenance of high standards of manufacturing in accordance with Good Manufacturing Practices and other manufacturing regulations.

Celyad and key third-party suppliers on which it relies currently or in the future must continuously adhere to (current) Good Manufacturing Practices and corresponding manufacturing regulations of Competent Authorities. In complying with these regulations, the Company and its third-party suppliers must expend significant time, money and effort in the areas of design and development, testing, production, record-keeping and quality control to assure that the products meet applicable specifications and other regulatory requirements. The failure to comply with these requirements could result in an enforcement action against the Company, including the seizure of products and shutting down of production. Any of these third-party suppliers and the Company also may be subject to audits by the Competent Authorities. If any of the Company's third-party suppliers or the Company itself fails to comply with (current) Good Manufacturing Practices or other applicable manufacturing regulations, the Company's ability to develop and commercialise the products could suffer significant interruptions.

The Company relies on a single manufacturing facility.

The Company faces risks inherent in operating a single manufacturing facility, since any disruption, such as a fire, natural hazards or vandalism could significantly interrupt the Company's manufacturing capability. The Company currently does not have alternative production plans in place or disaster-recovery facilities available. In case of a disruption, the Company will have to establish alternative manufacturing sources. This would require substantial capital on the part of the Company, which it may not be able to obtain on commercially acceptable terms or at all. Additionally, the Company would likely experience months or years of manufacturing delays as it builds or locates replacement facilities and seek and obtain necessary regulatory approvals. If this occurs, the Company will be unable to satisfy manufacturing needs on a timely basis, if at all. Also, operating any new facilities may be more expensive than operating the Company's current facility. Further, business interruption insurance may not adequately compensate the Company for any losses that may occur and the Company would have to bear the additional cost of any disruption. For these reasons, a significant disruptive event of the manufacturing facility could have drastic consequences, including placing the financial stability of the Company at risk.

The Company will need increased manufacturing capacity.

The Company may not be able to expand the manufacturing capacity within the anticipated time frame or budget or may not be able to obtain the requisite regulatory approvals for the increase in manufacturing capacity on a timely basis, or at all. If the Company cannot obtain necessary approvals for this contemplated expansion in a timely manner, its ability to meet demand for its products would be adversely affected. The Company may have difficulties in finding suitable locations or commercially acceptable terms for the leasing of such facilities. The Company may also have difficulties in finding a commercial partner for the construction of those facilities and/or partners for investing in the capital expenses related to the manufacturing plants. The Company will need to obtain GMP certification of those plants for commercial products. Obtaining those certificates may be delayed, or may not be granted.

The Company is highly dependent on its key personnel, and if the Company is not successful in attracting, motivating and retaining highly qualified personnel, the Company may not be able to successfully implement its business strategy.

Its ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon its ability to attract, motivate and retain highly qualified managerial, scientific and medical personnel. The Company is highly dependent on members of its executive committee, particularly its chief executive officer, Christian Homsy, and its scientific and medical personnel. The loss of the services of any members of its executive committee, other key

employees, and other scientific and medical advisors, and its inability to find suitable replacements, could result in delays in product development and harm its business.

Competition for skilled personnel in the biotechnology and pharmaceutical industries is intense and the turnover rate can be high, which may limit the Company's ability to hire and retain highly qualified personnel on acceptable terms or at all.

To induce valuable employees to remain within the Company, in addition to salary and cash incentives, the Company has provided warrants that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in its share price that are beyond its control, and may at any time be insufficient to counteract more lucrative offers from other companies. The Company does not maintain "key man" insurance policies on the lives of all of these individuals or the lives of any of its other employees.

Risks from the improper conduct of employees, agents, contractors, consultants or collaborators could adversely affect the reputation and business of the Company, prospects, operating results, and financial condition.

The Company cannot ensure that its compliance controls, policies, and procedures will in every instance protect it from acts committed by its employees, agents, contractors, or collaborators that would violate the laws or regulations of the jurisdictions in which it operates, including, without limitation, healthcare, employment, foreign corrupt practices, environmental, competition, and patient privacy and other privacy laws and regulations. Such improper actions could subject the Company to civil or criminal investigations, and monetary and injunctive penalties, and could adversely impact its ability to conduct business, operating results, and reputation. In particular, its business activities may be subject to anti-bribery or anti-corruption laws, regulations or rules of countries in which it operates, including the Foreign Corrupt Practices Act, or FCPA, or the U.K. Bribery Act.

Violations of these laws and regulations could result in fines, criminal sanctions against the Company, its officers, or its employees, the closing down of its facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of its business. Any such violations could include prohibitions on its ability to offer products in one or more countries and could materially damage its reputation, its brand, its international expansion efforts, its ability to attract and retain employees, and its business, prospects, operating results, and financial condition.

The Company has limited experience in sales, marketing and distribution.

Given its stage in development, the Company has never marketed a product and has therefore limited experience in the fields of sales, marketing and distribution of therapies. As a consequence, the Company will have to acquire marketing skills and develop its own sales and marketing infrastructure and would need to incur additional expenses, mobilize management resources, implement new skills and take the time necessary to set up the appropriate organization and structure to market the relevant product(s), in accordance with applicable laws.

While several managers of the Company have commercialized and launched high technology medical products there can be no assurance that the existing limited experience would be sufficient to effectively commercialize any or all of the Company's product candidates. The Company may not be able to attract qualified sales and marketing personnel on acceptable terms in the future and therefore may experience constraints that will impede the achievement of its commercial objectives. Such events could have a material adverse effect on the Company's business, prospects, financial situation, earnings and growth.

The Company will need to grow the size and capabilities of its organization, and the Company may experience difficulties in managing this growth.

As of December 31, 2017, the Company had 75 employees and 8 senior managers under management services agreements, most of whom are full-time. As the Company's drug product candidates move into later stage clinical development and towards commercialization, the Company must add a significant number of additional managerial, operational, sales, marketing, financial, and other personnel. Future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining, and motivating additional employees;
- managing the Company's internal development efforts effectively, including the clinical and FDA review process for its drug product candidates, while complying with its contractual obligations to contractors and other third parties; and
- improving its operational, financial and management controls, reporting systems, and procedures.

The Company's future financial performance and its ability to commercialize its drug product candidates will depend, in part, on its ability to effectively manage any future growth, and its management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

If the Company is not able to effectively expand its organization by hiring new employees and expanding its groups of consultants and contractors, the Company may not be able to successfully implement the tasks necessary to further develop and commercialize its drug product candidates and, accordingly, may not achieve its research, development, and commercialization goals.

If the Company engages in future acquisitions or strategic partnerships, this may increase its capital requirements, dilute its shareholders, cause it to incur debt or assume contingent liabilities, and subject it to other risks.

The Company may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies, or businesses. Any potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of its equity securities;
- assimilation of operations, intellectual property and products of an acquired Company, including difficulties associated with integrating new personnel;
- the diversion of its management's attention from its existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in its ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or drug product candidates and regulatory approvals; and
- its inability to generate revenue from acquired technology and/or products sufficient to meet its objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if the Company undertakes acquisitions, the Company may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortisation expense. Moreover, the Company may not be able to locate suitable acquisition opportunities and this inability could impair its ability to grow or obtain access to technology or products that may be important to the development of its business.

The Company is subject to certain covenants as a result of certain non-dilutive financial support received to date.

We have received some non-dilutive financial supports from the Walloon Region to support various research programs. The support has been granted in the form of recoverable cash advances, or RCAs, and subsidies.

In the event the Company decides to exploit any discoveries or products from the research funded by under an RCA, the relevant RCA becomes refundable, otherwise the RCA is not refundable. The Company owns the intellectual property rights which result from the research programs partially funded by the Region, unless it decides not to exploit, or cease to exploit, the results of the research in which case the results and intellectual property rights are transferred to the Region. Subject to certain exceptions, however, the Company cannot grant to third parties, by way of license or otherwise, any right to use the results without the prior consent of the Region. The Company also needs the consent of the Region to transfer an intellectual property right resulting from the research programs or a transfer or license of a prototype or installation. Obtaining such consent from the Region could give rise to a review of the applicable financial terms. The RCAs also contain provisions prohibiting the Company from conducting research for any other person which would fall within the scope of a research program of one of the RCAs. Most RCAs provide that this prohibition is applicable during the research phase and the decision phase but a number of RCAs extend it beyond these phases.

In 2019 and 2020, the Company will be required to make exploitation decisions on its remaining outstanding RCAs related to the CAR-T platform for a total amount of €5.5 million.

Subsidies received from the Region are dedicated to funding research programs and patent applications and are not refundable. The Company owns the intellectual property rights which result from the research programs or with regard to a patent covered by a subsidy. Subject to certain exceptions, however, the Company cannot grant to third parties, by way of license, transfer or otherwise, any right to use the patents or research results without the prior consent of the Region. In addition, certain subsidies require that the Company exploits the patent in the countries where the

protection was granted and to make an industrial use of the underlying invention. In case of bankruptcy, liquidation or dissolution, the rights to the patents covered by the patent subsidies will be assumed by the Region by operation of law unless the subsidy is reimbursed. Furthermore, the Company would lose its qualification as a small or medium-sized enterprise, the patent subsidies will terminate and no additional expenses will be covered by such patent subsidies.

Failure to build its finance infrastructure and improve its accounting systems and controls could impair its ability to comply with the financial reporting and internal controls requirements for publicly traded companies.

As a public company, the Company is operating in an increasingly demanding regulatory environment that requires it to comply with, among things, the Sarbanes-Oxley Act of 2002, as from 31 December 2016 and related rules and regulations of the Securities and Exchange Commission's substantial disclosure requirements, accelerated reporting requirements and complex accounting rules. Company responsibilities required by the Sarbanes-Oxley Act include establishing corporate oversight and adequate internal control over financial reporting and disclosure controls and procedures. Effective internal controls are necessary for the Company to produce reliable financial reports and are important to help prevent financial fraud.

We have limited accounting personnel and other resources to address its internal controls and procedures. Its independent registered public accounting firm has not conducted an audit of its internal control over financial reporting.

Its management may conclude that its internal control over financial reporting is not effective. Moreover, even if its management concludes that its internal control over financial reporting is effective, its independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with its internal controls or the level at which its controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from the Company. In addition, after the Company becomes a public company, its reporting obligations may place a significant strain on its management, operational and financial resources and systems for the foreseeable future. The Company may be unable to timely complete its evaluation, testing and any required remediation.

The Company's international operations subject it to various risks, and its failure to manage these risks could adversely affect its results of operations.

The Company faces significant operational risks as a result of doing business internationally, such as:

- fluctuations in foreign currency exchange rates;
- potentially adverse and/or unexpected tax consequences, including penalties due to the failure of tax planning or due to the challenge by tax authorities on the basis of transfer pricing and liabilities imposed from inconsistent enforcement;
- potential changes to the accounting standards, which may influence its financial situation and results;
- becoming subject to the different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- reduced protection of, or significant difficulties in enforcing, intellectual property rights in certain countries;
- difficulties in attracting and retaining qualified personnel;
- restrictions imposed by local labor practices and laws on the Company's business and operations, including unilateral cancellation or modification of contracts; and
- rapid changes in global government, economic and political policies and conditions, political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events, and potential failure in confidence of the Company's suppliers or customers due to such changes or events; and tariffs, trade protection measures, import or export licensing requirements, trade embargoes and other trade barriers.

The Company incurs portions of its expenses, and may in the future derive revenues, in currencies other than the euro, in particular, the U.S. dollar. As a result, the Company is exposed to foreign currency exchange risk as its results of operations and cash flows are subject to fluctuations in foreign currency exchange rates. The Company currently does not engage in hedging transactions to protect against uncertainty in future exchange rates between particular foreign currencies and the euro. Therefore, for example, an increase in the value of the euro against the U.S. dollar could be expected to have a negative impact on our revenue and earnings growth as U.S. dollar revenue and earnings, if any, would be translated into euros at a reduced value. The Company cannot predict the impact of foreign currency fluctuations, and foreign currency fluctuations in the future may adversely affect its financial condition, results of operations and cash flows.

1.6 Risks Related to Ownership of Shares

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. 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 ceases 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, or the perception that such sales might occur, might cause the market price of the Shares to decline. The Issuer cannot make any prediction as to the effect of any such sales or perception of potential sales on the market price of the Shares.

Sustainability of a liquid public market

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 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;
- 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.

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.

certain con**We have no present intention to pay dividends on its ordinary shares in the foreseeable future and, consequently, your only opportunity to achieve a return on your investment during that time is if the price of the securities increases.**

We have 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, you will incur a loss on your investment, without the likelihood that this loss will be offset in part or at all by potential future cash dividends.

Takeover provisions in the national law of Belgium may make a takeover difficult.

Public takeover bids on its shares and other voting securities, such as warrants or convertible bonds, if any, are subject to the Belgian Act of 1 April 2007 on public takeover bids, as amended and implemented by the Belgian Royal Decree of 27 April 2007, or Royal Decree, and to the supervision by the Belgian Financial Services and Markets Authority, or FSMA. Public takeover bids must be made for all of its voting securities, as well as for all other securities that entitle the holders thereof to the subscription to, the acquisition of or the conversion into voting securities. Prior to making a bid, a bidder must issue and disseminate a prospectus, which must be approved by the FSMA. The bidder must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of the Company. The Belgian Act of 1 April 2007 provides that a mandatory bid will be required to be launched for all of its outstanding shares and securities giving access to ordinary shares if a person, as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting on their account, directly or indirectly holds more than 30% of the voting securities in a company that has its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by the Royal Decree. The mere fact of exceeding the relevant threshold through the acquisition of one or more shares will give rise to a mandatory bid, irrespective of whether or not the price paid in the relevant transaction exceeds the current market price.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose important shareholdings and merger control, that may apply to the Company and which may make an unfriendly tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that third parties may consider and thus deprive the shareholders of the opportunity to sell their shares at a premium (which is typically offered in the framework of a takeover bid).

We may be at an increased risk of securities class action litigation.

Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for the Company because biotechnology and biopharmaceutical companies have experienced significant share price volatility in recent years. If the Company was to be sued, it could result in substantial costs and a diversion of management's attention and resources, which could harm its business.

Holders of the shares outside Belgium and France may not be able to exercise pre-emption rights (notice for non-Belgian resident investors).

In the event of an increase in its share capital in cash, holders of shares are generally entitled to full pre-emption rights unless these rights are excluded or limited either by a resolution of the general meeting, or by a resolution of the board of directors (if the board of directors has been authorised by the general meeting in the articles of association to increase the share capital in that manner). Certain holders of shares outside Belgium or France may not be able to exercise pre-emption rights unless local securities laws have been complied with. In particular, U.S. holders of the shares may not be able to exercise pre-emption rights unless a registration statement under the Securities Act is declared effective with respect to the shares issuable upon exercise of such rights or an exemption from the registration requirements is available. The Company does not intend to obtain a registration statement in the U.S. or to fulfil any requirement in other jurisdictions (other than Belgium and France) in order to allow shareholders in such jurisdictions to exercise their pre-emptive rights (to the extent not excluded or limited).

Any future sale, purchase or exchange of shares may become subject to the Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal (the Draft Directive) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (save for Estonia, the Participating Member States). However, Estonia has since then stated that it would not participate.

Pursuant to the Draft Directive, the FTT will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to, among others, primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT will be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT will be

payable by each financial institution established or deemed established in a Participating Member State which is either a party to the financial transaction, or acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Investors should note, in particular, that following implementation of the Draft Directive, any future sale, purchase or exchange of shares will be subject to the FTT at a minimum rate of 0.1% provided the above mentioned prerequisites are met. The investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Shares. The issuance of the new Shares by the Issuer should not be subject to the FTT.

The Draft Directive is still subject to negotiation among the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Investors should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Shares.

We were subject to an investigation by the Belgian Financial Services and Markets Authority.

The Belgian Financial Services and Markets Authority, or the FSMA, opened an investigation against the Company on 22 April 2014. Such investigation was related to whether the Company had failed to timely disclose inside information to the market in relation to the IND clearance from the FDA for its CHART-2 Phase III heart-failure trial received on 26 December 2013 and reported on 9 January 2014. In April 2015, the Company notified the FSMA its agreement to settle its investigation by paying the proposed settlement amount of €175,000. Although such settlement does not provide for any admission of guilt on its part, the fact that the Company has entered into a settlement with the FSMA could cause investors to have a negative perception of its governance structure, which would have a material adverse effect on its business. Further, any future allegations (based on other facts and circumstances) that the Company failed to comply with applicable securities laws, whether or not true, may subject it to fines, claims and/or sanctions, which could impair its ability to offer its securities or restrict trading in its securities. The occurrence of any of the foregoing could have a material adverse effect on the trading price of its securities and its business.

2 DISCLAIMERS AND NOTICES

2.1 The prospectus - No public offering

On May 22, 2018 the Company issued 2,070,000 new ordinary shares (the **New Shares**). The New Shares were offered and subscribed through (i) an confidentially marketed public offering (CMPO) of 568,500 ordinary shares in the form of American Depositary Shares (ADSs) in the US and (ii) a private placement of 1,501,500 ordinary shares to qualified investors in Europe. At the date of issuance of the New Shares, 1,646,194 New Shares were listed on Euronext Brussels and Euronext Paris out of the 2,070,000 New Shares issued. The present prospectus has been prepared for the purpose of the admission to trading of the remaining 423,806 New Shares on Euronext Brussels and Euronext Paris pursuant to and in accordance with article 20 and following of the Prospectus Law.

An application will then be made for the admission to trading of said 423,806 New Shares. It is expected that the admission to trading will become effective and that the dealing of these New Shares on Euronext Brussels and Euronext Paris will commence on or around the date of publication of this prospectus at the latest.

This prospectus has been approved for the purposes of the admission to trading of the New Shares on the regulated market of Euronext Brussels and Euronext Paris and does not constitute an offer to sell or the solicitation of an offer to buy any New Shares. This prospectus can be distributed in Belgium and France, where it has been approved by the FSMA and passported by the AMF.

The distribution of this prospectus in any country other than Belgium or France may be restricted by law. We do not represent that this prospectus may be lawfully distributed in compliance with any applicable registration or other requirements in any jurisdiction other than Belgium or France, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating such distribution or offering. In particular, no action has been taken by the Company which is intended to permit a public offering of any shares or distribution of this prospectus. Persons in whose possession this prospectus or any shares may come must inform themselves about, and observe, any such restrictions on the distribution of this prospectus. Any person that, for any reason whatsoever, circulates or allows circulation of this prospectus, must draw the addressees' attention to the provisions of this section.

2.2 Decision to invest

In making an investment decision, investors must rely on their own examination of the Company, including the merits and risks involved as described in this prospectus, including the information incorporated by reference. The information appearing in this prospectus is provided as of the date shown on the front cover of this prospectus only. Its business, financial condition, results of operations and the information set forth in this prospectus may have changed since that date.

None of the information in this prospectus should be considered investment, legal or tax advice. Investors should consult their own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing any shares.

This prospectus is intended to provide information in the context of the admission to trading of the New Shares. It contains selected and summarised information, does not express any commitment or acknowledgement or waiver and does not create any right expressed or implied towards anyone other than a potential investor. The content of this prospectus is not to be construed as an interpretation of its rights and obligations, of the market practices or of contracts entered into by the Company.

2.3 Presentation of financial and other information

This prospectus includes extract of its audited financial statements as per 31 December 2017 and 31 December 2016 and for the years then ended prepared in accordance with Belgian GAAP and its consolidated audited financial statements as per 31 December 2017 and 31 December 2016 and for the years then ended prepared in accordance with IFRS as adopted by the European Union (together "the annual financial statements"). The annual financial statements (as prepared under Belgian GAAP and IFRS) were audited by its statutory auditor.

This prospectus also includes extract of its unaudited (limited review by the Auditor) interim financial statements as per 30 June 2018 and 30 June 2017 and for the periods then ended prepared in accordance with Belgian GAAP and its consolidated unaudited financial statements as per 30 June 2018 and 30 June 2017 and for the periods then ended prepared in accordance with IFRS as adopted by the European Union (together "the annual financial statements").

The auditor reports are incorporated by reference in this prospectus.

In this prospectus, references to "€" are to the currency of the member states of the European Union participating in the European Monetary Union and references to "$" or are to the currency of the United States.

Some numerical figures included in this prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures that precede them.

2.4 Third party information

Information relating to markets and other industry data pertaining to its business contained in this prospectus has been obtained from internal surveys, industry sources and publicly available information. The main sources for industry information were industry publications such as those published by Data Monitor and other publicly available sources. We accept responsibility for having correctly reproduced information obtained from publications or public sources, and, so far as the Company is aware and has been able to ascertain from information published by those industry publications or public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified information obtained from industry and public sources. Certain other information in this prospectus regarding the industry reflects its best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry. Information from its internal estimates and surveys has not been verified by any independent sources.

2.5 Forward-looking statements

This prospectus, particularly the sections of this prospectus titled "prospectus summary," "Risk factors," "Management's discussion and analysis of financial condition and results of operations" and "Business," contains forward-looking statements. All statements other than present and historical facts and conditions contained in this prospectus, including statements regarding its future results of operations and financial positions, business strategy, plans and its objectives for future operations, are forward-looking statements. When used in this prospectus, the words "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "is designed to," "may," "might," "plan," "potential," "predict," "objective," "should," or the negative of these and similar expressions identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- the initiation, timing, progress and results of its pre-clinical studies and clinical trials, and its research and development programs;
- its ability to advance drug product candidates into, and successfully commence and complete, clinical trials;
- its reliance on the success of its drug product candidates;
- the timing or likelihood of regulatory filings and approvals;
- its ability to develop sales and marketing capabilities;
- the commercialization of its drug product candidates, if approved;
- the pricing and reimbursement of its drug product candidates, if approved;
- the implementation of its business model, strategic plans for its business, drug product candidates and technology;
- the scope of protection the Company is able to establish and maintain for intellectual property rights covering its drug product candidates and technology;
- its ability to operate its business without infringing the intellectual property rights and proprietary technology of third parties;
- cost associated with defending intellectual property infringement, product liability and other claims;
- regulatory development in the United States, the European Union and other jurisdictions;
- estimates of its expenses, future revenues, capital requirements and its needs for additional financing;
- the potential benefits of strategic collaboration agreements and its ability to enter into strategic arrangements;
- its ability to maintain and establish collaborations or obtain additional grant funding;
- the rate and degree of market acceptance of its drug product candidates;
- developments relating to its competitors and its industry, including competing therapies;
- its ability to effectively manage its anticipated growth;

- its ability to attract and retain qualified employees and key personnel;
- its ability to build its finance infrastructure, improve its accounting systems and controls and remedy the material weaknesses identified in its internal control over financial reporting;
- its expectations regarding the period during which the Company qualifies as an emerging growth company under the JOBS Act;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and share performance;
- its expected use of proceeds of this offering;
- its expectations regarding its PFIC status;
- the future trading price of its securities and impact of securities analysts' reports on these prices; and
- other risks and uncertainties, including those listed under the caption "RISK FACTORS ."

You should refer to the section of this prospectus titled "RISK FACTORS " for a discussion of important factors that may cause its actual results to differ materially from those expressed or implied by its forward-looking statements. As a result of these factors, the Company cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if its forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by the Company or any other person that the Company will achieve its objectives and plans in any specified time frame or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should read this prospectus and the documents that the Company references in this prospectus completely and with the understanding that its actual future results may be materially different from what the Company expects. We qualify all of its forward-looking statements by these cautionary statements.

2.6 Documents incorporated by reference

This prospectus should be read and construed in conjunction with:

- annual report for the financial year ended 31 December 2017 (statutory in accordance with Belgian GAAP as well as consolidated in accordance with IFRS), together with in each case the audit reports thereon;
- audited financial statements for the financial year ended 31 December 2017;
- annual report for the financial year ended 31 December 2016 (statutory in accordance with Belgian GAAP as well as consolidated in accordance with IFRS), together with in each case the audit reports thereon;
- audited financial statements for the financial year ended 31 December 2016; and
- The articles of association.

These documents shall be incorporated in, and form part of, this prospectus, save that any statement contained in the document which is incorporated by reference shall be modified or superseded for the purpose of this prospectus to the extent that the statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this prospectus.

Copies of the documents incorporated by reference in the prospectus may be obtained without charge from its website (www.celyad.com) or from its registered office.

3 GENERAL INFORMATION AND INFORMATION CONCERNING RESPONSIBILITY FOR THIS PROSPECTUS AND FOR AUDITING THE ACCOUNTS

3.1 Proportionate disclosure

This prospectus relates to an application for the admission to trading on a regulated market of shares by an issuer which qualifies as SME and, as a result, the level of disclosure of this prospectus is proportionate to this type of transaction in accordance with Annex XXV of the prospectus Regulation.

3.2 Responsibility for the content of this prospectus

In accordance with Article 61, §1 and §2 of the Prospectus Law, the Company, represented by its board of directors, assumes responsibility for the information contained in this prospectus. To the best of the knowledge of the Company and its directors (having taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information.

At the date of this prospectus, the Board of Directors is composed of the following 8 members:

Name	**Position**
Michel Lussier	Chairman
LSS Consulting SPRL, rep. Christian Homsy	Managing Director (executive) / CEO
Serge Goblet	Director (non-executive)
Chris Buyse	Independant Director
Rudy Dekeyser	Independent Director
Debasish Roychowdhury	Independent Director
Hilde Windels	Independent Director
Margo Roberts	Independent Director

Any information from third parties identified in this prospectus as such, has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by a third party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The contents of this prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Shares.

3.3 Statutory auditors

BDO Reviseurs d'Entreprises scrl, organised and existing under the laws of Belgium, with registered office at The Corporate Village, Da Vincilaan 9, Box E.6, Elsinore Building, 1935 Zaventem, Belgium, represented by Bert Kegels, has been appointed as its statutory auditor on 5 May 2017 for a term of three years. Bert Kegels is a member of the Belgian Institute of Certified Auditors ("Institut des Réviseurs d'Entreprises").

The statutory financial statements as per 31 December 2017 and 31 December 2016 and the years then ended were prepared in accordance with Belgian GAAP. The 2017 statutory financial statements in accordance with Belgian GAAP have been audited by BDO Reviseurs d'Entreprises scrl, represented by Bert Kegels, who delivered unqualified opinions. The 2016 statutory financial statements in accordance with Belgian GAAP have been audited by PricewaterhouseCoopers Reviseurs d'Entreprises scrl, represented by Patrick Mortroux, who delivered unqualified opinions.

The consolidated financial statements as of 31 December 2017 and 31 December 2016 and the years then ended have also been prepared in accordance with IFRS. The 2017 consolidated annual financial statements in accordance with IFRS have been audited by BDO Reviseurs d'Entreprises scrl, represented by Bert Kegels, who delivered unqualified opinions. The 2016 consolidated financial statements in accordance with IFRS have been audited by PricewaterhouseCoopers Reviseurs d'Entreprises scrl, represented by Patrick Mortroux, who delivered unqualified opinions.

On 5 May 2017, its annual shareholder's meeting decided not to renew the independent public accounting firm mandate of PricewaterhouseCoopers SCCRL with registered office at 1932 Sint-Stevens-Woluwe, Woluwedal 18, represented by M.

Patrick Mortoux. At the time of shareholders decision, PricewaterhouseCoopers had been its auditor for three years (appointed by decision of the shareholders' meeting dated 5 May 2014).

PricewaterhouseCoopers's reports (under International Standards on Auditing) on its consolidated financial statements for the years ended 31 December 2016 and 2015 did not contain an adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principles.

3.4 Approval of this prospectus

On August 28, 2018, the FSMA approved the English version of this prospectus for the purposes of the admission to trading of the New Shares on Euronext Brussels and Euronext Paris in accordance with Article 23 of the Belgian Act of 16 June 2006 on the public offerings of investment instruments and the admission of investment instruments to trading on a regulated market ("*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés*"). The FSMA's approval does not imply any judgment on the merits or the quality of its shares or the Company. The FSMA has notified this prospectus to the AMF in accordance with the European passport mechanism provided for the prospectus Directive. This passport does not imply any judgment by the AMF on the merits or the quality of its shares or the Company.

This prospectus has been prepared and approved in English and the summary has been translated in French. The Company is responsible for verifying the consistency between the language versions of this prospectus. The English version of this prospectus is legally binding

This prospectus has not been submitted for approval to any supervisory body or governmental authority outside Belgium and France.

3.5 Available information

Prospectus

This prospectus is available in English and a summary in French. This prospectus will be made available to investors at no cost at the registered office, at Axisparc Business Park, Rue Edouard Belin 2, 1435 Mont-Saint-Guibert, Belgium and can be obtained upon request by phone at +32 10 394100 and by email (investors@celyad.com). Subject to certain conditions regarding the location of the reader, this prospectus is also available on the website www.celyad.com.

Posting this prospectus and the summary on the internet does not constitute an offer to sell or a solicitation of an offer to purchase, and there shall not be a sale of any of shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. The electronic version may not be copied, made available or printed for distribution. Other information on its website or any other website does not form part of this prospectus.

Company documents and other information

We must file the (amended and restated) articles of association and all other deeds that are to be published in the Annexes to the Belgian Official Gazette with the clerk's office of the Commercial Court of Nivelles (Belgium), where they are available to the public. A copy of the most recently restated articles of association and the corporate governance charter are available on the website.

In accordance with Belgian law, the Company must prepare annual audited statutory financial statements. Its statutory financial statements and the reports of its board of directors and of its statutory auditor relating thereto are filed with the National Bank of Belgium, where they are available to the public.

Furthermore, as a listed company, the Company must publish its annual statutory financial statements and semi-annual interim financial statements (in the form provided by the Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market (as amended from time to time) ("*Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis à la négociation sur un marché réglementé*"), prepared under Belgian GAAP. In addition, the Company also provides such financial statements and interim financial statements as prepared under IFRS. Copies thereof will also be available on its website. Copies of these documents are made available on the Company's website and on STORI, the Belgian central storage mechanism, which is operated by the FSMA and can be accessed via www.fsma.be.

We also have to disclose price-sensitive information, information about its shareholders' structure, and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007, such information and documentation will be made available through press releases, the financial press in Belgium, its website, the communication channels of Euronext Brussels and Euronext Paris or a combination of these media, and on STORI.

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC has been implemented in Belgian law by, *inter alia*, the Belgian Act of 2 May 2007 on the disclosure of large shareholdings in issuers whose securities are admitted to trading on a regulated market ("*Loi du 2 mai 2007 relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négociation sur un marché réglementé et portant des dispositions diverses*") and the Royal Decree of 14 February 2008 on the disclosure of important shareholdings ("*Arrêté royal du 14 février 2008 relatif à la publicité des participations importantes*").

the website address is www.celyad.com.

4 INFORMATION ON THE TRANSACTION IN THE CONTEXT OF WHICH THE NEW SHARES ARE ISSUED

The 2.070.000 New Shares for which admission to trading on Euronext Brussels and Euronext Paris has been requested, have been issued by the Company in the context of its Global Offering and concurrent private placement with qualified investors outside the U.S. and Canada (the "Global Offering") closed on 22 May 2018 described in section 4.1 below.

4.1 Information related to the Global offering

On 14 May 2018, the board of directors decided to increase the share capital of the Company, in the framework of the authorized capital, with restriction of the preferential subscription rights of its existing shareholders and to issue maximum 2,100,000 New Shares in view of a Global Offering. The New Shares are ordinary shares with the same rights as the existing shares.

In the context of this Global Offering, the New Shares were offered and subscribed through (i) an confidentially marketed public offering (CMPO) of 568,500 ordinary shares in the form of American Depositary Shares (ADSs) in the US and (ii) a private placement of 1,501,500 ordinary shares to qualified investors in Europe.

We have offered the New Shares in the context of the Global Offering through the underwriters named below: Wells Fargo Securities LLC and Bryan Garnier & Co acting as joint bookrunners and as representative of the underwriters. Bank Degroof Petercam NV and LifeSci Capital LLC acted as co-managers. In the framework of this transaction the underwriters have been granted a 30-day option to subscribe for over-allotted shares, which does not exceed 15% of the new shares to be issued, in order to cover over-allotments or short positions, if any. The over-allotment option was exercised in full at closing.

The allocation of the New Shares together with the price per New Share (and per ADS) has been determined by the board of directors in concert with the underwriters, based on the results of a bookbuilding process.

The Global Offering price was 22.29 € per share, equivalent to a price of 26.28 $ per ADS, assuming an exchange rate of 1.1790 Euro per U.S. dollar.

Each ADS represents the right to receive one ordinary share. The ADS holders have the rights as provided in the deposit agreement executed among the Company, the depositary (Citibank, N.A.) and all holders and beneficial owners of ADSs issued thereunder.

No public offering was made in Belgium, France or in any other jurisdiction than the U.S. This prospectus has been approved for the purposes of the admission to trading of the New Shares on the regulated market of Euronext Brussels and Euronext Paris and does not constitute an offer to sell or the solicitation of an offer to buy any New Shares.

5 USE OF PROCEEDS

5.1 Use of proceeds

The Company has received net proceeds from this Global Offering, including the full execution of the 15% overallotment option of approximately $50.7 (€43.3) million, based on a public offering price of $26.28 per ADS in the U.S. offering and €22.29 per ordinary share in the European private placement, after deducting underwriting commissions and offering expenses payable by the Company. The total fees associated to the Global offering amount to €2.8 million, representing 6% of the total amount, including exercise of the underwriters' option to purchase additional ordinary shares and ADSs. The fees associated to the transaction can be breakdown as followed; 6% placement fee due to the underwriters and 0.4% counsel and audit fees.

We intend to use the net proceeds from this Global Offering to advance the development of CYAD-01 through Phase 1 and potentially Phase 2 clinical development as a treatment for up to seven refractory cancers, to advance additional CAR-T cell therapy drug product candidates for the treatment of additional hematologic and solid tumors, to support its growth globally by expanding general, administrative and operational functions in its headquarters in Belgium and in the United States, and general corporate purposes, which may include working capital, acquisitions or investments in businesses, products or technologies, and capital expenditures.

We may also use a portion of the net proceeds to in-license, acquire or invest in complementary technologies, products or assets, either alone or together with a collaboration partner. However, the Company has no current plan, commitments or obligations to do so.

This expected use of the net proceeds from this Global Offering represents its intentions based upon its current plans and business conditions. As of the date of this prospectus, the Company cannot predict with certainty all of the particular uses for the net proceeds received upon the completion of this Global Offering. The amounts and timing of its actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of its development efforts, the status of and results from preclinical studies and any ongoing clinical trials or clinical trials the Company may commence in the future, as well as any collaborations that the Company may enter into with third parties for its drug product candidates and any unforeseen cash needs. As a result, its management will retain discretion over the allocation of the net proceeds from this global offering.

Based on its current operational plans and assumptions, the Company expects that the net proceeds from this Global Offering, combined with its current cash and cash equivalent available prior the Global Offering, will be sufficient to support the advancement of its research and development programs into mid-2020. However, changing circumstances may cause the Company to increase its spending significantly faster than the Company currently anticipates, and the Company may need to spend more money than currently expected because of circumstances beyond its control. We may require additional capital for the further development and commercialization of its drug product candidates and may need to raise additional funds sooner if the Company chooses to expand more rapidly than it presently anticipates. We cannot be certain that additional funding will be available on acceptable terms, or at all. We have no committed source of additional capital and if the Company is unable to raise additional capital in sufficient amounts or on terms acceptable to it, the Company may have to significantly delay, scale back or discontinue the development or commercialization of its drug product candidates or other research and development initiatives. Its licenses may also be terminated if the Company is unable to meet the payment obligations under the agreements. We could be required to seek collaborators for its drug product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available or relinquish or license on unfavorable terms its rights to its drug product candidates in markets where the Company otherwise would seek to pursue development or commercialization ourselves. Any these events could significantly harm its business, prospects, financial condition and results of operations and cause the price of its securities to decline.

Pending its use of the net proceeds from this global offering, the Company intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade and interest-bearing instruments.

We currently have no specific plans as to how the net proceeds from this offering will be allocated beyond the uses specified above and therefore management will retain discretion to allocate the remainder of the net proceeds of this offering among these uses.

5.2 Interest of natural persons and legal persons involved in the issue

Save for the fees payable to the underwriters in the context of Global Offering, so far as the Company is aware, no person involved in the issue of the New Shares has an interest that could be material to the issue.

6 INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

6.1 Form of the New Shares

All New Shares have the same rights and benefits attached to them as its other ordinary shares and are issued with coupons 1 and following attached. For a further description of its shares and the rights and benefits attached thereto, see section 16 "DESCRIPTION OF THE SHARE CAPITAL AND CORPORATE STRUCTURE".

All of its shares belong to the same class. They are in registered or dematerialized form.

Investors who wish to have their shares in registered form in its share register, should ask the Company to do this, and the Company will thereupon within a reasonable period of time record the shares in its share register. Any costs incurred in connection with the conversion of shares in dematerialized form into registered form will be borne by the converting shareholder.

Its shares are listed on Euronext Brussels and Euronext Paris under the symbol "CYAD" and international code number BE0974260896. Its ADSs are listed on the NASDAQ Global Market under the symbol "CYAD."

All of its outstanding shares are fully paid-up and freely transferable, subject to any contractual restrictions.

Its share capital, which is represented by its outstanding ordinary shares, is denominated in euros. The shares are issued under Belgian law.

6.2 Listing and first trading

At the date of issuance of the New Shares, 1,646,194 New Shares were listed on Euronext Brussels and Euronext Paris out of the 2,070,000 New Shares issued. The present prospectus has been prepared for the purpose of the admission to trading of the remaining 423,806 New Shares on Euronext Brussels and Euronext Paris pursuant to and in accordance with article 20 and following of the Prospectus Law. Nevertheless the present prospectus aims at covering all the New Shares, already listed or not, as they are part of the same transaction.

An application will then be made for the admission to trading of said 423,806 New Shares to Euronext Brussels and Euronext Paris. It is expected that the admission to trading will become effective and that the dealing of these New Shares on Euronext Brussels and Euronext Paris will commence on or around the date of publication of this prospectus at the latest.

6.3 Financial service

The financial service for its shares is provided in Belgium and in France by BNP Paribas Securities Services. Should the Company alter its policy in this respect, this will be announced in accordance with applicable law.

6.4 Lock-up and standstill arrangements

In the context of the Global Offering the Company, the members of its board of directors and its executive management team have entered into lock-up agreements with the underwriters. Under the lock-up agreements, subject to certain exceptions, the Company and each of these persons may not, without the prior written approval of Wells Fargo Securities, offer, sell, contract to sell, pledge, or otherwise dispose of, directly or indirectly, or hedge its shares, ADSs or securities convertible into or exchangeable or exercisable for its ADSs. These restrictions were in effect for a 90-day period after 22 May 2018. Wells fargo Securities could, at any time, without public notice and in its sole discretion, release some or all the securities from these lock-up agreement; provided, that in the case of a release given to any of its officers or directors, the Company would be required to announce such a release in a press release at least two business days prior to the effective date of such release as long as the Company is notified at least three business days in advance thereof. There were no agreements between the representative, on the one hand, and its officers or directors, on the other hand, releasing any such officer or director from these lock-up agreements prior to the expiration of the 90-day period.

7 SELECTED FINANCIAL INFORMATION

You should read the following selected historical consolidated financial data in conjunction with its audited consolidated financial statements and related notes incorporated by reference in this prospectus and the section of this prospectus titled "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS".

We derived the consolidated statement of comprehensive loss data for the years ended 31 December 2017 and 2016 and consolidated statement of financial position data as of 31 December 2017 and 2016 from its audited consolidated financial statements. Its audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Its historical results are not necessarily indicative of the results to be expected in the future.

(€'000)	**For the year ended 31 December,**	
	2017	**2016**
Consolidated statement of comprehensive loss		
Revenue	3,540	8,523
Cost of sales	(515)	(53)
Gross Profit[1]	**3,025**	8,471
Research and development expenses	(22,908)	(27,675)
General and administrative	(9,310)	(9,744)
Other operating income	2,590	3,340
Adjusted Operating loss – Adjusted EBIT[1]	**(26,603)**	**(25,609)**
Amendment of Celdara Medical and Darmouth College agreements	(24,341)	-
Write-off C-Cure and Corquest assets and derecognition of related liabilities	(1,932)	-
Operating loss – EBIT	**(52,876)**	**(25,609)**
Financial income	933	2,204
Financial expenses	(4,454)	(207)
Income taxes	1	6
Loss for the year	**(56,395)**	**(23,606)**
Basic and diluted loss per shares[2]	(5.86)	(2.53)
Number of shares used for computing basic and diluted loss for the year[3]	9,627,601	**9,313,603**

(1) Adjusted EBIT does not include non-recurring and one-time expenses of importance matters, which are isolated in separate lines below the sub-total Adjusted EBIT.

(2) Basic and diluted net loss per share are the same in these periods because outstanding warrants would be anti-dilutive due to its net loss in these periods.

(3) Weighted-average number of shares for the period then ended.

(€'000)	**For the year ended 31 December,**	
	2017	**2016**
Consolidated statement of financial position		
Non-current assets	**41,232**	**53,440**
Intangible assets	36,508	49,566
Property, Plant and Equipment	3,290	3,563
Other non-current assets	1,434	311
Current assets	**36,394**	**85,367**
Trade and Other Receivables	233	1,359
Other current assets	2,255	1,420
Short term investment	10,653	34,230
Cash and cash equivalents	23,253	48,357
Total assets	**77,626**	**138,806**
Share capital	34,337	32,571
Share premium	170,297	158,010
Other reserves	23,322	24,329
Retained loss	(180,421)	(124,026)
Total shareholders' equity	**47,535**	**90,885**
Bank loans	326	536
Finance leases	482	381
Non-current advances repayable	1,544	7,330
Contingent and other financial liabilities	19,583	28,179
Post employment benefits	204	204

(€'000)	For the year ended 31 December, 2017	2016
Other non-current liabilities	7	16
Total non-current liabilities	**22,146**	**36,646**
Bank loans	209	207
Finance leases	427	354
Advances repayable	226	1,108
Trade payables	4,800	8,098
Other current liabilities	2,282	1,508
Total current liabilities	**7,945**	**11,275**
Total liabilities	**30,091**	**47,921**
Total equity and liabilities	**77,626**	**138,806**

(€'000)	For the year ended 31 December, 2017	2016
Consolidated statement of cash flows		
Net Loss for the year	(56,395)	(23,606)
Cash expense for amendment of Celdara Medical and Dartmouth College agreements	13,276	-
Non-cash adjustments		
Intangibles - Amortisation & Impairment	8,038	756
PP&E - Depreciation	966	760
Non-Cash expense for amendment of Celdara Medical and Dartmouth College agreements	10,620	
Post Employment Benefit	-	(24)
Change in fair value of Contingent consideration liability	(193)	1,633
Remeasurement of RCA's	(5,356)	(2,154)
RCA's and Grants income	(1,376)	(3,003)
Currency Translation Adjustment	-	(144)
Non-cash employee benefits expense – share based payments	2,569	2,847
Change in working capital		
Trade receivables, other receivables, other non-current assets	(832)	(1,018)
Trade payables, other payable and accruals	(2,482)	(740)
Net cash used in operations, before non-recurring items	**(31,165)**	**(24,692)**
Cash expense for amendment of Celdara Medical and Dartmouth College agreements	(13,276)	-
Net cash used in operations	**(44,441)**	**(24,692)**
Cash Flow from investing activities		
Acquisitions of Property, Plant & Equipment	(851)	(1,687)
Acquisitions of Intangible assets	(7)	(95)
Disposals of fixed assets	-	78
Contingent liability pay out	(5,107)	
Acquisition of short term investments	(10,749)	(34,230)
Proceeds from short term investments	34,326	7,338
Acquisition of BMS SA	-	(1,560)
Net cash from/(used in) investing activities	**17,613**	**(30,157)**
Cash Flow from financing activities		
Proceeds from finance leases and bank borrowings	543	1,165
Repayments of finance leases and bank borrowings	(576)	(399)
Proceeds from issuance of shares and exercise of warrants	625	-
Proceeds from RCAs & other grants	1,376	3,107
Repayment of advances	(1,364)	(842)
Net cash from/(used in) financing activities	**605**	**3,031**
Net cash and cash equivalents at beginning of the period	**48,357**	**100,174**
Change in Cash and cash equivalents	(26,224)	(51,818)
Effects of exchange rate changes on cash and cash equivalents	1,120	-
Net cash and cash equivalents at the end of the period	**23,253**	**48,357**

Interim consolidated financial statements as of June 30, 2018 and 2017 are derived from our interim condensed consolidated financial statements. The consolidated financial statements for the six months' period ended June 30, 2018 and 2017 were prepared in accordance with the IFRS as issued by the IASB and in accordance with the IFRS issued by the IASB as adopted for use in the European Union, and with IAS 34, Interim Financial Reporting.

(€'000)	For the 6-month period ended 30 June,	
	2018	2017
Consolidated statement of comprehensive loss		
Revenue	2,518	3,505
Cost of sales	-	(526)
Gross Profit	2,518	2,979
Research and development expenses	(11,136)	(11,147)
General and administrative	(5,457)	(4,244)
Other operating income	(4,716)	(1,272)
Operating loss – EBIT	**(18,791)**	**(13,684)**
Financial income	337	556
Financial expenses	(5)	(1,285)
Income taxes	-	-
Loss for the period	**(18,459)**	**(14,414)**
Basic and diluted loss per shares[1]	(1.79)	(1.52)
Number of shares used for computing basic and diluted loss for the year[2]	10,328,883	9,486,954

(1) Basic and diluted net loss per share are the same in these periods because outstanding warrants would be anti-dilutive due to its net loss in these periods.

(2) Weighted-average number of shares for the period then ended.

(€'000)	For the 6-month period ended 30 June,	
	2018	2017
Consolidated statement of financial position		
Non-current assets	**42,054**	**41,232**
Intangible assets	35,266	36,508
Property, Plant and Equipment	3,148	3,290
Non-current trade receivables	2,144	-
Other non-current assets	1,496	1,434
Current assets	**67,003**	**36,394**
Trade and Other Receivables	271	233
Other current assets	3,504	2,255
Short term investment	843	10,653
Cash and cash equivalents	62,385	23,253
Total assets	**109,057**	**77,626**
Share capital	41,553	34,337
Share premium	206,148	170,297
Other reserves	23,863	23,322
Retained loss	(198,880)	(180,421)
Total shareholders' equity	**72,684**	**47,535**
Bank loans	368	326
Finance leases	349	482
Non-current advances repayable	2,742	1,544
Contingent and other financial liabilities	22,570	19,583
Post employment benefits	204	204
Other non-current liabilities	7	7
Total non-current liabilities	**26,240**	**22,146**
Bank loans	283	209
Finance leases	299	427
Advances repayable	291	226
Trade payables	6,441	4,800
Other current liabilities	2,819	2,282
Total current liabilities	**10,133**	**7,945**
Total liabilities	**36,373**	**30,091**
Total equity and liabilities	**109,057**	**77,626**

(€'000)	For the 6-month period ended 30 June,	
	2018	**2017**
Consolidated statement of cash flows		
Net Loss for the period	(18,459)	(14,415)
Non-cash adjustments		
Intangibles - Amortisation & Impairment	33	380
PP&E - Depreciation	606	501
Upfront payment paid in shares	(843)	-
Change in fair value of Contingent consideration liability	2,987	953
Remeasurement of RCA's	886	283
RCA's and Grants income	-	(56)
Loss on tangible assets	56	-
Non-cash employee benefits expense – share based payments	1,793	836
Change in working capital		
Trade receivables, other receivables, other non-current assets	(3,493)	734
Trade payables, other payable and accruals	2,555	(3,686)
Net cash used in operations	**(13,867)**	**(14,469)**
Cash Flow from investing activities		
Acquisitions of Property, Plant & Equipment	(528)	(210)
Acquisitions of Intangible assets	-	(7)
Disposals of fixed assets	-	207
Acquisition of short term investments	-	(45,386)
Proceeds from short term investments	10,653	34,230
Net cash from/(used in) investing activities	**10,125**	**(11,166)**
Cash Flow from financing activities		
Proceeds from finance leases and bank borrowings	220	-
Repayments of finance leases and bank borrowings	(366)	(279)
Proceeds from issuance of shares and exercise of warrants	43,011	560
Proceeds from RCAs & other grants	-	56
Net cash from/(used in) financing activities	**42,865**	**337**
Net cash and cash equivalents at beginning of the period	**23,253**	**48,357**
Change in Cash and cash equivalents	39,112	(25,298)
Effects of exchange rate changes on cash and cash equivalents	20	390
Net cash and cash equivalents at the end of the period	**62,385**	**23,449**

8 WORKING CAPITAL AND CAPITALISATION AND INDEBTEDNESS

8.1 Working capital statement

On the date of this prospectus, the Company is of the opinion that the Company has sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this prospectus.

Reference is also made to section 5 "Use of proceeds".

8.2 Capitalisation and indebtedness

The following table sets forth selected financial data of 30 June 2018. All amounts are presented in their nominal value.

The preliminary financial data presented below are subject to the completion of its consolidated financial closing procedures. Those procedures have not been completed. This information should be read in conjunction with the financial statements as of and for the years ended 31 December 2017 and the related notes thereto.

The preliminary data included in this registration statement has been prepared by and is the responsibility of Celyad S.A. and has been reviewed (but not audited) by its Auditor BDO Reviseurs d'Entreprises sccrl.

(€'000)	As of 30 June 2018
Total Current financial indebtedness (1)	**873**
Secured	299
Unsecured	574
Total Non-Current financial indebtedness (2)	**26,029**
Secured	349
Unsecured	25,680
Capital and share premium	
Share capital	41,553
Share premium	206,148
Cash and cash equivalents	62,385
Current financial indebtedness	(873)
Net Cash and cash equivalents in excess of Current financial indebtedness	**61,512**
Non-Current financial indebtedness	(26,029)
Net Cash and cash equivalents in excess of Current and non-Current financial indebtedness	**35,483**

(1) Current financial indebtedness consists of bank loans, financial leases and advances repayable that is to be paid within twelve months from 30 June 2018.

(2) Non-current financial indebtedness consists of bank loans, financial leases, contingent consideration and advances repayable that is expected to be paid at a date that is more than twelve months from 30 June 2018.

9 DIVIDENDS AND DIVIDEND POLICY

9.1 Entitlement to dividends

The New Shares are entitled to dividends, if and when declared, for the financial year ended on 31 December 2018 and the following financial years.

9.2 Dividend policy

We have never declared or paid any cash dividends on its ordinary shares. We do not anticipate paying cash dividends on its equity securities in the foreseeable future and intend to retain all available funds and any future earnings for use in the operation and expansion of its business. In general, distributions of dividends proposed by the board of directors require the approval of the shareholders at a meeting of shareholders with a simple majority vote, although the board of directors may declare interim dividends without shareholder approval, subject to the terms and conditions of the Belgian Company Code.

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 financial accounts prepared under Belgian GAAP, and not on the basis of IFRS consolidated accounts. In addition, under the Belgian Company Code, the Company may declare or pay dividends only if, following the declaration and issuance of the dividends, the amount of its net assets on the date of the closing of the last financial year according to its statutory annual accounts (i.e., the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as prepared in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and expansion and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of non-distributable reserves. Finally, prior to distributing dividends, the Company must allocate at least 5% of its annual net profits (under its non-consolidated statutory accounts prepared in accordance with Belgian accounting rules) to a legal reserve, until the reserve amounts to 10% of its share capital.

10 DILUTION

The tables sets out below the percentage of dilution resulting from the issue of the New Shares.

10.1 Shareholders prior to the completion of the Global offering

The table below provides an overview of its significant shareholders prior to the completion of the Global offering (including the U.S. offering and Concurrent private placement) and the listing of its shares. The overview must be read together with the notes referred to below.

Share- / Warrantholder	Number of shares	%	Warrants in number of shares [1]	%	Total number of shares and warrants	%
A. Executive Management Team [2]						
CEO and other members of the Executive Management Team	187,000	1.89	384,000	56.92	571,000	5.41
B. (Independent) Directors [2]						
Independent Directors	-	-	85.000	12.60	85,000	0.81
C. Other shareholders						
Tolefi SA [3]	2,359,004	23.90	10,000	1.48	2,369,004	22.46
PMV-Tina NV	360,775	3.65	-	-	360,775	3.42
SRIW Techno and Sofipôle	305,000	3.09	-	-	305,000	2.89
Mr Michel Lussier	153,000	1.55	20,000	2.96	173,000	1.64
Other shareholders	6,507,565	65.92	-	-	6,507,565	61.70
Subtotal	**9,685,344**	**98.11**	**30,000**	**4.45**	**9,715,344**	**92.12**
D. Personnel						
Personnel [4]	-	-	175,612	26.03	175,612	1.67
Total A+B+C+D	**9,872,344**	**100.00**	**674,612**	**100.00**	**10,546,956**	**100.00**

[1] For an overview of all Warrants issued by the Company, reference is made to section 16.5 Warrant Plans.
[2] For a detailed overview of the shares and warrants held by the members of the Board of Directors and by the members of the Executive Management Team, reference is made to section 13.9 "Remuneration of the Executive Management Team ".
[3] Tolefi SA is controlled, within the meaning of Article 5 BCC, by Mr Serge Goblet, who is a Director of the Company. For a detailed overview of the shares and warrants held by Serge Goblet, reference is made to the previous footnote.
[4] "Personnel" includes the persons providing services to the Company on the basis of an employment or a consultancy agreement and who are not a member of the Executive Management Team or a member of the Board of Directors.

10.2 Shareholders after completion of the Global offering

The table below provide an overview of the shareholding of its significant shareholders after the completion of the Global offering. The Global Offering created a total dilution to shareholders of 17.33%. A shareholder who would have owned 1% of the shares of the Company prior the Global offering would have a shareholding of 0.8267% after the Global Offering.

The overview must be read together with the notes referred to below.

Share- / Warrantholder	Number of shares	%	Warrants in number of shares [1]	%	Total number of shares and warrants	%
A. Executive Management Team [2]						
CEO and other members of the Executive Management Team	187,000	1.57	384,000	56.92	571,000	4.53
B. (Independent) Directors [2]						

Share- / Warrantholder	Number of shares	%	Warrants in number of shares [1]	%	Total number of shares and warrants	%
Independent Directors	-	-	85.000	12.60	85,000	0.67
C. Other shareholders						
Tolefi SA [3]	2,359,004	19.75	10,000	1.48	2,369,004	18.78
PMV-Tina NV	360,775	3.02	-	-	360,775	2.86
SRIW Techno and Sofipôle	305,000	2.55	-	-	305,000	2.42
Mr Michel Lussier	153,000	1.28	20,000	2.96	173,000	1.37
Other shareholders	6,507,565	54.49	-	-	6,507,565	51.58
Subtotal	**9,685,344**	**81.10**	**30,000**	**4.45**	**9,715,344**	**77.00**
D. Personnel						
Personnel [4]	-	-	175,612	26.03	175,612	1.39
Subtotal A+B+C+D	**9,872,344**	**82.67**	**674,612**	**100.00**	**10,546,956**	**83.59**
E. Global offering						
New shares	2,070,000	17.33	-		2,070,000	16.41
Total A+B+C+D+E	**11,942,344**	**100.00**	**674,612**	**100.00**	**12,616,956**	**100.00**

[1] For an overview of all Warrants issued by the Company, reference is made to section **Error! Reference source not found. "Error! Reference source not found."**.

[2] For a detailed overview of the shares and warrants held by the members of the Board of Directors and by the members of the Executive Management Team, reference is made to section 13.9 "Compensation of Directors and Executive Management Team".

[3] Tolefi SA is controlled, within the meaning of Article 5 BCC, by Mr Serge Goblet, who is a Director of the Company. For a detailed overview of the shares and warrants held by Serge Goblet, reference is made to the previous footnote.

[4] "Personnel" includes the persons providing services to the Company on the basis of an employment or a consultancy agreement and who are not a member of the Executive Management Team or a member of the Board of Directors.

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

You should read the following discussion of its financial condition and results of operations in conjunction with its audited consolidated financial statements and related notes incorporated by reference in this prospectus. The following discussion contains forward-looking statements that involve certain risks and uncertainties. Its actual results could differ materially from those discussed in these statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly under the "Risk factors" and "Forward-looking statements" sections.

All amounts included herein with respect to the years ended 31 December 2016 and 2017 are derived from its audited consolidated financial statements. All amounts included herein with respect to the periods ended 30 June 2017 and 2018 are derived from its interim statements. The financial statements are prepared pursuant to International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

11.1 Overview

We are a clinical-stage biopharmaceutical company focused on the development of specialized cell-based therapies. We utilize its expertise in cell engineering to target cancer. Its lead drug product candidate, CYAD-01 (CAR-T-NKG2D), is an autologous chimeric antigen receptor (CAR) using NKG2D, an activating receptor of Natural Killer (NK) cells, transduced on T-lymphocytes (T cells). NK cells are lymphocytes of the immune system that kill diseased cells. The receptors of the NK cells used in its therapies target the binding molecules, called ligands, that are expressed in cancer cells but are absent or expressed at very low levels in normal cells. We believe its CAR-T-NKG2D approach has the potential to treat a broad range of both solid and hematologic tumors.

In December 2016, following the successful completion of a proof-of-concept clinical trial the Company conducted at the Dana-Farber Cancer Institute, in which the Company observed no treatment-related safety concerns and observed initial signs of clinical activity, the Company initiated a Phase 1 clinical trial, called THINK (THerapeutic Immunotherapy with NKG2D), to assess the safety and clinical activity of multiple administrations of CYAD-01 in seven refractory cancers, including both solid and hematologic cancers. The trial contains two consecutive segments: a dose escalation segment with two arms (one in solid tumor types and one in hematologic tumor types) at three dose levels adjusted to body weight (up to $3x10^8$, $1x10^9$ and $3x10^9$ CAR-T-NKG2D cells) and an expansion phase that includes seven tumor types (five solid tumors and two hematological tumors). We may enroll up to 36 patients in the dose escalation segment and up to 86 patients in the extension segment of the THINK trial. As of December 31, 2017, the Company had treated 15 patients in the THINK trial. As of such date, the Company had observed signs of clinical activity ranging from Stable Disease (SD) to Complete Response (CR) in six of the 10 patients treated at the per-protocol intended dose.

In October 2017, the Company announced a world's first with the complete response in a patient with refractory and relapsed AML, obtained without preconditioning chemotherapy or other treatments combined with CYAD-01. Importantly, clinical activity has been observed in all AML patients dosed in 2017 at the intended dose, with all patients seeing a reduction in their blast counts in the bone marrow and improvements in their hematological parameters.

In January 2018, the Company announced that it had modified its manufacturing process to include a monoclonal antibody (mAb) that inhibits NKG2D expression on the T cell surface during production. We believe that this mAb manufacturing process will enable the Company to consistently manufacture drug product with significantly higher cell numbers than its legacy manufacturing process. Since the Company introduced the mAb manufacturing process, each batch of drug product manufactured for the THINK trial has successfully produced cells of the desired quality and cell count. The first patient in its THINK trial to be administered drug product manufactured using the mAb manufacturing process was treated in January 2018.

As of April 5, 2018, the date of its most recent interim safety report for the THINK trial, the Company had collected safety data from 20 patients treated with CYAD-01 in the THINK trial. Of the 20 patients included in the interim safety report for the THINK trial, two patients experienced a Grade 4 serious adverse event. One of these patients, who was enrolled in the hematologic cohort, experienced respiratory failure and other Grade 4 adverse events after administration of dose level one of CYAD-01. The other patient, who was in the solid tumor cohort, experienced cytokine release syndrome and other Grade 4 adverse events after administration of dose level three of CYAD-01, which was adjudicated as a dose-limiting toxicity (DLT). Those two patients recovered from their Grade 4 events but subsequently passed away due to general health deterioration, a Grade 5 event that was deemed to be unrelated to administration of CYAD-01. In accordance with the protocol for the THINK trial, the Company plans to treat three more patients at dose level three in the solid tumor cohort in order to establish the maximum tolerated dose.

THINK Trial Safety Data as of April 5, 2018

Note; Reflects all Grade 3 adverse events if such events occurred in ≥ 2 patients; reflects all events if Grade 4 or above. Includes patients dosed as follows: Dose-levels 1 and 2 (solid and hematologic cohorts); dose-level 3 (solid cohort — three patients).

Adverse events (AE)	Grade 3 events (patients)	Grade 4 events (patients)	Grade 5 events (patients)	Total % patients
Lymphocyte count decreased	5 (3)	3 (3)		30%
Platelet count decreased	2 (2)	1 (1)		15%
Hypophosphatemia	2 (2)			10%
Anemia	3 (2)			10%
Cytokine release syndrome	2 (2)	1 (1)		15%
Back pain	3 (2)			10%
Sepsis		1 (1)		5%
Hypoxia		1 (1)		5%
Pneumonitis		1 (1)		5%
Acute respiratory distress syndrome		1 (1)		5%
Vertigo		1 (1)		5%
General physical health deterioration			2 (2)	10%

The adverse event data disclosed above is preliminary and subject to further review, and classifications of adverse events classified above may change as a result of such further analysis.

On August 23 2018, the Company gave an operational update outlining the following key elements;

Progress made in Acute Myeloid Leukemia (AML)

THINK Trial

- Interim results demonstrate signs of clinical activity ranging from complete responses to stable diseases at lower doses in AML patients receiving one cycle of CYAD-01 per protocol.
- Twelve patients[1] have been enrolled to date. Enrollment for the highest dose ($3x10^9$) is expected to be completed in September 2018.
- A complete second cycle of investigational therapy was administered in the first AML patient enrolled into the second dose level ($1x10^9$). A second AML patient at the third dose level ($3x10^9$) has received the first injection of the second cycle. The second cycle is administered to determine the impact of the clinical benefit of additional CYAD-01 administrations. No dose-limiting toxicity has been observed to date.
- The first ever reported complete response by an investigational CAR-T cell therapy without preconditioning in a patient with refractory and relapsed AML was published as a case study in *Haematologica*.

EPITHINK TRIAL

- Based on the feedback received from the FDA, we finalized the EPITHINK protocol, a trial evaluating the synergetic effect of the concurrent administration of CYAD-01 (CAR-T NKG2D) with a standard of care hypomethylating agent (HMA) i.e. 5-azacytidine (AZA) in treatment-naïve Acute Myeloid Leukemia (AML) or myelodysplastic syndrome (MDS) patients not candidates for intensive therapy.

DEPLETHINK AML TRIAL

[1] Eight AML patients, one MDS (myelodysplastic syndrome) and three MM (Multiple Myeloma) patients

- Based on feedback from the FDA, we finalized the DEPLETHINK AML protocol – a trial to evaluate administration of CYAD-01 after a traditional preconditioning regimen in refractory/relapsing AML and MDS patients.

Progress made in Colorectal Cancer (CRC)

THINK Trial

- Fourteen solid cancer patients (one pancreas, two ovarian and eleven CRC) completed the three dose-levels evaluated in the dose escalation segment.
- One dose-limiting toxicity (DLT) was reported at the highest dose-level (3x109**)** triggering the enrollment of three additional patients. No other DLT was reported in the three additional patients treated at the third dose level.
- Preliminary results will be reported during the Society for Immunotherapy of Cancer (SITC) Annual Meeting (November 7-11, Washington)**.**

SHRINK TRIAL

- Three CRC patients were treated at the first dose level (1x108) with no dose-limiting toxicity reported to date in combination with current standard of care.

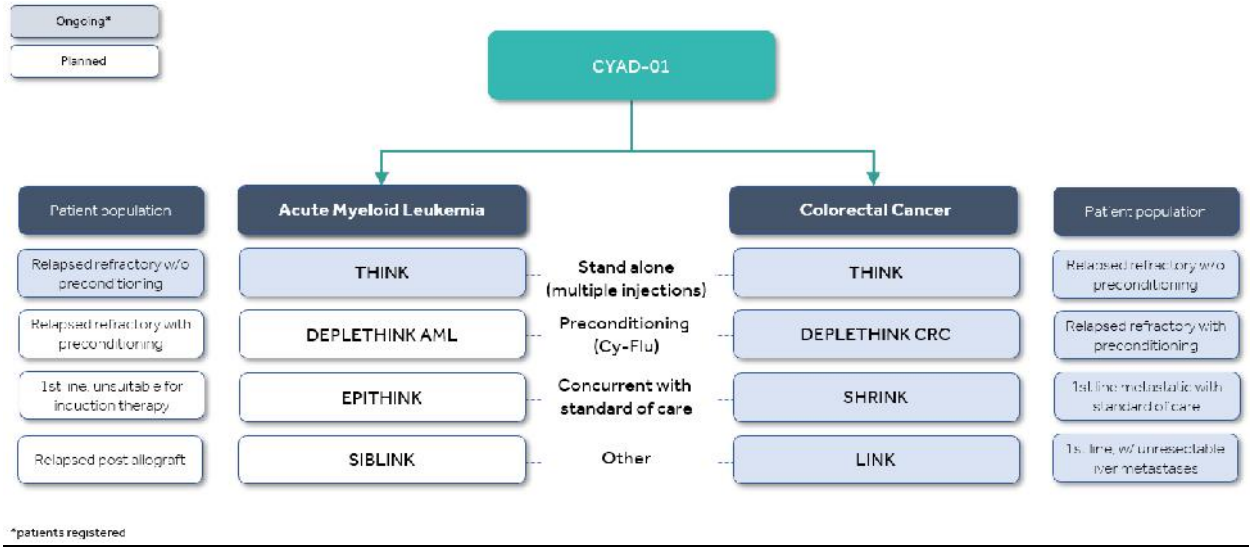
LINK TRIAL

- One CRC patient has received three local hepatic transarterial injections at the first dose level (3x108) with no dose-limiting toxicity reported to date.

DEPLETHINK CRC TRIAL

- This study evaluates the administration of CYAD-01 after traditional preconditioning regimen in patients suffering from colorectal cancer. The first patient has been registered.

CYAD-01 CLINICAL TRIAL PIPELINE



*patients registered

In July 2018, Celyad's Investigational New Drug (IND) application went into effect with the FDA for CYAD-101, the world's first non-gene edited allogeneic CAR-T clinical program. CYAD-101 is the first of a family of investigational non-gene edited allogeneic CAR-T cell therapies that will draw on the experience from the SHRINK autologous CAR-T program to target colorectal cancer. The FDA also indicated that the Allo-SHRINK trial, evaluating the safety and clinical activity of CYAD-101 in patients with unresectable colorectal cancer in combination with standard chemotherapy, is allowed to proceed.

Corporate and Financial Highlights for the First Half of 2018

In May, Celyad successfully completed a global offering with gross proceeds of approximately $54.4 million (approximately €46.1 million). At the end of June 2018, the Company reported total cash and short-term investments of €63 million, which are expected to be sufficient to support its operating capital expenditure into mid-2020.

In early August, Margo Roberts, Ph.D., joined Celyad's Board of Directors and scientific committee. Dr. Roberts was Chief Scientific Officer at Kite Pharma, Inc., before becoming Senior Vice President of Discovery Research where she focused on next therapeutic approaches including Kite's allogeneic T-cell programs. With Dr. David Gilham, Celyad's VP of R&D, she will provide input into the scientific strategy of the company.

Also, in August, the Company announced the appointment of Filippo Petti as Chief Financial Officer as from 3 September, succeeding Patrick Jeanmart. Prior to joining Celyad, Mr. Petti served as VP of Healthcare Investment Banking at Wells Fargo Securities and William Blair & Company. His deep industry expertise, experience in oncology and connectivity within the U.S. investor community will help Celyad's development in the U.S. capital and financial market.

Collaborations

On November 5, 2014, the Company acquired CorQuest Medical, Inc., a private U.S. company, or CorQuest, for a single cash payment of €1.5 million and a potential earn-out payment to the sellers if the intellectual property acquired from CorQuest is sold, in whole or in part, to a third party within ten years of November 5, 2014. The earn-out payment shall be 2.0% of the value of the cash and non-cash consideration from such sale, or Net Revenue, if the Net Revenue is €10.0 million or less, and 4.0% of the Net Revenue, if the Net Revenue is greater than €10.0 million.

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. A deferred payment of $5.0 million will be due upon the enrolment of the first patient of the second cohort of the NKR-T clinical trial. Additional contingent payments with an estimated fair value of $27.9 million are payable upon the attainment of various clinical and sales milestones. As a result of this transaction the Company acquired its NKR-T cell drug product candidates and related technology, including technology licensed from the Trustees of Dartmouth College.

On May 17 2016, the Company acquired 100% of Biological Manufacturing Services SA, or BMS. BMS owns GMP laboratories and had rented its laboratories to the Company since 2009. Before this acquisition, BMS was considered as a related party to the Company.

In July 2016, the Company granted ONO Pharmaceutical Co. Ltd., or ONO, a leading Japanese immuno-oncology company, an exclusive license for the development and commercialization of its allogeneic CYAD-01 immunotherapy. The license agreement with ONO grants them the exclusive right to develop and commercialize its allogeneic CYAD-01 T-Cell immunotherapy in Japan, Korea and Taiwan. In exchange for receiving a license in these countries, ONO will pay the Company up to $311.5 million in development and commercial milestones, including an upfront payment of $12.5 million plus double digit royalties on net sales in ONO territories.

In May 2017, the Company signed a non-exclusive license agreement with Novartis regarding U.S. patents related to allogeneic CAR-T cells. The agreement includes Celyad's 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, Celyad received an upfront payment and is eligible to receive payments in aggregate amounts of up to $96 million. In addition, Celyad is eligible to receive royalties based on net sales of the licensed target associated products at percentages in the single digits. Celyad retains all rights to grant further licenses to third parties for the use of allogeneic CAR-T cells.

In August 2017, the Company amended the agreements executed in January 2015 with Celdara Medical LLC and Dartmouth College following the acquisition of OnCyte, LLC and related to the CAR-T NK cell drug product candidates. Under the amended agreements Celyad is to receive an increased share of future revenues generated by these assets, including revenues from its sub-licensees. In return, Celyad paid Celdara Medical LLC and Dartmouth College an upfront payment of a total of $12.5 million (€10.6 million), respectively $10.5 million and $2.0 million, and issued to Celdara Medical LLC $12.5 million worth of Celyad's ordinary shares at a share price of €32.35. The total costs of the amendment of the agreements with Celdara Medical LLC and Dartmouth College were estimated to €24,341k and were recorded as expenses in the 2017 consolidated financial statements. Every semester, the Company estimates to present value of the future payments it may have to own to Celdara Medical LLC and Darmouth College following the success of the development of the licensed products. Such estimates being recorded as contingent liabilities in the consolidated statement of the financial position of the Group.

As of June 30, 2017, the Company has been funded through the following transactions:

- proceeds of €42.0 million from private financing rounds (before the Euronext IPO);
- proceeds of €26.5 million from an initial public offering of its ordinary shares on Euronext Brussels and Euronext Paris in July 2013, or the Euronext IPO;
- proceeds of €25.0 million from a private financing by Medisun International Limited, or Medisun in June 2014;

- proceeds of €31.7 million from a private placement in March 2015;
- proceeds of €88.0 million from its global offering of 1,460,000 ordinary shares, consisting of an underwritten public offering of 1,168,000 ADSs and a concurrent European private placement of 292,000 ordinary shares, in June 2015.
- proceeds of €24.5 million from non-dilutive financing sources, such as government grants and recoverable cash advances, or RCAs; and
- Proceeds of €46.4 million from the Global Offering in May 2018.

We have incurred net losses in each year since its inception. Substantially all of its net losses have resulted from costs incurred in connection with its research and development programs and from general and administration expenses associated with its operations. For the years ended December 31, 2017, 2016 and 2015, the Company incurred a loss for the year of € 56.4 million, € 23.6 million and, €29.1 million respectively. As of December 31, 2017, the Company had an accumulated deficit of €180.4 million. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. We anticipate that its expenses will increase substantially in connection with its ongoing activities, as it:

- continues the development of its drug product candidates, including planned and future clinical trials;
- conducts additional research and development for drug product candidate discovery and development;
- seeks regulatory approvals for its drug product candidates;
- prepares for the potential launch and commercialization of its drug product candidates, if approved;
- establishes a sales and marketing infrastructure for the commercialization of its drug product candidates, if approved;
- in-licenses or acquires additional drug product candidates or technologies;
- builds-out additional manufacturing capabilities; and
- hires additional personnel, including personnel to support its drug product development and commercialization efforts and operations as a U.S. public company.

We generate limited revenue from sales of C-Cathez, its proprietary catheter for injecting cells into the heart. We believe that C-Cathez revenue will remain immaterial in the future as the Company intends to sell C-Cathez to research laboratories and clinical-stage companies only.

We do not expect to generate material revenue from drug product sales unless and until the Company successfully completes development of, and obtain marketing approval for, one or more of its drug product candidates, which the Company expects will take a number of years and is subject to significant uncertainty. Accordingly, the Company anticipate that the Company will need to raise additional capital prior to commercialization of its lead product candidates. Until such time that the Company can generate substantial revenue from drug product sales, if ever, the Company expect to finance its operating activities through a combination of equity offerings, debt financings, government or other third-party funding, including government grants and RCAs, and collaborations and licensing arrangements. However, the Company may be unable to raise additional funds or enter into such arrangements when needed on favourable terms, or at all, which would have a negative impact on its financial condition and could force the Company to delay, limit, reduce or terminate its development programs or commercialization efforts or grant to others rights to develop or market drug product candidates that the Company would otherwise prefer to develop and market ourselves. Failure to receive additional funding could cause the Company to cease operations, in part or in full.

11.2 Financial Operations Overview

The successful development of research programs and drug product candidates is uncertain and the Company expects to continue to incur operating losses for the foreseeable future as the Company develops CYAD-01 and its other drug product candidates. At this time, the Company cannot reasonably estimate the precise timing or detailed costs of the efforts that will be necessary to complete the remainder of the development of its drug product candidates and their research and development programs. We are also unable to predict when material cash inflows will commence from sales of CYAD-01 or any of its other drug product candidates.

Set forth below is a discussion of factors that the Company believes will materially impact its results of operations in future periods.

Revenues

For the periods presented in this prospectus, the revenues the Company generated were composed of:

- non-refundable upfront payments as a result of the Novartis (revenue 2017) and ONO (revenue 2016) agreements; and
- third-party sales of C-Cath$_{ez}$ in 2016 and 2017. There are no recurring sales generated by this device, and the Company expects revenue from C-Cath$_{ez}$ sales to remain immaterial compared to its operating expenses for the foreseeable future.

Licensing Revenues

In 2016, the Company received an upfront payment associated to the License Agreement signed with ONO Pharmaceutical. The license agreement with ONO grants them the exclusive right to develop and commercialize its allogeneic CYAD-01 T-Cell immunotherapy in Japan, Korea and Taiwan. In exchange for receiving a license in these countries, ONO will pay Celyad up to $311.5 million in development and commercial milestones, including an upfront payment of $12.5 million plus double-digit royalties on net sales in ONO territories. The revenue amount booked in 2016 correspond to the upfront payment after deduction of the non-refundable Japanese withholding taxes and the 15% sub-license fee owed to Dartmouth College, the inventor of the CAR-T NKR platform in-licensed by Celyad in January 2015.

In 2017, the Company received an upfront fee of $4.0 million associated to the license agreement signed with Novartis. The non-exclusive license agreement includes Celyad's intellectual property rights under U.S. patents related to allogeneic CAR-T cells. This agreement is related to two undisclosed targets currently under development by Novartis. Under its terms, Celyad received an upfront payment and is eligible to receive payments in aggregate amounts of up to $96 million. In addition, Celyad is eligible to receive royalties based on net sales of the licensed target associated products at percentages in the single digits. Celyad retains all rights to grant further licenses to third parties for the use of allogeneic CAR-T cells. The revenue amount booked in 2017 correspond to the upfront payment received from Novartis. The 15% sub-license fee owed to Dartmouth College, the inventor of the CAR-T NKR platform in-licensed by Celyad in January 2015, is reported within Cost of Sales for the year 2017.

Total revenues amounted to €3.5 million in 2017 and corresponded to the non-refundable upfront payment received from Novartis, as a result of the non-exclusive license agreement signed in June 2017. This upfront payment has been fully recognized upon receipt as there are no performance obligations nor subsequent deliverables associated to the payment. The revenues of 2016 corresponded to the payment received from ONO under the exclusive license agreement signed in July 2016. There was no milestone received from ONO in 2017. In 2017, the total revenue generated with C-Cath$_{ez}$ amounted to €35,000 compared to €83,000 in 2016. There are no recurring sales generated by this device.

(€'000)	**For the year ended December 31,**	
	2017	**2016**
Out-licensing revenue (non-refundable upfront payment)	3,505	8,440
C-Cath$_{ez}$ sales	35	83
	3,540	**8,523**

Cost of sales

Costs of sales are related to the cost of manufacturing C-Cath$_{ez}$. We expect the costs of sales related to sales of C-Cath$_{ez}$ will remain immaterial compared to its operating expenses for the foreseeable future.

For the year 2017, costs of sales included an amount of €0.5 million, which represents the 15% sub-license fee owed to Dartmouth College on the above-mentioned Novartis upfront fee.

(€'000)	**For the year ended December 31,**	
	2017	**2016**
In-licensing cost of sales	(515)	(53)
C-Cath$_{ez}$ cost of sales	—	

(€'000)	For the year ended December 31,	
	2017	2016
Total cost of sales	**(515)**	**(53)**

Research and Development expenses

Research and development expenses amounted to €22.9 million and €27.7 million for the years ended December 31, 2017 and 2016, respectively, represented 41% and 74% of its total operating expenses. For the periods presented in this report, research and development expenses gathered all operating expenses of Celyad SA and its subsidiaries, or the Group, but the general and administrative expenses. It included all the costs related to its operations in the following departments; research and development, clinical, manufacturing, regulatory, quality and intellectual property.

With the exception of the C-Cath$_{ez}$ development costs capitalized since May 2012, the Company expenses all research and development costs as they are incurred. A total of €1.1 million development costs of C-Cath$_{ez}$ have been capitalized since May 1, 2012, the month following its receipt of the CE mark for C-Cath$_{ez}$. We may review this policy in the future depending on the outcome of its current development programs.

We utilize its research and development staff and infrastructure resources across projects in its programs and many of its costs historically have not been specifically attributable to a single project. In addition, its research and development expense may vary substantially from period to period based on the timing and scope of its research and development activities, the timing of regulatory approvals or authorizations and the rate of commencement and enrollment of patients in clinical trials.

Research and development activities are central and core to its business. To the exception of resources used to manage its General and Administration expenses, all of its infrastructure, human and financial resources are allocated to its research and development activities. We expect that its other research and development expenses will continue to grow in the future mostly with the development of drug product candidates from its CAR-T NKR cell program. The expected increase in research and development expenditures will mostly relate to higher personnel costs, outsourcing costs and additional preclinical and clinical studies.

Salaries represented the biggest cost by nature within its operations over the last three years. We at Celyad have the strategy to internalize all operations when they become material or critical to its operations. We subcontract all one-time projects, or tasks that cannot be taken in house for quality or regulatory purposes. The other important nature of costs in its operations are the preclinical studies, clinical studies, scale-up and automation of the production processes.

The costs associated to preclinical studies are laboratory supplies and the costs of its outsourced research and development studies and services.

The costs associated to clinical studies comprised the preparation, the conduct and the supervision of its clinical trials. We expect that these expenses will increase in the near future given the expected clinical trial activities associated with its CAR-T NKR cell drug product candidates. We cannot determine with certainty the duration and completion costs of its current or future clinical trials of its drug product candidates or if, when, or to what extent the Company will generate revenue from the commercialization and sale of any of its drug product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any of its drug product candidates. The duration, costs and timing of clinical trials and development of its drug product candidates will depend on a variety of factors, including:

- per patient clinical trial costs;
- the number of patients that participate in clinical trials;
- the drop-out or discontinuation rates of patients;
- the duration of patient follow-up;
- the scope, rate of progress and expense of its ongoing as well as any additional non-clinical studies, clinical trials and other research and development activities;
- clinical trial and early-stage results;
- the terms and timing of regulatory approvals;
- the expense of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; and
- the ability to market, commercialize and achieve market acceptance of CYAD-01 or any of its other product candidates.

A change in the outcome of any of these variables with respect to the development of CYAD-01 or any other drug product candidate that the Company is developing could mean a significant change in the costs and timing associated with the development of CYAD-01 or such other drug product candidate. For example, if FDA, European Medicines Agency, or EMA, or other regulatory authority were to require the Company to conduct additional preclinical studies and clinical trials beyond those which the Company currently anticipates will be required for the completion of clinical development of its drug product candidates, or if the Company experiences significant delays in enrollment in any clinical trials, the Company would be required to spend significant additional financial resources and time on the completion of the clinical development of the applicable drug product candidate.

Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials.

We have not received regulatory approval from the FDA, EMA or any other regulatory authority to market any of its drug product candidates. The successful development of its drug product candidates is highly uncertain. Its drug product candidates are tested in numerous preclinical studies for safety, pharmacology and efficacy. We then conduct clinical trials for those drug product candidates that are determined to be the most promising. We fund these trials ourselves or through non-dilutive funding. As the Company obtains results from clinical trials, the Company may elect to discontinue or delay trials for some drug product candidates in order to focus resources on drug product candidates that the Company believes are more promising. Completion of clinical trials may take several years or more, and the length of time generally varies substantially according to the type, complexity, novelty and intended use of a drug product candidate. The cost of clinical trials for a particular drug product candidate may vary significantly.

At this time the Company cannot reasonably estimate the time and costs necessary to complete the development of any of its drug product candidates or the period, if any, in which the Company will generate drug product revenue. There are numerous risks and uncertainties associated with drug product development, including:

- terms and timing of regulatory approvals and authorizations; and
- the number, the design and the size of the clinical trials required by the regulatory authorities to seek marketing approval.

For the periods presented in this report, the manufacturing expenses included the costs to manufacture its product candidates, namely CYAD-01 (as from the year 2016) and C-Cure (until the year 2016) and the costs associated to the process development of such product candidates, including the scale-up and the automation of such processes. These costs are mainly comprised of production raw material and supplies, maintenance and calibration charges of equipment and the rental of Good Manufacturing Practices laboratory facilities. Raw materials are the main component to the current cost of production of CYAD-01 and will remain as such in the future as they are closely associated to the production of clinical batches. Most of its raw material suppliers are large companies, and pursuant to its internal procedures, the Company is trying to have an alternative supplier for each critical material, to limit risk of disruption and price sensitivity.

We lease its production facility from a real estate company, through its wholly owned subsidiary Biological Manufacturing Services SA.

Manufacturing expenses are mostly driven by the number and the size of clinical trials that the Company conducts on its drug product candidates. We expect these expenses will remain significant in the near future and will increase as its clinical trials include a greater number of patients and the Company potentially commences commercialization of its drug product candidates, if approved.

The research and development expenses decreased by €4.7 million in 2017 compared to 2016, explained by the change in the mix of research and development performed, namely the cardiology business segment versus the immuno-oncology business segment.

In 2017, the vast majority (€20.0 million) of the research and development expenses were dedicated to the development of the immune-oncology programs, namely its CAR-T platform. The research and development expenses associated to the cardiology programs (€2.9 million) related to the follow-up costs of CHART-1 only.

The variance with the prior year is mainly explained by the fact that in 2016 the Company was still incurring significant expenses in the cardiology segment, relating to its Phase 3 study for C-Cure.

The research and development expenses relating to the immuno-oncology segment (€20.0 million for the year 2017) increased by €5.1 million in comparison with 2016.

(€'000)	For the year ended December 31 2017	2016
Salaries	7,007	8,160
Share-based payments	862	—
Travel and living	359	577
Preclinical studies	1,995	4,650
Clinical studies	3,023	4,468
Raw materials and consumables	1,825	—
Delivery systems	430	964
Consulting fees	1,522	791
External collaborations	885	—
Intellectual property filing and maintenance fees	513	799
Scale-up and automation	1,892	4,164
Rent and utilities	371	939
Depreciation and amortization	1,488	1,345
Other costs	735	817
Total research and development expenses	**22,908**	**27,675**

General and administrative expenses

General and administrative expenses represented 17% and 26% of its total operating expenses for the years ended December 31, 2017 and 2016, respectively.

Its general and administrative expenses consist primarily of salaries, fees and other share-based compensation costs for personnel in executive, finance and accounting, people, communication and legal functions. It also includes costs related to professional fees for auditors and lawyers, consulting fees not related to research and development operations, and fees related to functions that are outsourced by the Company such as information technology, or IT. General and administrative expenses decreased by €0.4 million compared to 2016. This variance primarily resulted from the valuation of the share-based payments, which relate to its warrant plans.

(€'000)	For the year ended December 31 2017	2016
Employee expenses	2,630	2,486
Share-based payments	1,707	2,847
Rent	1,053	791
Communication and marketing	761	728
Consulting fees	2,227	2,029
Travel and living	211	450
Post-employment benefits	-	(24)
Depreciation	229	173
Other	490	265
Total general and administrative expenses	**9,310**	**9,744**

Other operating income

During the periods presented in this prospectus, its other operating income is primarily generated from (i) government grants received from the Regional government, or Walloon Region, in the form of RCAs and (ii) government grants received from the European Commission under the Seventh Framework Program, or FP7.

For the year 2017, the Company recognized for the first time a receivable on the amounts to collect from the Belgian federal government as research and development tax credit (reported as an operating income for an amount of €1.2 million). Collection of the research and development tax credits are expected as from 2019.

Recoverable Cash Advances

RCAs support specific development programs and are typically granted by regional governmental entities, and in its case, the Walloon Region. 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 Company receives funds from the Walloon Region based on statements of expenses. In accordance with IAS 20.10A and IFRS Interpretations Committee's, or IC's, conclusion that contingently repayable cash received from a government to finance a research and development project is a financial liability under IAS 32, 'Financial instruments; Presentation', the RCAs are initially recognized as a financial liability at fair value, 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 research and development expenses subsidized by the RCA. Subsequent measurement of the RCAs liability component (RCA financial liability) is performed 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, 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 10 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. When the Group does not exploit (or ceases to exploit) the results under an RCA, it has to notify the Walloon Region of this decision. This decision is of the sole responsibility of the Group. The related liability is then discharged by the transfer of such results to the Walloon Region. Also, when the Group decides to renounce to its rights to patents which may result from the research, title to such patents will be transferred to the Walloon Region. In that case, the RCA liability is extinguished.

From inception through December 31, 2017, the Company has banked subsidies RCAs totaling €22.6 million. In 2018 and 2019, the Company will be required to make exploitation decisions on its remaining outstanding RCAs related to the CAR-T platform.

Other Government Grants

Since inception through December 31, 2017, the Company received grants totaling €2.5 million and the Company expects to continue to apply for grants from FP7 and Walloon Region authorities. These grants are used to partially finance early stage projects such as fundamental research, applied research and prototype design.

As of the date of this prospectus, none of the grants received are subject to any conditions. As per its agreements with these governmental authorities, grants are paid upon its submission of a statement of expenses. We incur project expenses first and ask for partial reimbursement according to the terms of the agreements.

The government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

(€'000)	For the year ended December 31	
	2017	2016
Grant income (RCAs)	824	2,704
Grant income (other)	56	124
Remeasurement of RCAs	396	2,154
Research and development tax credit	1,161	—
Change of fair value of contingent liability	193	—
Total other operating income	**2,630**	**4,982**
Change of fair value of contingent liability	—	(1,634)
Other	(41)	(8)
Total other operating expenses	**(41)**	**(1,642)**
Total other operating income and expenses	**2,590**	**3,340**

Other operating income and expenses were primarily related to the non-dilutive funding received from the Walloon Region and the European FP7 funding programs. In 2017, the net amount of the other operating income and expenses decreased by €0.8 million. This variance resulted mainly from the change in the RCA fair value adjustment (non-cash entry) and from the decrease in RCA grant income.

For the year 2017, the Company recognized for the first time a receivable on the amounts to collect from the Belgian federal government as a research and development tax credit (reported as an operating income for an amount of €1.2 million).

Non-recurring operating income and expenses

Amendments of the Celdara Medical and Dartmouth College agreements

In 2017, the Group recognized non-recurring expenses related to the amendment of the agreements with Celdara Medical LLC and Dartmouth College (totalling €24.3 million, out of which an amount of €10.6 million was settled in shares, and was thus a non-cash expense).

Write-off of C-Cure and Corquest assets and derecognition or related liabilities

In 2017, following the decision to focus al the resources of the Company on the immune-oncology assets, the Group also proceeded with the write-off of the C-Cure and Corquest assets and derecognition of related liabilities (for net expense amounts of €0.7 million and €1.2 million respectively).

(€'000)	For the year ended December 31,	
	2017	**2016**
Amendment of Celdara Medical and Dartmouth College agreements	**(24,341)**	**—**
C-Cure IP asset impairment expense	(6,045)	—
C-Cure RCA reversal income	5,356	—
Corquest IP asset impairment expenses	(1,244)	—
Write-off C-Cure and Corquest assets and derecognition of related liabilities	**(1,932)**	

There were no non-recurring items reported on the income statement for 2016.

Operating loss

As a result of the foregoing, its operating loss increased by €27.3 million in 2017 as compared to 2016, totaling €52.9 million in 2017.

Finance income

Finance income relates to interest income earned on bank accounts and from currency exchange rate differences. Its cash and cash equivalents have been deposited primarily in savings and deposit accounts with original maturities of three months or less. Savings and deposit accounts generate a modest amount of interest income. We expect to continue this investment philosophy.

Finance expenses

Finance expenses relate to interest payable on shareholder loans and finance leases, as well as interest on overdrafts and currency exchange rate differences. Due to the depreciation of the USD compared to EUR, the Group recognized an unrealized loss on foreign exchange differences of €4.3 million in 2017. In 2016, the unrealized gain on foreign exchange differences amounted to €0.8 million.

(€'000)	For the year ended December 31	
	2017	**2016**
Interest finance leases	18	19
Interest on overdrafts and other finance costs	36	37
Interest on RCAs	90	53
Exchange differences	4,309	98
Finance expenses	**4,454**	**207**
Interest income bank account	927	1,413
Exchange differences and miscellaneous	6	791
Finance income	**933**	**2,204**

Due to the depreciation of the USD compared to EUR, the Group recognized an unrealized loss on foreign exchange differences of €4.3 million in 2017. In 2016, the unrealized gain on foreign exchange differences amounted to €0.8 million.

Interest income on short term deposits decreased significantly from 2016 to 2017, reflecting the decline of the interest rates on such deposits.

Income taxes

As the Company incurred losses in all the relevant periods, the Company had no taxable income and therefore incurred no corporate taxes.

Loss for the year

As a result of the foregoing, its loss for the year increased by €32.8 million from €23.6 million in 2016 to €56.4 million in 2017.

Interim Financial Statements - Comparison of the 6-month period ended June 30, 2018 and June 30, 2017

Revenue
Total revenue decreased by €1.0 million, as detailed below:

(€'000)	For the 6-month period ended June 30,	
	2018	**2017**
Out-licensing revenue	2,399	3,505
C-Cath$_{ez}$ sales	-	-
Other revenue	119	-
Total Revenues	**2,518**	**3,505**

In May 2018, the Group has entered into an exclusive license agreement with Mesoblast, to develop and commercialize Celyad's intellectual property rights relating to C-Cath$_{ez}$, an intra-myocardial injection catheter. We have applied the 5-step model foreseen by IFRS 15 to determine revenue recognition pattern applicable to this contract as of 30 June 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, ie. the right to use a Celyad's IP 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 H1.2018 interim period;
- foresees a transaction price broken down between upfront (€0.8 million cashed in) and contingent milestone payments (an additional amount of €2.1 million qualifying for recognition at 30 June 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 recognised will not occur.

In June 2017, the Group received a non-refundable upfront payment as a result of the Company's entry into a non-exclusive license agreement with Novartis. This upfront payment was fully recognized upon receipt as relating to a right-to-use license (no performance obligation associated with the payment, other than granting the right to use the underlying IP as from contract signing date).

We do not expect to generate material revenue unless and until we receive regulatory approval for one of our drug product candidates.

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 our consolidated financial statements.

(€'000)	**For the 6-month period ended June 30**	
	2018	**2017**
Employee expenses	4,055	3,647

Travel & Living	207	218
Clinical study costs	1,876	2,122
Preclinical study costs	1,011	1,502
Process development and scale-up	1,822	1,233
Research fees	329	401
IP fees	191	251
Share-based payments	556	355
Depreciation and amortization	502	754
Rent and utilities	312	206
Delivery systems	79	271
Others	197	187
Total R&D expenses	**11,136**	**11,147**

Research and development expenses total €11.1 million for the six-month period ended June 30, 2018, which is in line with comparatives. Our R&D internal resources are allocated to the continuous development of our immuno-oncology platform and, in particular, our lead product candidate, CYAD-01, both on clinical and preclinical efforts. We also emphasize the process development, manufacturing scale-up and automation of our production processes, in preparation of the next anticipated clinical stages of CYAD-01.

General and administrative expenses

(€'000)	For the 6-month period ended June 30,	
	2018	**2017**
Employee expenses	1,507	1,429
Consulting fees	1,221	976
Share-based payments	1,237	481
Communication & marketing	448	415
Rent	601	471
Travel & living	128	151
Depreciation	136	125
Other	179	196
Total general and administrative expenses	**5,457**	**4,244**

General and administrative expenses increased by €1.2 million over the six-month period ended June 30, 2018 as compared to the six-month period ended June 30, 2017. This variance primarily relates to the increase the expenses associated with the share-based payments. Share-based payments are non-cash expenses related to the share option plan offered to our employees, managers and directors.

Other operating income and expenses

(€'000)	For the 6-month period ended June 30,	
	2018	**2017**
Grant income	553	56
R&D tax credit	155	-

Total other operating income	**708**	**56**
Change in fair value Contingent consideration and other financial liabilities	2,987	1,005
Remeasurement of RCAs – amortized cost adjustment	886	283
Sub-licensing fees	1,306	-
Reimbursement of RCA's	245	-
Other	-	41
Total other operating expenses	**5,424**	**1.329**

The Company reported under other operating income and expenses the following items:

- Proceeds received from the Walloon Region under the RCAs contracts and from the European Commission under the FP7 programs;
- Research and development tax credit;
- The remeasurement of the amortized cost of the RCAs;
- The change in fair values estimates of the contingent consideration associated with future payments owed to Celdara Medical and Dartmouth College; and
- The sub-licensing fees paid to the Celdara Medical and Dartmouth College associated to the development of our immune-oncology platform.

The management refreshed the time to commercialization of CYAD-01, CYAD-101 and C-Cathez, based on the respective clinical development stage of these product candidates. As a consequence, both the RCA and the contingent liabilities associated with these assets increased as of 30 June 2018.

In June 2018, the Walloon Region notified the Company of a payment of €1.2 million related to the contract 7685. The proceeds were received in July 2018.

Operating loss

As a result of the foregoing, our operating loss increased by €5.1 million over the six-month period ending June 30, 2018 as compared to the six-month period ended June 30, 2017, totaling €18.8 million at June 30, 2018.

Financial income and financial expenses

Financial income is mainly composed of interest income on short term deposits. The dissolution of the subsidiary OnCyte LLC has not been considered as a substantially complete liquidation given that the underlying activity of this former entity has been transferred to Celyad SA and therefore, the related CTA balance has not been reclassified from equity to financial result.

Loss for the period

As a result of the foregoing, our loss for the six-month period ended June 30, 2018 increased by €4.1 million, from €14.4 million as at June 30, 2017 to €18.5 million as at June 30, 2018.

Loss per share

The loss per share is calculated by dividing loss for the period 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)	**For the 6-month period ended June 30,**	
	2018	**2017**
Loss for the period attributable to equity holders	(18,459)	(14,415)
Weighted average number of shares outstanding	10,328,883	9,486,954
Earnings per share in EUR (non-fully diluted)	**(1.79)**	**(1.52)**

11.3 Operating Capital Requirements

We believe that its existing cash and cash equivalents, and short-term investments will enable the Company to fund its operating expenses and capital expenditure requirements, based on the current scope of its activities and including

expected cash inflows from its strategic collaborations, at least until mid 2020. We have based this estimate on assumptions that may prove to be wrong, and the Company could use its capital resources sooner than the Company currently expects. In any event, the Company will require additional capital to pursue preclinical and clinical activities, obtain regulatory approval for, and to commercialize its drug product candidates.

Until the Company can generate a sufficient amount of revenue from its drug product candidates, if ever, the Company expects to finance its operating activities through a combination of equity offerings, debt financings, government, including RCAs and subsidies, or other third-party financings and collaborations. Additional capital may not be available on reasonable terms, if at all. If the Company is unable to raise additional capital in sufficient amounts or on terms acceptable to the Company, the Company may have to significantly delay, scale back or discontinue the development or commercialization of one or more of its drug product candidates. If the Company raises additional funds through the issuance of additional debt or equity securities, it could result in dilution to its existing shareholders, increased fixed payment obligations and these securities may have rights senior to those of its ordinary shares. If the Company incurs indebtedness, the Company could become subject to covenants that would restrict its operations and potentially impair its competitiveness, such as limitations on its ability to incur additional debt, limitations on its ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact its ability to conduct its business. Any of these events could significantly harm its business, financial condition and prospects.

There are no legal or economic restrictions on the ability of its subsidiaries to transfer funds to Celyad SA in the form of cash dividends, loans or advances.

Its present and future funding requirements will depend on many factors, including, among other things:

- the size, progress, timing and completion of its clinical trials for any current or future drug product candidates, including CYAD-01;
- the number of potential new drug product candidates the Company identifies and decides to develop;
- the costs involved in filing patent applications, maintaining and enforcing patents or defending against claims or infringements raised by third parties;
- the time and costs involved in obtaining regulatory approval for drug products and any delays the Company may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these drug products; and
- the amount of revenue, if any, the Company may derive either directly or in the form of royalty payments from future potential collaboration agreements on its technology platforms.

For more information as to the risks associated with its future funding needs, see the section of this prospectus entitled "RISK FACTORS ."

11.4 Liquidity and capital resources

Its liquidity requirements primarily relate to the funding of manufacturing expenses, clinical quality and regulatory expenses, research and development expenses, general and administrative expenses, capital expenditures, repayments of finance leases and working capital requirements.

We monitor its risk to a shortage of funds using a recurring liquidity planning tool. Its objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and finance leases.

We have financed its operations since inception through several private placements of equity securities, several contributions in kind, an initial public offering on Euronext Brussels and Paris, an initial U.S. public offering on Nasdaq and non-dilutive governmental support. Through the date of this Prospectus, the total gross proceeds of the placement of its securities amounted to €233 million (net proceeds of €215 million) and, the total non-dilutive funding amounted to €26.7 million. For information on its use of and policies regarding financial instruments, please see Note 3 and Note 21 included in its consolidated financial statements.

The following table sets forth its consolidated cash flows information for the years ended 31 December 2017 and 2016.

	Year ended 31 December,	
(€'000)	**2017**	**2016**
Net cash used in operations	(44,441)	(24,692)
Net cash used in investing activities	17,613	(30,157)
Net cash from financing activities	605	3,031
Net increase in cash and cash equivalents	**(26,224)**	**(51,818)**

In 2017, the net cash used in its operations amounted to €44.4 million and increased by €24.8 million compared to 2016. This increase is explained by:

- the decrease in its net licensing revenue by €5.0 million, mostly offset by the decrease in its research and development expenses by €4.7 million;
- the non-recurring expenses for the year, for which the cash component amounted to €13.3 million (compensation relating to the amendment of the agreements with Celdara Medical LLC and Dartmouth College);

The cash used in investing activities varied significantly compared to 2016. The variance is explained by the use of its short-term deposits to finance part of its operations (in 2017, the Company withdrew a net amount of €23.6 million from its short-term deposits, while in 2016 the Company invested a net amount of €26.9 million into short term deposits) and by the payment of a clinical development milestones to Celdara Medical LLC of €5.3 million.

Its net cash flow from its financing activities decreased by €2.4 million from €3.0 million in 2016. In 2017, the proceeds from non-dilutive funding cancelled out their repayments, while in 2016 the Company earned net proceeds from non-dilutive funding of €2.3 million (gross proceeds of €3.1 million, offset by repayments of €0.8 million).

The following table sets forth its consolidated cash flows information for the periods ended 30 June 2018 and 2017.

In May 2018, we raised approximately €46.1 million of gross proceeds via a global offering of our American Depositary Shares placed on Nasdaq and our ordinary shares placed on Euronext. Net proceeds of this transaction amounted to approximately €43.0 million.

Amounts due to the Walloon Region, booked as advances repayable, at June 30, 2018 correspond to the present value of expected future repayments of RCAs received, to support specific development programs related to C-Cath$_{ez}$ and CYAD-01. We are exposed to liabilities and contingent liabilities as a result of the RCAs we have received from the Walloon Region and the license agreement executed with Celdara Medical, LLC.

As of June 30, 2018, there is one RCA contract pending totaling €3.5 million of which €2.1 million has been effectively paid out to Celyad by the Walloon Region.

The following table sets forth our condensed interim consolidated cash flows information for the six-month periods ended June 30, 2018 and 2017.

(€'000)	**For the 6-month period ended June 30,**	
	2018	**2017**
Net cash used in operations	(13,877)	(14,469)
Net cash from/(used in) investing activities	10,124	(11,166)
Net cash from/(used in) financing activities	42,865	337
Change in net cash and cash equivalents	**39,112**	**(25,298)**

The cash outflow resulting from operating activities amounted to €13.9 million for the six months ended June 30, 2018 in line with the amount of €14.5 million for the six months ended June 30, 2017.

Cash flow from investing activities represented a net cash inflow of €10.1 million for the six months ended June 30, 2018, relating to proceeds from short-term investments. Cash outflows from investing activities observed in 2017 were mainly relating to the net investments in short-term deposits for an amount of €11.2 million.

Cash flow from financing activities represented a net cash inflow of €42.9 million in the first half of 2018 compared to €0.3 million for the first half of 2017. The cash inflow reported in the first half of 2018 relates mainly to the net proceeds from the capital increase occurred in May 2018.

11.5 Cash and Funding Sources

A summary of its 2018 (as of the date of this Prospectus), 2017 and 2016 funding activities is as follows:

(€'000)	Total	Equity capital	Finance leases	Loans
2016	1,165	—	371	794
2017	1,168	625	543	—
2018	46,152	46,152	—	—
Total financing	48,485	**46,777**	**914**	**794**

In 2018, the capital of the Company increased by €46.2 million as a result of a global offering made in May 2018 and exercise of warrants for total proceeds of €12 thousand.

In 2017, warrants were exercised for an equity capital proceeds amount of €0.6 million.

Further, most of its capital expenditures in 2017 related to laboratory and office equipment are financed with three-year maturity finance leases (€0.5 million), similar to years 2016 (€0.4 million) and 2015 (€0.5 million).

In 2016, the Company also contracted a bank loan to partially finance the leasehold improvements made in its new corporate offices.

Amounts received from the Walloon Region, booked as advances repayable, correspond to funding received under several RCAs, dedicated to supporting specific development programs related to CAR-T platform, THINK clinical study and C-Cath$_{ez}$ at the end of 2017.

The movements of the advances repayable recorded in 2017, 2016 and 2015 are summarized in the table below:

(€'000)	
Balance at January 1, 2016	11,382
+ liability recognition	—
- repayments	(842)
+/- other transactions including change of fair value	(2,102)
Balance at December 31, 2016	**8,438**
+ liability recognition	—
- repayments	(1,233)
+/- other transactions including change of fair value	(5,435)
Balance at December 31, 2017	**1,770**
+ liability recognition	—
- repayments	—
+/- other transactions including change of fair value	1,263
Balance at June 30, 2018	**3,033**

For the year 2017, the Company reversed an RCA liability amount of €5.4 million, relating to the decision of ceasing the exploitation of its product candidate C-Cure (Cardio business).

In 2018, we adjusted the fair value of the CAR-T and C-Cath$_{ez}$ contracts based on the estimated future cash inflows of these two asset families, resulting in a debt increase of €1.3 million.

In the future, until the Company can generate substantial product revenues, the Company expects to finance its cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, the ownership interests of its existing shareholders may be diluted, and the terms of these securities may include liquidation or other preferences that could adversely affect the rights of its common shareholders. Additional debt financing, if available, may involve agreements that include restrictive covenants that limit its ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends, that could adversely impact its ability to conduct its business.

If the Company raises funds through collaborations, strategic alliances or licensing arrangements with third parties, the Company may have to relinquish valuable rights to its technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favourable to the Company. If the Company is unable to raise additional funds through equity or debt financings when needed, the Company may be required to delay, limit, reduce or terminate its product development or future commercialization efforts or grant rights to develop and market product candidates that it would otherwise prefer to develop and market ourselves.

11.6 Contractual Obligations and Commitments

The following table discloses aggregate information about material contractual obligations and periods in which payments (principal only, interest amounts are not material and therefore not included) were due as of December 31, 2017. Future events could cause actual payments to differ from these estimates.

(€'000)	Total	Less than one year	One to three years	Three to five years	More than five years
As of December 31, 2017					
Finance leases [(1)]	909	427	461	21	—
Bank loan [(2)]	536	209	326	—	—
Operating leases [(3)]	3,759	857	1,289	725	888
Pension obligations	204	—	—	—	204
Advances repayable (current and non-current) [(4)]	1,770	226	412	248	884
Total	**7,178**	**226**	**412**	**248**	**1976**

(1) We financed most of its office and laboratory equipment through finance leases.
(2) The bank loan was originated in 2016 with an initial term of three years and is related to the leasehold improvements made in its new corporate offices in Belgium.
(3) The operating leases corresponded mainly to the lease agreements related to its offices and laboratories in Belgium and in the United States.
(4) Advances repayable corresponded to the present value of the future repayments related to the recoverable cash advance agreements contracted with the Walloon Region.

11.7 Capital Expenditures

We do not capitalize its research and development expenses until the Company receives marketing authorization for the applicable product candidate. At year-end 2017, all clinical, research and development expenditures related to the development of its CAR-T platform and C-Cure and are accounted for as operating expenses.

Its capital expenditures were €0.9 million and €1.8 million for the years ended December 31, 2017 and 2016 respectively. In 2017, the Company invested €0.9 million in the expansion and equipment of its R&D laboratories. The capital expenditures made in 2016 were mostly related to leasehold improvements made in its new corporate offices in Mont-Saint-Guibert and Boston.

In 2018, the Company anticipates new capital expenditures in its laboratories and manufacturing plant. We plan to finance most of these expenses through new finance leases.

We also completed the acquisitions of (i) OnCyte, LLC in January 2015, resulting in the recognition of a goodwill of €1.0 million and an in-process research and development of €38.3 million and (ii) Biological Manufacturing Services SA in May 2016 resulting in recognition of additional PPE for €1.3 million.

The non-current assets are detailed in the following table.

	As of 31 December,	
(€'000)	**2017**	**2016**
Intangible assets	36,508	49,566
Property, plant and equipment	3,290	3,563
Other long term financial assets	1,434	311
Total	**41,232**	**53,440**

The decrease observed in the caption intangible assets at year-end 2017 compared to year-end 2016 results of:

- an impairment of €7.2 million relating to Mayo Clinic (€6.0 million) and Corquest (€1.2 million) patents following the decision of the Group to focus all its resources on the immune-oncology assets;
- a currency translation adjustment of €4.8 million for USD depreciation towards EUR, on OnCyte underlying in-process research and development.

11.8 Off-Balance Sheet Arrangements

During the periods presented, the Company did not and do not currently have any off-balance sheet arrangements, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on its balance sheets.

During the periods presented, the Company had bank guarantees granted to the landlords of its Belgian and U.S. offices (€0.3 million). These bank guarantees will last until the termination of the respective lease agreements.

11.9 Critical accounting estimates

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 judgements 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 company's Board of directors considers mainly the following factors:

- the treasury available at balance sheet date
- the cash burn projected in accordance with approved budget for next 12-month period as from the date of the balance sheet

Recoverable Cash Advances received from the Walloon Region (RCAs)

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 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 company exploits the outcome of the research financed; and
- a remaining amount, which is repayable based on a royalty percentage of future sales milestones.

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 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 its Financial Statements.

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 provisions

The Group records a liability for the estimated fair value of contingent consideration arising from business combinations. The estimated amounts are the expected 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 its Financial Statements.

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 used for estimating fair value for share-based payment transactions are disclosed in its Financial Statements.

11.10 Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Its overall risk management program focuses on preservation of capital given the unpredictability of financial markets. For additional information on general risk factors, please see the section of this Prospectus 1 RISK FACTORS

Interest rate risk

Its 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 materiality of the exposure, the Group did not enter into any interest hedging arrangements.

Credit risk

We have a limited amount of trade receivables due to the fact that sales to third parties are not significant, and thus its 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.

Foreign Exchange Risk

We are exposed to foreign exchange risk as certain short-term deposits, collaborations or supply agreements of raw materials are denominated in USD. Moreover the Company has also investments in foreign operations, whose net assets are exposed to foreign currency translation risk (USD). So far, because of the materiality of the exposure, the Company did not enter into any currency hedging arrangements. No sensitivity has been performed on the foreign exchange risk as up till now the Company still considers this risk as immaterial.

We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Its functional currency is the Euro, but the Company has several of its product suppliers and clinical vendors invoicing US in

USD or in other currencies. In addition, the Company plans to convert a substantial portion of the proceeds from the global offering to Euros.

We have not established any formal practice to manage the foreign exchange risk against its functional currency. As of December 31, 2017, the Company had no trade receivables denominated in USD and had trade payables denominated in USD of $0.3 million.

Foreign exchange rate movements had no material effect on its results for the years ended December 31, 2016 and before. For the year ended December 31 2017, the Company recorded an unrealized foreign exchange loss of arising mainly from its cash and short-term deposits denominated in USD. Because of its growing activities in the United States, the foreign exchange risk may increase in the future.

In 2017, the percentage of its total costs expressed in USD represented 27.4% or $9.0 million. In the same period of 2016, it was respectively 29% or $11.5 million. In 2018 and beyond, the Company expects the part of the USD expressed costs will increase due to the establishing of the US team & offices as well as the large part of CAR-T NKG2D clinical studies to be initiated in the United States.

Liquidity Risk

Based on its current operating plans, the Company believes that the anticipated net proceeds of the global offering, together with its existing cash and cash equivalents and short-term investments and the expected cash inflows from its strategic collaborations, will be sufficient to fund its operations at least until the end of the first quarter of 2019.

11.11 Internal Control Over Financial Reporting

In connection with the audit of its consolidated financial statements for the year ended December 31, 2017, its management and independent registered public accounting firm identified material weaknesses in its internal control over financial reporting. We have a limited number of personnel in its finance department. The limited number of personnel does not (i) enable effective and proper segregation of duties, (ii) allow for appropriate monitoring of financial reporting matters and internal control over financial reporting, and (iii) allow an effective application and tracking of its current policies and procedures with respect to the review, supervision and monitoring of its accounting and reporting functions. As a result, a number of adjustments to its consolidated financial statements were identified and made during the course of its audit. The material weaknesses identified related to a lack of segregation of duties in its accounting and reporting functions and its lack of a sufficient number of personnel with an appropriate level of knowledge and experience in the application of IFRS.

As a consequence of this, its management determined there was a lack of an overall, formalized framework and common policies and procedures for financial consolidation and reporting, all of which are either not designed and in place or not operating effectively. As a result, a number of adjustments to its consolidated financial statements were identified and made during the course of the audit. These corrections had no impact on its consolidated income statements, the computations of its basic and diluted earnings per share, its consolidated statements of comprehensive income, its consolidated statements of changes in equity or its consolidated cash flow statements at and for the years ended December 31, 2016 and 2015.

As a result of the material weaknesses described above, the Company has concluded its internal control over financial reporting was not effective at December 31, 2017.

Notwithstanding this material weakness and management's assessment that internal control over financial reporting was ineffective as of December 31, 2017, its management, including its chief executive officer and chief financial officer, believes that the consolidated financial statements contained in this prospectus present fairly, in all material respects, its financial position, results of operations and cash flows for the periods presented in conformity with IFRS.

Management's Plan for Remediation

With the oversight of senior management and its audit committee, the Company continues to evaluate its internal control over financial reporting and has taken several remedial actions to address the material weakness that has been identified:

- Hiring of a senior Group Financial controller who has significant external reporting expertise, experience with establishing appropriate financial reporting policies, and experience in supporting, designing and implementing effective internal controls over financial reporting ;
- Hiring of a Head of Human Resources which has large experience in supporting, designing and implementing effective internal controls over people and payroll processes. Since 2017, its Head of HR has been dedicated to the performance or review of some of the company's payroll key controls;

- Implementation of a new accounting software, which allows improved accounting controls as well as enhanced financial reporting and financial control for management accounts purposes; and
- Increased focus on Entity-Level Controls (enhancement, design, and implementation of company's pervasive policies like Code of Ethics, Whistle Blowing or Compliance procedures driven by Legal department).
- Enhancement of segregation of duties and delegation of authorities over treasury and payroll processes. In particular, in January 2018, the Company have moved to a new payroll external services provider and to a new payroll software environment, which allows improved traceable access and edits to the payroll master file.

In 2018, the Company plans to design, draft and implement an overall, formalized framework and common policies and procedures for financial consolidation and reporting, with the objective of having such policies and procedures effective by mid-year 2018.

Limitations on Effectiveness of Controls and Procedures

Its management, including its Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or its internal control over financial reporting will provide absolute assurance that all appropriate information will, in fact, be communicated to management to allow timely decisions to be made or prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Additionally, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected or that its control system will operate effectively under all circumstances. Moreover, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

12 BUSINESS

12.1 Overview

Celyad SA ("the Company") and its subsidiaries (together, "the Group") is a clinical-stage biopharmaceutical company focused on the development of specialized CAR-T cell-based therapies. Celyad utilizes its expertise in cell engineering to target cancer. Celyad's Natural Killer Receptor based T-Cell (CAR-T NKR) platform has the potential to treat a broad range of solid and hematologic tumors.

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 12, B-1435 Mont-Saint-Guibert, Belgium (company number 0891.118.115). The Company's ordinary shares are listed on Euronext Brussels and Euronext Paris regulated markets and the Company's ADS are listed on the NASDAQ Global Market under the ticker symbol CYAD.

End of 2017, the group has four fully owned subsidiaries of which Biological Manufacturing Services SA is located in Belgium, and Celyad Inc, Corquest Medical Inc and OnCyte LLC in the United Sates. On March 8, 2018, all the assets and liabilities of Oncyte LLC were acquired by Celyad SA and Oncyte LLC was liquidated the day of the transaction.

In January 2015, the Company acquired another technology platform, a CAR-T NKR platform, invented at Darmouth College, NH, USA. Since 2016, the Company is exclusively focusing its resources on the development of the CAR-T NKR platform.

Between 2007 and 2016, the Company developed C-Cure, a cell therapy for the treatment of heart failure. The underlying technology platform was invented at Mayo Clinic, Rochester, MN, USA, and was exclusively licensed to Celyad. In 2016, the Group decided to focus all its resources on the development of the immuno-oncology assets acquired in January 2015, hence discontinue the development of the C-Cure asset.

Its lead drug product candidate, CYAD-01 (CAR-T-NKG2D), is an autologous chimeric antigen receptor, or CAR, using NKG2D, an activating receptor of Natural Killer, or NK, cells transduced on T-lymphocytes, or T cells. NK cells are lymphocytes of the immune system that kill diseased cells. The receptors of the NK cells used in its therapies target the binding molecules, called ligands, that are expressed in cancer cells, but are absent or expressed at very low levels in normal cells. We believe its CAR-T-NKG2D approach has the potential to treat a broad range of both solid and hematologic tumors.

We refer to section 11.1 Overview for further details on its activities.

12.2 Strategy

Its goal is to be a leader in engineered cell therapy treatments in immuno-oncology. The key elements of its strategy are as follows:

- **Rapidly advance CAR-NKG2D through clinical development and into commercialization for the treatment of AML and CRC**. CAR T-cell therapy is an emerging therapy for the treatment of some cancers, such as B-cell malignancies. We are currently enrolling patients in its THINK, SHRINK and LINK trials, and will soon be enrolling patients in DEPLETHINK, EPITHINK. If one or multiple trials are successful, the Company intends to progress CAR-NKG2D into later clinical stage development and potentially registration trials.
- **Leverage its expertise and knowledge of engineered-cell therapies to expand its CAR T-cell therapy drug product candidate pipeline**. The NKG2D receptor has ligands that are expressed in numerous types of cancer cells, including those associated with ovarian, bladder, breast, lung and liver cancers, as well as leukemia, lymphoma and myeloma.
- **Develop its allogeneic CAR T-cell technology**. We also have technology that the Company believes may enable the development of an allogeneic CAR T-cell therapy, where T-cells harvested from one patient are engineered into CAR T-cells that can be used in the treatment other patients without triggering an immune response. This could allow for the manufacture of an off the shelf CAR T-cell therapy product, which has the potential to transform the treatment of cancer.

12.3 Drug product candidates

Company Product Pipeline

Product	Indication	Clinical Study	Preclinical	Phase 1	Next Anticipated Milestones
CYAD-01	AML	THINK			Complete Dose Escalation
		Pre-conditioning			File IND
		Standard of Care			File IND
		SIBLINK			File IND
	CRC	THINK			Complete Dose Escalation
		SHRINK			First Patient First Visit
		LINK			First Patient Dosing
		Pre-Conditioning			File IND
CYAD-101 (Allogeneic)	CRC	SHRINK Allo			File IND

Introduction

Cancer is the second leading cause of death in the United States after cardiovascular diseases, according to the U.S. Centers for Disease Control and Prevention. According to the American Cancer Society, in 2014, there were an estimated 1.6 million new cancer cases diagnosed and over 550,000 cancer deaths in the United States alone. In the past decades, the cornerstones of cancer therapies have been surgery, chemotherapy and radiation therapy. Since 2001, molecules that specifically target cancer cells have emerged as standard treatments for a number of cancers. For example, Gleevec is marketed by Novartis AG for the treatment of leukemia, and Herceptin is marketed by Genentech, Inc. for the treatment of breast and gastric cancer. Although targeted therapies have significantly improved the outcomes for certain patients with these cancers, there is still a high unmet need for the treatment of these and many other cancers.

Below are the statistics regarding certain forms of solid and hematological cancers and their estimated death rates in the United States for 2017:

	2017 estimates for the United States	
	New cases	Deaths
Acute myeloid leukemia	21,380	11,960
Multiple myeloma	30,280	12,790
Colorectal cancer	135,430	50,260
Pancreatic cancer	53,670	43,090
Urinary bladder cancer	79,030	16,870
Ovary cancer	22,440	14,080
Triple negative breast cancer	30,620	>>4,900

Source: SEER, American Cancer Society

CAR T-Cell Therapy

The immune system has a natural response to cancer, as cancer cells express antigens that can be recognized by cells of the immune system. Upon recognition of a cancer antigen, activated T-cells release substances that kill cancer cells and

attract other immune cells to assist in the killing process. However, cancer cells can develop the ability to release inhibitory factors that allow them to evade immune response, resulting in the formation of cancers.

CAR T-cell therapy is a new technology that broadly involves engineering patients' own T-cells to express CARs so that these re-engineered cells recognize and kill cancer cells, overcoming cancer cells' ability to evade the immune response. CARs are comprised of the following elements:

- binding domains that encode proteins, such as variable fragments of antibodies that are expressed on the surface of a T-cell and allow the T-cell to recognize specific antigens on cancer cells;
- intracellular signaling domains derived from T-cell receptors that activate the signaling pathways responsible for the immune response following binding to cancer cells. This allows the T cell to trigger the killing activity of the target cancer cell once it is recognized; and
- costimulatory and adaptor domains, which enhance the effectiveness of the T-cells in their immune response.

Once activated, CAR T-cells proliferate and kill cancer cells directly through the secretion of cytotoxins that destroy cancer cells, and these cytokines attract other immune cells to the tumor site to assist in the killing process.

The CAR T-cell manufacturing process starts with collecting cells from a patient's blood. T-cells are then selected, following which the CAR is introduced into the T-cells using vectors. The CAR T-cells are then expanded prior to injection back into the patient.

Current Investigational Treatments of Cancer Using CAR T-Cells

CAR-T cell therapy is an emerging approach for the treatment of some cancers, such as B-cell malignancies.

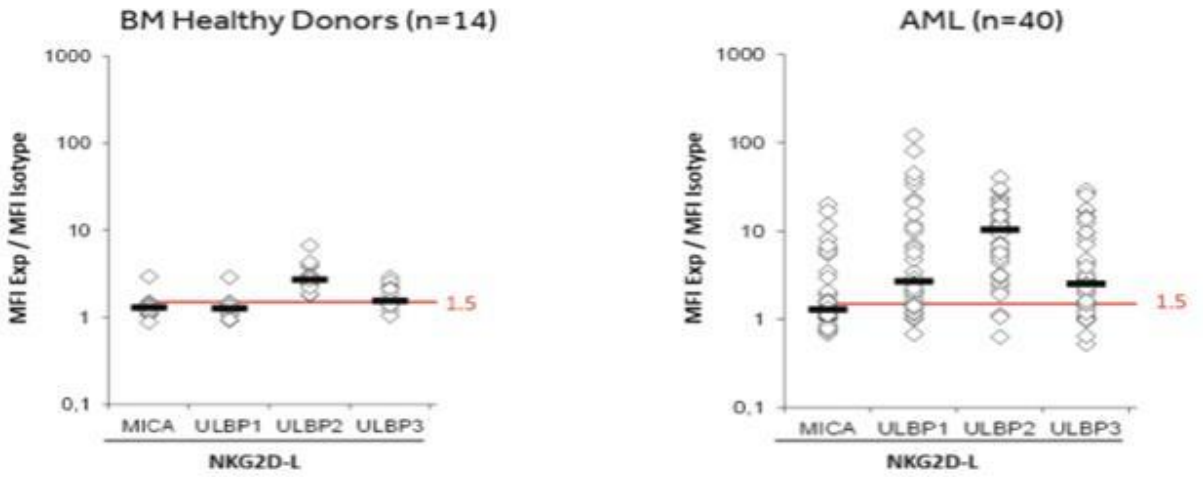
CAR CD19 is the most studied CAR. CAR CD19 has an antigen binding domain that recognizes the CD19 antigen that is present on all B lymphocytes. This means that if a cancer originates from B lymphocytes, such as Acute Lymphoblastic Leukemia (ALL), then a CAR bearing the CD19 antibody could potentially recognize it and destroy it. Indeed, results of a clinical trial reported in the New England Journal of Medicine in October 2014 demonstrated that CAR CD19 CAR therapy was effective in treating patients with relapsed and refractory ALL. Treatment was associated with a complete remission rate of 90% and sustained remissions of up to two year after treatment. Despite its promise, CAR CD19 therapy is inherently limited to the treatment of B-cell malignancies. CAR CD19 also targets normal B lymphocytes leading to the need to treat those patients with gamma globulins.

Its Approach

Its lead drug product candidate, CYAD-01, is an autologous CAR-T cell therapy that uses the native sequence of NKG2D in the CAR construct. In CYAD-01, the human natural sequence of NKG2D is expressed outside the T cell and bound to an intracellular domain called CD3 Zeta. This intracellular domain is used in most other CARs and is responsible for the activation of the T cell once NKG2D recognizes and binds to its target. In addition, the complex NKG2D CD3 Zeta binds to endogenous DAP 10, which is a co-stimulatory molecule present on T cells, which means that the activation triggered by the primary stimulatory chain CD3 Zeta is further strengthened by DAP 10, a secondary or co-stimulatory domain.

NKG2D receptor ligands are expressed in numerous solid tumors and blood cancers, including ovarian, bladder, breast, lung and liver cancers, as well as leukemia, lymphoma and myeloma. In preclinical studies, the Company has observed bioactivity of CYAD-01 when as few as 7% of the cancer cells within a given cell population expressed a NKG2D receptor ligand.

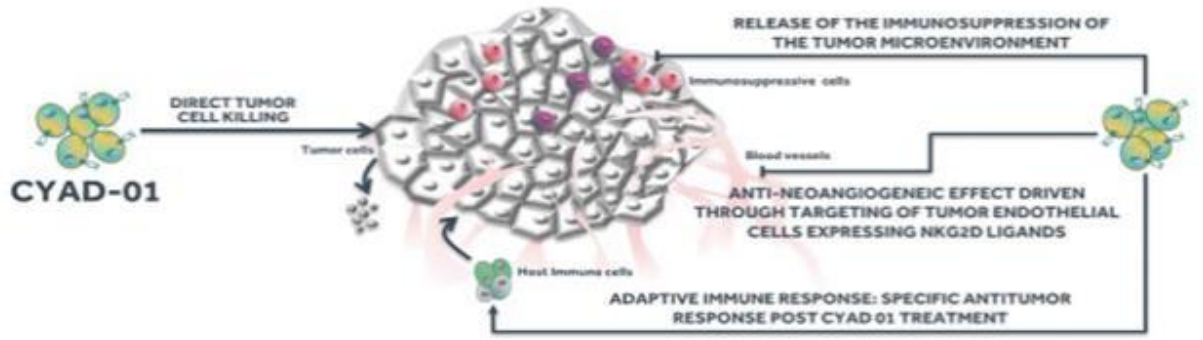
Cells under stress induced by factors such as viral infection, cancer or inflammation express the ligands recognized by the NKG2D receptor, which is naturally present on NK cells. Eight NKG2D ligands have been characterized (namely ULBP families 1 to 6, MICA and MICB). Those ligands are a signal for NK cells that the stressed cells are malfunctioning and should be destroyed. NKG2D ligands are present in most cells, but their expression at the cell surface is tightly regulated, meaning that expression at the cell surface is absent or limited in healthy cells but overexpressed in infected or stressed cells. Preclinical studies have demonstrated that multiple solid and hematological cancer tumors express one or more NKG2D ligands. However, in preclinical studies the Company has not observed the cell surface expression of NKG2D ligands in healthy tissue.



In addition, preclinical mouse studies conducted by Charles Sentman, Ph.D., of its academic collaborator Dartmouth College, have demonstrated that CAR-T NKG2D may have bioactivity beyond a direct cytotoxic effect of the CAR on the targeted tumor cell. Three additional potential modes of such activity are:

- Both regulatory T cells that modulate the immune system and bone marrow immune cells, called myeloid-derived suppressor cells (MDSCs), were shown to express NKG2D ligands when they are present in tumors. Hence, those immune suppressive cells are also a target of CYAD-01, thereby potentially suppressing immune inhibition in the tumor cell.
- Cells from rapidly dividing micro vessels in the tumor mass were shown to express NKG2D ligands. Hence, the blood supply to the tumor is a potential target of CYAD-01.
- In animals in which the tumors were eliminated following the administration of CAR-T NKG2D, a re-challenge by the same tumor cell line was ineffective, rendering the animal potentially "immunized" against this tumor cell line. Surviving animals challenged with other tumor cell lines showed evidence of tumor growth.

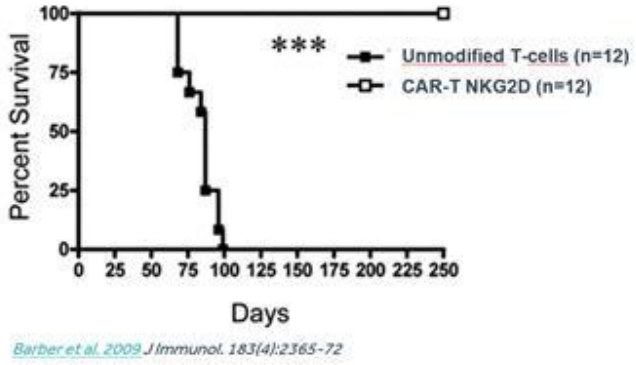
CYAD-01 Multi-Faceted Attack on the Tumor



Preclinical Development

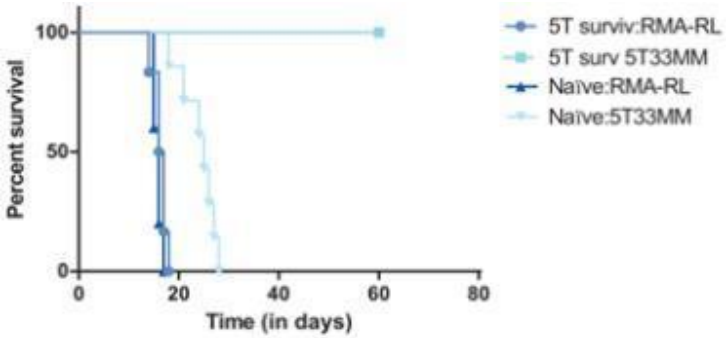
CYAD-01 has been tested in preclinical models of solid and blood cancers, including lymphoma, ovarian cancer, melanoma and myeloma. In preclinical studies, treatment with CYAD-01 significantly increased survival. In studies, 100% of treated mice survived through the follow-up period of the applicable study, which in one study was 325 days. All untreated mice died during the follow-up period of the applicable study.

In one representative study, as shown in the figure below, the treatment with CYAD-01 completely prevented tumor development in mice injected with ovarian cancer cells and followed over a period of 225 days. In contrast, all mice injected with ovarian cancer cells that were treated with unmodified T-cells developed cancerous tumors and died during that period.



Its preclinical models have shown that administration of CYAD-01 is followed by changes in a tumor's micro-environment resulting from the local release of chemokines, a family of small cytokines.

In a preclinical study, mice that had been injected with 5T33MM cancer cells (a myeloma cancer) and treated with CYAD-01 were rechallenged, either with the 5T33MM cancer cells or a different tumor type (RMA lymphoma cells). The mice that were rechallenged with the same tumor type survived, while the mice that were challenged with a different tumor type died, as shown in the figure below. Of note, at the time of the re-challenge of the surviving animals, no CYAD-01 was detected in the animals, hence the protection against the original tumor is linked to an adaptive immunity mechanism.



We do not believe that this effect has been observed with other CARs.

Moreover, preclinical studies have suggested that CYAD-01 could potentially have a direct effect on tumor vasculature. Tumor vessels express ligands for the NKG2D receptor that are not generally expressed by normal vessels. We believe that this expression may be linked to genotoxic stress, hypoxia and re-oxygenation in tumors and therefore that CYAD-01 could potentially inhibit tumor growth by decreasing tumor vasculature, which enhances the activity through a virtuous circle of anoxia of tumor cells and increased ligand expression of tumor cells.

Preclinical studies also suggest that CYAD-01 is active without lymphodepletion conditioning, which is the destruction of lymphocytes and T-cells, normally by radiation. We believe this absence of a pre-conditioning regimen may significantly expand the range of patients eligible for CAR T-cell treatment, reduce costs, reduce toxicity and thereby improve patient experience and acceptance.

No significant toxicology findings were reported from preclinical multiple-dose studies at dose levels below 10^7 CYAD-01 per animal. Some temporary weight loss was noted in animals treated with CYAD-01 at doses of $2x10^7$ per animal, a dose practically unattainable in human equivalents.

Clinical Development Program

The CM-CS1 Phase 1 Clinical Trial

In December 2016, results from the first clinical trial of CYAD-01, called the CM-CS-1 trial, were presented at the American Society of Hematology, or ASH, Annual Meeting. The CM-CS-1 trial was a Phase 1 dose escalation clinical trial conducted at the Dana-Farber Cancer Institute in patients with AML and multiple myeloma, or MM. Patients received doses from 1×10^6 up to 3×10^7 CAR-T NKR-2 in a single intravenous injection. One AML patient treated with the highest dose level was observed to have normalized hematologic parameters for six months following treatment. No serious treatment-related adverse events were reported at the four doses tested in this trial, and signs of clinical activity were observed.

THINK Phase 1 Clinical Trial

Overview

In December 2016, the Company initiated the THINK (THerapeutic Immunotherapy with NKr-2) trial, a multinational (E.U./U.S.), open-label Phase 1 clinical trial to assess the safety and clinical activity of multiple administrations of CYAD-01 in seven metastatic tumor types, including five solid tumors (colorectal, ovarian, bladder, triple-negative breast and pancreatic cancers) and two hematological tumors (AML and MM) in patients who did not respond to or relapsed after first and second line therapies. CYAD-01 is administered as a monotherapy in patients without chemotherapy preconditioning.

The trial contains two consecutive segments: a dose escalation segment with two arms (one in solid tumor types and one in hematological tumor types) at three dose levels adjusted to body weight (up to $3x10^8$, $1x10^9$ and $3x10^9$ CAR-T NKR-2 cells) and an expansion phase that includes seven tumor types (five solid tumors and two hematological tumors). At each dose, the patients are intended to receive three successive administrations of the specified dose, two weeks apart. The dose escalation part of the study is expected to enroll up to 36 patients while the extension phase is planned to enroll up to 86 patients. The primary endpoint of the dose escalation segment is a safety endpoint—the occurrence of dose limiting toxicities in patients during the treatment until 14 days after the last treatment. The primary endpoint in the expansion segment is objective response rate.

Interim Clinical Data as of December 31, 2017

As of December 31, 2017, the Company had treated 15 patients with CYAD-01 drug product in the THINK trial. Patients have been treated at the first and/or second dose level in both the solid and hematological tumor cohort of the dose escalation part of the trial. We are currently enrolling patients for the third dose level phase in the solid tumor cohort and completing the second dose level phase in the hematological arm.

As of December 31, 2017, the Company did not observe the same Grade 4 or above adverse event in two or more patients and no patient experienced a Grade 5 adverse event. No patient experienced an adjudicated Grade 4 or higher CRS adverse event or neurotoxic adverse event.

Data as of December 31, 2017

Adverse Events (AEs)	Grade 3	Grade 4	Grade 5	Total % of Patients
	Events (Patients)	Events (Patients)	Events (Patients)	
Anaemia	3			
.....	(2)	—	—	13.3%
Back pain	3			
.....	(2)	—	—	13.3%
Febrile neutropenia	3			
.....	(2)	—	—	13.3%
General physical health deterioration	2			
.....	(2)	—	—	13.3%
Hypophosphataemia	4			
.....	(2)	—	—	13.3%
Lymphocyte count decreased	5	1		
.....	(2)	(1)	—	20.0%

Data as of December 31, 2017

Adverse Events (AEs)	Grade 3 Events (Patients)	Grade 4 Events (Patients)	Grade 5 Events (Patients)	Total % of Patients
Hypoxia		1		
.....	—	(1)	—	6.7%

Grade 1 : Mild; asymptomatic or mild symptoms; clinical or diagnostic observations only; intervention not indicated.
Grade 2 : Moderate; minimal, local or non-invasive intervention indicated; limiting age-appropriate instrumental Activities of Daily Living (ADL). Instrumental ADL refer to preparing meals, shopping for groceries or clothes, using the telephone, managing money, etc.
Grade 3 : Severe or medically significant but not immediately life-threatening; hospitalization or prolongation of hospitalization indicated; disabling; limiting self care ADL. Self care ADL refer to bathing, dressing and undressing, feeding self, using the toilet, taking medications, and not bedridden.
Grade 4 : Life-threatening consequences; urgent intervention indicated.
Grade 5 : Death related to AE.

All adverse events if occurred in ≥ 2 patients and if Grade 3 or below. All events if Grade 4 or above.

Solid (n=8) and hematologic (n=7) cancer patients.

Dose-level 1 (solid and hematologic cohorts) and dose-level 2 (solid cohort and one patient hematologic cohort).

Of the 15 patients treated as of December 31, 2017, 10 were dosed at the per-protocol intended dose and five were treated at a dose lower than the per-protocol intended dose due to an inability to obtain sufficient cell numbers in the drug product using its prior manufacturing method. See "—Manufacturing" below. No patient received chemotherapy preconditioning prior to administration of CYAD-01.

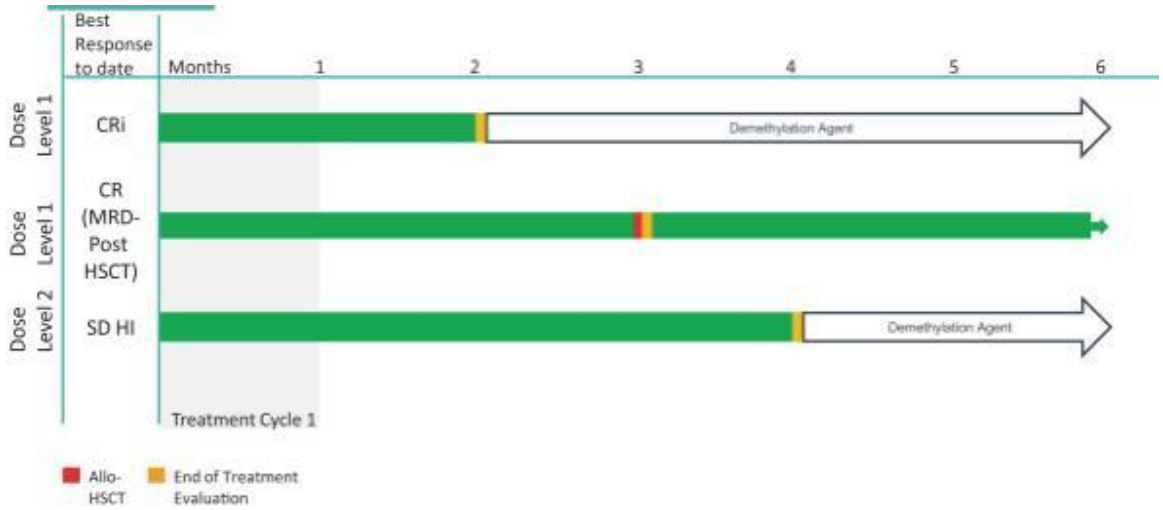
In six of the 10 patients treated at the per-protocol intended dose the Company observed signs of clinical activity ranging from Stable Disease (SD) to Complete Response (CR). Signs of clinical activity were observed in patients with AML, CRC and ovarian cancer. No signs of clinical activity were observed in patients treated with a dose lower than the per-protocol intended dose.

Based on the interim individual data of patients treated, the Company believes that a second cycle of therapy may be beneficial in strengthening the responses seen to date, and the Company plans to evaluate this approach in future clinical trials. See "—Future Clinical Development" below.

AML Cohort

In all three AML patients treated at the per-protocol intended dose the Company observed signs of clinical activity as summarized below. A fourth AML patient was treated at a dose lower than the per-protocol intended dose and did not show signs of clinical activity.

Evidence of Clinical Activity in 3/3 Relapsed/Refractory AML Patients Treated at the Specified Dose



CRi: Complete remission with incomplete hematological recovery
CR (MRD-): Complete response without minimal residual disease
SD HI: Stable disease with hematological improvement
HSCT: Hematopoietic stem cell transplant

One patient receiving the first dose level showed a CR with incomplete hematological recovery. Another patient receiving the first dose level showed morphological leukemia free status (MLFS) (defined as bone marrow blast count under 5%), with a bone marrow blast count at 2%. Blood cell parameters for this patient were close to, but did not meet, the lower cut off for a CR (defined as platelets above 100,000/mm^3 and neutrophils above 1,000/mm^3) with platelets at 95,000/mm^3 and neutrophils at 950/mm^3. This patient underwent hematopoietic stem cell transplantation (HSCT) made possible by the MLFS status, and has since further improved to CR with negative minimal residual disease (MRD) (defined as no detection of tumor cells by high sensitivity methods). One patient receiving the second dose level showed SD at the two-month follow-up with reduction in blasts and improvement in hematological parameters.

CRC Cohort

In two of four CRC patients treated at the per-protocol intended dose, the Company observed signs of clinical activity. These two patients showed SD at the three-month follow-up date, both receiving the first dose level. A fifth CRC patient was treated at a dose lower than the per-protocol intended dose and did not show signs of clinical activity.

Ovarian Cancer Cohort

In the only ovarian cancer patient treated at the per-protocol intended dose—in this case, the second dose level—the Company observed SD at the two-month follow-up date. A second ovarian cancer patient was treated at a dose lower than the per-protocol intended dose and received only one injection before withdrawing from the study.

Nature of Interim Data

It should be noted that the interim data summarized above are current as of December 31, 2017 and are preliminary in nature. Its THINK trial is not complete. It should also be noted that all of the patients treated prior to December 31, 2017 were treated using drug product candidate manufactured using its prior manufacturing process. See "—Manufacturing" below. There is limited data concerning safety and clinical activity following treatment with its CYAD-01 drug product candidate. These results may not be repeated or observed in ongoing or future studies involving its CYAD-01 drug product candidate.

Interim Clinical Data as of May 2018

In January 2018, we announced that we had modified our manufacturing process to include a monoclonal antibody (mAb) that inhibits NKG2D expression on the T cell surface during production. We believe that this mAb manufacturing process will enable us to consistently manufacture drug product with significantly higher cell numbers than our legacy manufacturing process. Since we introduced the mAb manufacturing process, each batch of drug product manufactured for the THINK trial has successfully produced cells of the desired quality and cell count. The first patient in our THINK trial to be administered drug product manufactured using the mAb manufacturing process was treated in January 2018.

As of April 5, 2018, the date of our most recent interim safety report for the THINK trial, we had collected safety data from 20 patients treated with CYAD-01 in the THINK trial. Of the 20 patients included in the interim safety report for the THINK trial, two patients experienced a Grade 4 serious adverse event. One of these patients, who was enrolled in the hematologic cohort, experienced respiratory failure and other Grade 4 adverse events after administration of dose level one of CYAD-01. The other patient, who was in the solid tumor cohort, experienced cytokine release syndrome and other Grade 4 adverse events after administration of dose level three of CYAD-01, which was adjudicated as a dose-limiting toxicity (DLT). Those two patients recovered from their Grade 4 events but subsequently passed away due to general health deterioration, a Grade 5 event that was deemed to be unrelated to administration of CYAD-01. In accordance with the protocol for the THINK trial, we plan to treat three more patients at dose level three in the solid tumor cohort in order to establish the maximum tolerated dose.

THINK Trial: As of April 5, 2018

Adverse events (AE)	**Grade 3 events (patients)**	**Grade 4 events (patients)**	**Grade 5 events (patients)**	**Total % patients**
Lymphocyte count decreased	**5(3)**	**3(3)**		**30%**
Platelet count decreased	**2(2)**	**1(1)**		**15%**
Hypophosphatemia	**2(2)**			**10%**
Anemia	**3(2)**			**10%**
Cytokine release syndrome	**2(2)**	**1(1)**		**15%**

Adverse events (AE)	Grade 3 events (patients)	Grade 4 events (patients)	Grade 5 events (patients)	Total % patients
Back pain	**3(2)**			**10%**
Sepsis		**1(1)**		**5%**
Hypoxia		**1(1)**		**5%**
Pneumonitis		**1(1)**		**5%**
Acute respiratory distress syndrome		**1(1)**		**5%**
Vertigo		**1(1)**		**5%**
General physical health deterioration			**2(2)**	**10%**

Reflects all Grade 3 adverse events if such events occurred in ≥ 2 patients; reflects all events if Grade 4 or above.

Includes patients dosed as follows: Dose-levels 1 and 2 (solid and hematologic cohorts); dose-level 3 (solid cohort — three patients).

The adverse event data disclosed above is preliminary and subject to further review, and classifications of adverse events classified above may change as a result of such further analysis.

Based on the promising interim results of the THINK trial, we plan to further evaluate CYAD-01 in a series of additional Phase 1 clinical trials in patients with acute myeloid leukemia (AML) and colorectal cancer (CRC).

- The first study, called the SHRINK trial (Standard cHemotherapy Regimen and Immunotherapy with NK2GD), is designed to assess the safety and clinical activity of multiple administrations of CYAD-01 concurrently with a conventional chemotherapy (FOLFOX) for CRC as first line therapy, with the goal of reducing liver metastasis and allowing for surgical resection. The open-label trial will be conducted in up to 30 patients with histologically confirmed CRC and potentially resectable liver metastases. The trial will contain two consecutive segments: a dose-escalation segment and an expansion segment. The dose-escalation segment will employ a 3+3 design to determine the recommended dose on the basis of DLTs. Three dose levels will be assessed: $1x10^8$, $3x10^8$, and $1x10^9$ CAR-T-NKG2D cells in 9 total patients. At each dose, the patients are intended to receive three successive administrations of the specified dose, two weeks apart. In the expansion segment, 21 patients will be treated at the recommended dose defined in the first segment, concurrently with FOLFOX. The primary endpoint of the dose-escalation segment is the occurrence of DLTs in patients in the first 14 days following first administration of CYAD-01. The primary endpoint of the expansion segment is the objective response rate before resection as measured by Response Evaluation Criteria In Solid Tumors (RECIST). This trial is being conducted outside the United States.
- The second study, called the LINK trial (Locoregional Immunotherapy with NKG2D), is designed to assess the safety and clinical activity of multiple administrations of CYAD-01 in the hepatic artery in CRC patients with primarily liver metastasis. This patient population has non-resectable liver metastasis, and we hope to demonstrate the ability of CYAD-01 to stabilize the disease, allowing longer progression free survival, and/or increase the resectability rate of the metastases in this population. The LINK trial will be conducted in up to 18 patients with three administrations of CYAD-01, two weeks apart. This trial also employs a 3+3 dose escalation design and will assess $3x10^8$, $1x10^9$ and $3x10^9$ dose levels. The primary endpoint is the occurrence of DLTs in the first 14 days following first administration of CYAD-01. This trial is being conducted outside the United States.

In May 2018, we announced that we had successfully administered CYAD-01 to the first patient in each of our SHRINK and LINK trials. Neither of the two patients treated with CYAD-01 in the SHRINK and LINK trials has been reported to have experienced a Grade 4 or higher adverse event. We plan to initiate a third dose in the AML arm in May 2018, and complete the recruitment of three additional CRC patients at the higher dose by mid-2018. In 2018, all patients were dosed with our new production process adopted in December 2017.

In addition to these two CRC studies, we are currently designing protocols for two Phase 1 clinical trials in AML patients. The DEPLETHINK trial is designed to evaluate CYAD-01 in combination with a conventional preconditioning program in relapsed or refractory AML patients, and the EPITHINK trial is designed to evaluate CYAD-01 as a first line AML therapy in combination with the hypomethylating agent 5-Azacytidine in patients unfit to undertake standard induction treatment. We are also considering a trial, called the SIBLINK trial, to evaluate the administration of CYAD-01 to AML patients who have relapsed after a bone marrow transplant, using T cells from the bone marrow donor. If successful, this approach could potentially open access to a different patient population that does not currently have access to effective treatments.

Future Clinical Development

AML Clinical Development Program

Based on the promising interim results of the THINK trial, the Company intends to further explore the administration of CYAD-01 in AML patients.

AML is one of the deadliest cancers in hematological malignancies, with a five-year survival rate of 26.9%. Currently the only available potentially curative therapy for AML is allogenic HSCT. However, this approach has significant limitations, including difficulties in finding appropriate genetically-matched donors and the risk of transplant-related rejection, graft-versus-host disease, or GVHD, and mortality, and is therefore typically only available on a limited basis. First line therapies can result in a complete response, but the risk of relapse is high. Until 2017, there were no therapies approved

by the U.S. Food and Drug Administration, or FDA, for relapsed refractory patients. We estimate the incidence of AML in the United States is approximately 21,830 new cases per year.

As an initial matter, as the Company seeks to complete the dose escalation phase of the THINK trial, the Company plans to recruit only AML patients for the hematological tumor arm. We also plan to evaluate the effect of a second cycle of treatment in AML patients who have responded to an initial cycle of treatment, as part of the THINK trial.

In addition, the Company is designing a protocol for a new Phase 1 clinical trial in AML patients that would administer CYAD-01 after patients have undergone a conventional chemotherapy preconditioning program, which is intended to provide an environment for the engineered T cells to thrive, and could result in a higher rate of objective response. However, because chemotherapy preconditioning can lead to undesirable side effects, the Company expects that a proper risk-benefit ratio will be considered and contrasted with a monotherapy approach as the Company progresses this program into later stages of clinical development. Subject to its agreement with the applicable regulatory bodies on the protocol for this trial, the Company plans to initiate this trial in the third quarter of 2018. In addition, the Company is designing a protocol for a Phase 1 clinical trial that would evaluate the administration of CYAD-01 in combination with standard-of-care (SOC) therapy. We expect this trial would be initiated after the preconditioning trial is initiated, subject to agreement with applicable regulatory bodies.

Lastly, the Company is considering a trial to evaluate the administration of CYAD-01 in AML patients who have relapsed after a bone marrow transplant, using T cells from the bone marrow donor. If successful, this approach could potentially open access to a different patient population that does not currently have access to effective treatments.

CRC Clinical Development Program

Based on the promising interim results of the THINK trial, the Company intends to further explore the administration of CYAD-01 in CRC patients.

CRC is the third most diagnosed cancer and the second in terms of deaths. The median progression free survival rate of patients treated with the current standards of care (regorafinib or trifluridine/tipiracil) is between 1.9 and 3.2 months. We estimate the incidence of CRC in the United States is approximately 134,000 new cases per year.

Similar to its planned approach in AML, the Company plans to evaluate the effect of a second cycle of treatment in CRC patients that have responded to an initial cycle of treatment, perhaps as part of the THINK trial, subject to its amending the protocol for this trial. We are also considering evaluating CYAD-01 in CRC patients after patients have undergone a conventional chemotherapy preconditioning program.

In addition, the Company has initiated in 2018 two open-label Phase 1 clinical studies to further evaluate CYAD-01 in CRC patients:

- The first study, called the SHRINK trial (Standard cHemotherapy Regimen and Immunotherapyy with NKR-2), is designed to assess the safety and clinical activity of multiple administrations of CYAD-01 concurrently with a conventional chemotherapy for CRC called FOLFOX as first line therapy, with the goal of reducing liver metastasis and allowing for surgical resection. This trial is being conducted outside the United States and is currently open for enrollment.

- The second study, called the LINK trial (Locoregional Immunotherapy with NKR-2), is designed to assess the safety and clinical activity of multiple administrations of CYAD-01 in the hepatic artery in CRC patients with primarily liver metastasis. This patient population has non-resectable liver metastasis, and the Company hopes to demonstrate the ability to stabilize the disease, allowing longer progression free survival, and/or increase the resectability rate of the metastasis in this population. This trial is being conducted outside the United States and is currently open for enrollment.

Allogenic Platform

While autologous CAR-T cells have yielded impressive results in B cell malignancies, addressing larger indications such as CRC using the current centralized manufacturing paradigm may be more challenging, at least from a cost and logistical perspective. However, the Company believes that an allogeneic approach must address two key challenges: (1) graft versus host disease (GvHD) which is the rejection of the patient tissues by the grafted cells, and (2) rejection of the graft by the host immune system, or transplant rejection. GvHD is mediated by the T Cell Receptor (TCR) complex on T lymphocytes. We have developed a method to interfere with the TCR signaling through the expression of a TCR Inhibiting Molecule (TIM). In preclinical mouse models, the Company observed that mice treated with TIM transduced T cells did not demonstrate GvHD, while 80% of the animals treated with control T cells died from GvHD within a 50 day window. In addition, the Company demonstrated in a similar mouse model bearing a colorectal cancer that the antitumor activity

of CYAD-101 (the allogeneic version of its CYAD-01 drug product candidate) is maintained. We plan to initiate clinical development of CYAD-101 in 2018, subject to discussions with applicable regulatory authorities.

12.4 Manufacturing

We recently modified the manufacturing process the Company uses to produce its CYAD-01 drug product candidate, in order to significantly increase the yield of T cell expansion in the drug product candidate the Company produces, while at the same time aiming to reduce process complexity and cost.

Until recently, its CYAD-01 drug product candidate was manufactured using a process, which the Company refers to as the LY process, intended to reduce the co-expression of NKG2D and stress ligands induced by the manufacturing process. However, this reduction of the co-expression was not sufficient, especially at higher doses, and yielded a higher than anticipated fratricide effect; that is, the expressed T cells in the drug product candidate would kill each other or kill themselves. As a result, the LY process failed to consistently produce the required number of T cells in the drug product candidate, resulting in some cases in its inability to manufacture drug product candidate consistent with the protocol for its THINK trial. All 15 patients treated in the THINK trial as of December 31, 2017 were treated with drug product manufactured using the LY process. Of these 15 patients, 10 were dosed at the per-protocol intended dose and five were treated at a dose lower than the per-protocol intended dose due to its inability to obtain sufficient cell numbers in the drug product candidate using this manufacturing method.

In response to these manufacturing challenges, the Company modified the manufacturing process to include a monoclonal antibody (mAb) that inhibits NKG2D expression on the T cell surface during production. This method has the potential to yield significantly higher cell numbers than the LY process. We have evaluated this new manufacturing process, which the Company refers to as the mAb process, in both *in vivo* and *ex vivo* models, in order to demonstrate reproducibility and comparability, and its THINK protocol has been amended for this new approach.

The first patient in its THINK trial to be administered drug product candidate manufactured using the mAb process was treated in late January 2018. As of the date of this prospectus, four patients have been dosed using the new process. To date, no critical safety issues related to the cell therapy have been reported. There can be no assurance that drug product candidate manufactured using the mAb process will have similar or improved safety and clinical activity compared to drug product candidate manufactured using the LY manufacturing process.

In addition, the Company is seeking to develop an automated and closed system to manufacture its cells, with minimal human interactions, with a goal of further reducing manufacturing costs, minimizing operator errors and allowing the manufacturing process to be run in lower grades or classified manufacturing space. This concept could potentially be deployed as a point-of-care manufacturing system in the future.

12.5 Commercialization

Given the developmental stage its CAR T-cell platform, the Company has not yet developed a commercialization plan for its CAR T-cell drug product candidates.

12.6 Licensing and Collaboration Agreements

Dartmouth College and Celdara

Background

In January 2015, the Company entered into a stock purchase agreement with Celdara Medical, LLC, or Celdara, pursuant to which the Company purchased all of the outstanding membership interests of OnCyte, LLC, or OnCyte. In connection with this transaction, the Company, Celdara and OnCyte entered into an asset purchase agreement pursuant 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 connection with the asset purchase agreement, OnCyte and Celdara entered into a services agreement under which Celdara provided certain development activities related to the development of CAR-T products.

Amended Asset Purchase Agreement

On August 3, 2017, the Company, Celdara and OnCyte, its wholly-owned subsidiary, 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 its 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 its 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, OnCyte is obligated to make certain development-based milestone payments to Celdara up to $40.0 million for its clinical-stage product candidate (using autologous NKR-2 T-cells), the first product candidate in the first of four defined product groups. We are also obligated to make certain development-based milestone payments up to $36.5 million for the first product candidate in one of three additional defined preclinical-stage product groups. Under the prior agreement these payments were payable once per licensed product whereas under the amended asset purchase agreement these payments are now payable for the first CAR-T product in each of these four defined CAR-T product groups. We are also obligated to make sales-based milestone payments up to $76.0 million for the first CAR-T product in the first of the four defined CAR-T product groups and up to $80.0 million for the first CAR-T product in the next three defined CAR-T product groups. Under the amended asset purchase agreement, OnCyte is required to make tiered single-digit royalty payments to Celdara in connection with the sales of CAR-T products within each of the four defined CAR-T product groups, subject to reduction in countries in which there is no patent coverage for the applicable product or in the event OnCyte is required to secure licenses from third parties to commercialize the applicable product. Such royalties are payable on a product-by-product and country-by-country basis until the later of (i) the last day that at least one valid patent claim covering the applicable product exists, or (ii) the tenth anniversary of the day of the first commercial sale of the applicable product in such country.

Under the amended asset purchase agreement, in lieu of royalties previously payable on sales by sublicensees, OnCyte is now 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. These percentages will be applied on a product-by-product basis to each payment included within sublicense income that is attributable to the grant of rights in, or the achievement of a milestone with respect to a specific product that is subject to, such sublicense. Under the amended asset purchase agreement, OnCyte is required to pay Celdara a single-digit percentage of any research and development funding received by OnCyte for each of the four defined CAR-T product groups, 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.

In connection with the amended asset purchase agreement, OnCyte and Celdara terminated the services agreement related to certain development activities related to the development of CAR-T products in consideration of a cash payment to Celdara in the amount of $0.9 million out of the $1.8 million remaining contractual amount.

Amended Dartmouth License

As described above, as a result of its acquisition of all of the outstanding membership interests of OnCyte and the asset purchase agreement among the Company, Celdara and OnCyte, OnCyte became its 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. On August 2, 2017, OnCyte and Dartmouth entered into an amendment agreement in order to combine OnCyte's rights under B7H6 Agreement with OnCyte's 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, OnCyte paid Dartmouth a non-refundable, non-creditable amendment fee in the amount of $2.0 million, charged to the income statement of 2017 as part of the costs of the amendments of the Celdara and Dartmouth agreements.

Under the amended license agreement, Dartmouth granted OnCyte 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 Company under the amended license agreement, OnCyte 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 OnCyte, 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,

OnCyte is now 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. These percentages will be applied on a product-by-product basis to each payment included within sublicense income that is attributable to the grant of rights in, or the achievement of a milestone with respect to a specific product that is subject to, such sublicense. Additionally, the agreement requires that OnCyte exploit the licensed products, and OnCyte has agreed to meet certain developmental and regulatory milestones. Upon successful completion of such milestones, OnCyte 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 OnCyte fails to meet the specified minimum net sales obligations for any year, unless OnCyte pays to Dartmouth the royalty OnCyte would otherwise be obligated to pay had OnCyte met such minimum net sales obligation. Dartmouth may also terminate the license if OnCyte fails to meet a milestone within the specified time period, unless OnCyte pays the corresponding milestone payment. Either party may terminate the agreement in the event the other party defaults or breaches any of the provisions of the agreement, subject to 30 days' prior notice and opportunity to cure. In addition, the agreement automatically terminates in the event OnCyte becomes insolvent, make an assignment for the benefit of creditors or file, or have filed against the Company, a petition in bankruptcy. Absent early termination, the agreement will continue until the expiration date of the last to expire patent right included under the agreement in the last to expire territory. We expect that the last to expire patent right included under this agreement will expire in 2033, absent extensions or adjustments.

In its 2017 consolidated financial statements, the Company valued the financial consequences of the amended Asset Purchase Agreement and the Dartmouth License to €24,341k.

Dissolution of OnCyte

In March 2018, the Company dissolved and wound up the affairs of its wholly owned subsidiary OnCyte, LLC, or OnCyte, pursuant to the Delaware Limited Liability Company Act. As a result of the dissolution of OnCyte, all the assets and liabilities of OnCyte, including the contingent consideration payable and its license agreement with Dartmouth College, were fully distributed to and assumed by Celyad SA. Celyad SA will continue to carry out the business and obligations of OnCyte, including under its license agreement with Dartmouth College.

ONO Pharmaceuticals

On July 11, 2016, the Company entered into a license and collaboration agreement with ONO Pharmaceuticals Co., Ltd., or ONO, in connection with which the Company granted ONO an exclusive license for the development, manufacture and commercialization of allogenic products incorporating its NKR-T cell technology in Japan, Korea and Taiwan. Under the terms of the collaboration, ONO is solely responsible for and bears all costs incurred in the research, development and commercialization of such products in its geographies. In addition, the Company granted ONO an exclusive option to obtain an exclusive license to develop, manufacture and commercialize autologous products incorporating its autologous CAR-T NKR-2 cell technology in Japan, Korea and Taiwan.

In consideration for the rights granted to ONO under the agreement, the Company received in August 2016 an upfront payment in the amount of 1.25 billion JPY ($12.5 million) and the Company is eligible to receive additional milestones for up to 30.075 billion JPY ($299 million) in development and commercial milestones. In addition, the Company is entitled to receive double digit royalties on nets sales of licensed products in licensed territories.

12.7 Intellectual Property

Patents and patent applications

Patents, patent applications and other intellectual property rights are important in the sector in which the Company operates. We consider on a case-by-case basis filing patent applications with a view to protecting certain innovative products, processes, and methods of treatment. We may also license or acquire rights to patents, patent applications or other intellectual property rights owned by third parties, academic partners or commercial companies which are of interest to the Company.

Its patent portfolio includes pending patent applications and issued patents in the United States and in foreign countries.

The term of a U.S. patent may be eligible for patent term extension under the Hatch-Waxman Act to account for at least some of the time the drug or device is under development and regulatory review after the patent is granted. With regard to a drug or device for which FDA approval is the first permitted marketing of the active ingredient, the Hatch-Waxman Act allows for extension of the term of one U.S. patent. The extended patent term cannot exceed the shorter of five years beyond the non-extended expiration of the patent or 14 years from the date of the FDA approval of the drug or device. Some foreign jurisdictions have analogous patent term extension provisions that allow for extension of the term of a patent that covers a device approved by the applicable foreign regulatory agency.

NKR-T Cell Platform Patents

As of June 15, 2018, its CAR T-cell portfolio includes four patent families exclusively licensed to the Company by Dartmouth. This portfolio includes eleven issued U.S. patents; eight pending U.S. patent applications; and sixteen foreign patent applications pending in jurisdictions including Australia, Brazil, Canada, China, Europe, Hong Kong, India, Japan, Mexico and Russia. These patents and patent applications relate to specific chimeric antigen receptors and to T-cell receptor deficient T-cells, and are further detailed below.

A first patent family relates to chimeric NK receptors and methods for treating cancer. There are two granted U.S. patents in this family (US 7,994,298 and US 8,252,914) and a further pending US application. The scope of this patent family includes chimeric natural killer cell receptors (NKR CARs), T-cells with such receptors (NKR CAR-T cells) and methods of treating cancer with these NKR CAR-T cells.

A second patent family is entitled "NKp30 receptor targeted therapeutics" and describes a specific NKR CAR based on the NKp30 receptor. One U.S. patent is granted (US 9,833,476) and there is a further U.S. application pending.

A third family relates to an anti-B7H6 antibody, CARs and BiTE molecules containing the antibody; to CAR-T cells; and methods of treating cancer with the CAR-T cells. One U.S. patent is granted (US9,790,278), and applications are pending in China, Europe, Japan and the United States.

A fourth patent family relates to T-cell receptor-deficient compositions. T-cell receptor, or TCR, deficient human T-cells could be particularly useful to generate allogeneic CAR-T cells. The family includes members that relate to the concept (irrespective of the way the T-cell is made TCR deficient), as well as members describing specific ways of making the cells TCR deficient. There are seven granted U.S. patents in this family (US 9,181,527; US 9,273,283; US9,663,763; US9,822,340; US9,821,011; US9,938,497; and US9,957,480), as well as further pending US applications and thirteen applications in other jurisdictions. Claim 1 of patent US9,181,527 was challenged by an anonymous third party in an *ex parte* re-examination procedure, but the USPTO has determined that the claim was patentable in amended form.

Trade Secrets

In addition to its patents and patent applications, the Company keeps certain of its proprietary information as trade secrets, which the Company seeks to protect by confidentiality agreements with its employees and third parties, and by fragmenting know-how between different individuals, in accordance with standard industry practices.

Patent Portfolio owned by or licensed to the Company

Title	Jurisdiction	Application Number	Status / last action	Patent Nr	Expiry date
Chimeric NK receptor and methods for treating cancer	USA	US 11/575,878	Granted	US7,994,298	2027
	USA Cont	US 13/155,909	Granted	US8,252,914	2027
	USA Cont 2	US 14/600,799	pending		
T cell receptor-deficient T cell compositions	USA	13/502,978	Granted	US9,181,527	2030
	USA CIP	13/459,664	Granted	US9,273,283	2030
	USA Div	14/676,028	Granted	US9,938,497	2030
	USA Div	14/934,256	Granted	US9,957,480	2030
	USA Div	15/003,968	Granted	US9,663,763	2030
	USA Div	15/383,662	Granted	US9,822,340	2030
	USA Div	15/383,717	Granted	US9,821,011	2030
	USA CIP	15/483,704	pending		
	Australia	AU2013256424	pending		
	Brazil	BR112014027155-0	pending		
	Canada	CA2871955	pending		
	China	CN2013834582.9	pending		
	China div	CN201810086091.3	pending		
	Hong Kong	15108443.9	pending		
	Europe	13784744.8	pending		
	India	2530/KOLNP/2014	pending		
	Japan	JP20150510393	pending		
	Japan div		pending		

	Mexico	MX/a/2014/013118	pending		
	Russia	2014148136	Granted		2033
	Russia div	2018111729	pending		

NKp30 receptor targeted therapeutics	USA	14/342,060	Granted	US 9,833,476	2034
	USA Div	15/830,605	pending		

Anti-B7-H6 antibody, fusion proteins, and methods of using the same	China	201380034592.2	pending		
	Europe	EP13787935.9	pending		
	Japan	2015-519337	pending		
	USA	14/399,835	Granted	US9,790,278	2033
	USA Div	15/784,342	pending		

Conflicts and litigation concerning Intellectual Property

As of the date of this Prospectus and 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.

12.8 Competition

The industry in which the Company operates is subject to rapid technological change. We face competition from pharmaceutical, biopharmaceutical and medical devices companies, as well as from academic and research institutions. Some of these competitors are pursuing the development of medicinal products and other therapies that target the same diseases and conditions that the Company is targeting.

Some of its current or potential competitors, either alone or with their collaboration partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials and marketing approved products than the Company does. Mergers and acquisitions in the pharmaceutical, biotechnology and gene therapy industries may result in even more resources being concentrated among a smaller number of its competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with the Company in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, its programs.

Its commercial opportunity could be reduced or eliminated if its competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that the Company may develop. Its competitors also may obtain FDA or other regulatory approval for their products more rapidly than the Company may obtain approval for ours, which could result in its competitors establishing a strong market position before the Company is able to enter the market. The key competitive factors affecting the success of all of its programs are likely to be their efficacy, safety and convenience.

Many of its competitors have substantially greater financial, technical and other resources.

For a breakdown of its total revenues by activity and geographic market, please see “Note 6—Operating segment information” in its consolidated financial statements.

CAR T-Cell Therapy

Early results from clinical trials have fueled continued interest in CAR T-cell therapies and its competitors as of the date of this prospectus include Bellicum Pharmaceuticals, Inc., Bluebird bio, Inc., Celgene Corporation, Cellectis S.A., Gilead Sciences Inc., Mustang Bio, Novartis AG, NantKwest Inc and Ziopharm Oncology, Inc. Most of this competition is currently active in the liquid tumors (blood and bone marrow tumors). Two CAR-T targets (namely CD-19 and BCMA) have been validated and have shown great clinical activity. We expect in the near future more validation of target, which may then become a competition to its NKG2D target.

On top of the industry initiatives in the CAR-T field, the Company expects some of the current academic projects in this field to move to industry via spin-off or licensing initiatives.

12.9 Markets

The market sizes the Company is in are determined by the patient population enrolled in its clinical trials. Currently, the Company is with THINK, EPITHINK and DEPLETHINK targeting first line AML patient (with EPITHINK) and relapse or refractory patients (with THINK and DEPLETHINK). In the markets the Company is targeting (i.e. USA + 5 largest EU countries), there are 34,000 and 17,500 new cases every year respectively in the EPITHINK and THINK/DEPLETHINK patient population.

In the solid tumour field and in CRC more precisely, the Company is also targeting first line CRC patent (with SHRINK) and relapse or refractory patients (with THINK). In the markets the Company is targeting (i.e. USA + 5 largest EU countries), there are 227,000 and 52,000 new cases every year respectively in the SHRINK and THINK patient population.

12.10 Government Regulation

12.10.1 Drug development

Government authorities in the European Union, in the United States and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labelling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug and biological products, or biologics, such as its drug product candidates. Generally, before a new drug or biologic can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and an application for marketing authorization must be approved by the regulatory authority.

U.S. Regulation

Government authorities in the United States at the federal, state and local level and in other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug and biological products, or biologics, such as its drug product candidates. Generally, before a new drug or biologic can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and an application for marketing authorization must be approved by the regulatory authority.

Certain products may be comprised of components that are regulated under separate regulatory authorities and by different centers at the FDA. These products are known as combination products. A combination product is comprised of a combination of a drug and a device; a biological product and a device; a drug and a biological product; or a drug, a device, and a biological product. Under regulations issued by the FDA, a combination product includes:

- a product comprised of two or more regulated components that are physically, chemically, or otherwise combined or mixed and produced as a single entity;
- two or more separate products packaged together in a single package or as a unit and comprised of drug and device products, device and biological products, or biological and drug products;
- a drug, device, or biological product packaged separately that according to its investigational plan or proposed labeling is intended for use only with an approved individually specified drug, device or biological where both are required to achieve the intended use, indication, or effect and where upon approval of the proposed product the labeling of the approved product would need to be changed, e.g., to reflect a change in intended use, dosage form, strength, route of administration, or significant change in dose; or
- any investigational drug, device, or biological packaged separately that according to its proposed labeling is for use only with another individually specified investigational drug, device, or biological product where both are required to achieve the intended use, indication, or effect.

Under the FDCA, the FDA is charged with assigning a center with primary jurisdiction, or a lead center, for review of a combination product. That determination is based on the "primary mode of action" of the combination product, which means the single mode of action that provides the most important therapeutic action of the combination product, i.e., the mode of action expected to make the greatest contribution to the overall intended therapeutic effects of the combination product. Thus, if the primary mode of action of a device-biologic combination product is attributable to the biologic product, that is, if it acts by means of a virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, or analogous product, the FDA center responsible for premarket review of

the biologic product (the Center for Biologics Evaluation and Research, or CBER) would have primary jurisdiction for the combination product.

U.S. Biological Product Development

In the United States, the FDA regulates biologics under the Federal Food, Drug, and Cosmetic Act, or FDCA, and the Public Health Service Act, or PHSA, and their implementing regulations. Biologics are also subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval or license revocation, a clinical hold, untitled or warning letters, product recalls or withdrawals from the market, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on the Company.

Its drug product candidates must be approved by the FDA through the Biologics License Application, or BLA, process before they may be legally marketed in the United States. The process required by the FDA before a biologic may be marketed in the United States generally involves the following:

- completion of extensive nonclinical, sometimes referred to as preclinical, laboratory tests, animal studies and formulation studies in accordance with applicable regulations, including the FDA's Good Laboratory Practice, or GLP, regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, good clinical practices, or GCPs, and other clinical trial-related regulations to establish the safety and efficacy of the proposed drug product candidate for its proposed indication;
- submission to the FDA of a BLA;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities where the product is produced to assess compliance with the FDA's current good manufacturing practice, or cGMP, requirements to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality, purity and potency;
- potential FDA audit of the preclinical study sites and/or clinical trial sites that generated the data in support of the BLA; and
- FDA review and approval of the BLA prior to any commercial marketing or sale of the product in the United States.

The data required to support a BLA is generated in two distinct development stages: preclinical and clinical. The preclinical development stage generally involves laboratory evaluations of drug chemistry, formulation and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The conduct of the preclinical studies must comply with federal regulations, including GLPs. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, as well as other information, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical trials and places the IND on clinical hold within that 30-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. The FDA may also impose clinical holds on a drug product candidate at any time before or during clinical trials due to safety concerns, non-compliance, or other issues affecting the integrity of the trial. Accordingly, the Company cannot be sure that submission of an IND will result in the FDA allowing clinical trials to begin, or that, once begun, issues will not arise that could cause the trial to be suspended or terminated. Where a trial is conducted at, or sponsored by, institutions receiving NIH funding for recombinant DNA research, prior to the submission of an IND to the FDA, a protocol and related documentation is submitted to and the trial is registered with the NIH Office of Biotechnology Activities, or OBA, pursuant to the NIH Guidelines for Research Involving Recombinant or Synthetic Nucleic Acid Molecules, or NIH Guidelines. Compliance with the NIH Guidelines is mandatory for investigators at institutions receiving NIH funds for research involving recombinant DNA, however many companies and other institutions not otherwise subject to the NIH Guidelines voluntarily follow them. The NIH is responsible for convening the

Recombinant NDA Advisory Committee, or RAC, a federal advisory committee, which discusses protocols that raise novel or particularly important scientific, safety or ethical considerations at one of its quarterly public meetings. The OBA will notify the FDA of the RAC's decision regarding the necessity for full public review of a gene therapy protocol. RAC proceedings and reports are posted to the OBA web site and may be accessed by the public.

The clinical stage of development involves the administration of the drug product candidate to healthy volunteers and patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an independent institutional review board, or IRB, at or servicing each institution at which the clinical trial will be conducted. An IRB is charged with protecting the welfare and rights of trial participants and considers such items as whether the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed.

There are also requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries. Sponsors of certain clinical trials of FDA-regulated products, including biologics, are required to register and disclose certain clinical trial information, which is publicly available at www.clinicaltrials.gov. Information related to the product, patient population, phase of investigation, study sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to discuss the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved. However, there are evolving rules and increasing requirements for publication of trial-related information, and it is possible that data and other information from trials involving biologics that never garner approval could in the future require disclosure. In addition, publication policies of major medical journals mandate certain registration and disclosures as a pre-condition for potential publication, even if not currently mandated as a matter of law. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs.

Clinical trials are generally conducted in three sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap. Phase 1 clinical trials generally involve a small number of healthy volunteers who are initially exposed to a single dose and then multiple doses of the drug product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the drug product candidate and, if possible, to gain early evidence on effectiveness. Phase 2 clinical trials typically involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, as well as identification of possible adverse effects and safety risks and preliminary evaluation of efficacy. Phase 3 clinical trials generally involve large numbers of patients at multiple sites, in multiple countries, and are designed to provide the data necessary to demonstrate the efficacy of the product for its intended use, its safety in use, and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. Phase 3 clinical trials may include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of a BLA.

Post-approval trials, sometimes referred to as Phase IV clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, FDA may condition approval of a BLA on the sponsor's agreement to conduct additional clinical trials to further assess the biologic's safety and effectiveness after BLA approval.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA, and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the biologic, findings from animal or in vitro testing that suggest a significant risk for human subjects, and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA, the IRB, or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known

as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated intervals based on access to certain data from the trial. We may also suspend or terminate a clinical trial based on evolving business objectives and/or competitive climate. Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug product candidate as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug product candidate and, among other things, must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the drug product candidate does not undergo unacceptable deterioration over its shelf life.

BLA and FDA Review Process

Following trial completion, trial data are analyzed to assess safety and efficacy. The results of preclinical studies and clinical trials are then submitted to the FDA as part of a BLA, along with proposed labeling for the product and information about the manufacturing process and facilities that will be used to ensure product quality, results of analytical testing conducted on the chemistry of the drug product candidate, and other relevant information. The BLA is a request for approval to market the biologic for one or more specified indications and must contain proof of safety, purity, potency and efficacy, which is demonstrated by extensive preclinical and clinical testing. The application may include both negative or ambiguous results of preclinical and clinical trials as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a use of a product, or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the investigational product to the satisfaction of the FDA. FDA approval of a BLA must be obtained before a biologic may be marketed in the United States.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each BLA must be accompanied by a significant user fee, which is adjusted on an annual basis. PDUFA also imposes an annual prescription drug product program fee. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business.

Once a BLA has been accepted for filing, which occurs, if at all, sixty days after the BLA's submission, the FDA's goal is to review BLAs within 10 months of the filing date for standard review or six months of the filing date for priority review, if the application is for a product intended for a serious or life-threatening condition and the product, if approved, would provide a significant improvement in safety or effectiveness. The review process is often significantly extended by FDA requests for additional information or clarification.

After the BLA submission is accepted for filing, the FDA reviews the BLA to determine, among other things, whether the proposed drug product candidate is safe and effective for its intended use, and whether the drug product candidate is being manufactured in accordance with cGMP to assure and preserve the drug product candidate's identity, strength, quality, purity and potency. The FDA may refer applications for novel drug product candidates or drug product candidates which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. The FDA will likely re-analyze the clinical trial data, which could result in extensive discussions between the FDA and the Company during the review process. The review and evaluation of a BLA by the FDA is extensive and time consuming and may take longer than originally planned to complete, and the Company may not receive a timely approval, if at all.

Before approving a BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMPs. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. In addition, before approving a BLA, the FDA may also audit data from clinical trials to ensure compliance with GCP requirements. After the FDA evaluates the application, manufacturing process and manufacturing facilities, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the BLA identified by the FDA. The Complete Response Letter may require additional clinical data and/or an additional pivotal Phase III clinical trial(s), and/or other significant and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the BLA, addressing all of the deficiencies identified in the letter, withdraw the application or request a hearing. Even if such data and information is submitted, the FDA may ultimately decide that the BLA does not satisfy the criteria for approval.

Data obtained from clinical trials are not always conclusive, and the FDA may interpret data differently than the Company interprets the same data.

There is no assurance that the FDA will ultimately approve a product for marketing in the United States, and the Company may encounter significant difficulties or costs during the review process. If a product receives marketing approval, the approval may be significantly limited to specific populations, severities of allergies, and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling or may condition the approval of the BLA on other changes to the proposed labeling, development of adequate controls and specifications, or a commitment to conduct post-market testing or clinical trials and surveillance to monitor the effects of approved products. For example, the FDA may require Phase IV testing which involves clinical trials designed to further assess the product's safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA may also place other conditions on approvals including the requirement for a Risk Evaluation and Mitigation Strategy, or REMS, to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS. The FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

Expedited Development and Review Programs

The FDA has a Fast Track program that is intended to expedite or facilitate the process for reviewing new drugs and biological products that meet certain criteria. Specifically, new drugs and biological products are eligible for Fast Track designation if they are intended to treat a serious or life-threatening condition and nonclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. Fast Track designation applies to the combination of the product and the specific indication for which it is being studied. The sponsor of a new drug or biologic may request the FDA to designate the drug or biologic as a Fast Track product concurrently with, or at any time after, submission of an IND, and the FDA must determine if the product qualifies for Fast Track designation within 60 days of receipt of the sponsor's request. Unique to a Fast Track product, the FDA may consider for review sections of the marketing application on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the application, the FDA agrees to accept sections of the application and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the application.

Any product submitted to the FDA for marketing, including under a Fast Track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review, or review within a six-month timeframe from the date a complete BLA is accepted for filing, if it has the potential to provide a significant improvement in safety and effectiveness compared to available therapies. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug or biological product designated for priority review in an effort to facilitate the review.

Additionally, a product may be eligible for accelerated approval. An investigational drug may obtain accelerated approval if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies and demonstrates an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, or IMM, that is reasonably likely to predict an effect on IMM or other clinical benefit. As a condition of approval, the FDA may require that a sponsor of a drug or biological product receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. If the FDA concludes that a drug shown to be effective can be safely used only if distribution or use is restricted, it will require such post-marketing restrictions as it deems necessary to assure safe use of the drug, such as:

- distribution restricted to certain facilities or physicians with special training or experience; or
- distribution conditioned on the performance of specified medical procedures.

The limitations imposed would be commensurate with the specific safety concerns presented by the product. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product. Fast Track designation, priority review and accelerated approval do not change the standards for approval but may expedite the development or approval process.

Breakthrough Designation

A product can be designated as a breakthrough therapy if it is intended to treat a serious or life-threatening condition and preliminary clinical evidence indicates that it may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints. A sponsor may request that a drug product candidate be designated as a breakthrough therapy concurrently with, or at any time after, the submission of an IND, and the FDA must determine if the drug product candidate qualifies for breakthrough therapy designation within 60 days of receipt of the sponsor's request. If so designated, the FDA shall act to expedite the development and review of the product's marketing application, including by meeting with the sponsor throughout the product's development, providing timely advice to the sponsor to ensure that the development program to gather preclinical and clinical data is as efficient as practicable, involving senior managers and experienced review staff in a cross-disciplinary review, assigning a cross-disciplinary project lead for the FDA review team to facilitate an efficient review of the development program and to serve as a scientific liaison between the review team and the sponsor, and taking steps to ensure that the design of the clinical trials is as efficient as practicable.

Accelerated Approval for Regenerative Advanced Therapies

As part of the 21st Century Cures Act, Congress amended the FD&C Act to create an accelerated approval program for regenerative advanced therapies, which include cell therapies, therapeutic tissue engineering products, human cell and tissue products, and combination products using any such therapies or products. Regenerative advanced therapies do not include those human cells, tissues, and cellular and tissue based products regulated solely under section 361 of the Public Health Service Act and 21 CFR Part 1271. The new program is intended to facilitate efficient development and expedite review of regenerative advanced therapies, which are intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition. A drug sponsor may request that FDA designate a drug as a regenerative advanced therapy concurrently with or at any time after submission of an IND. FDA has 60 calendar days to determine whether the drug meets the criteria, including whether there is preliminary clinical evidence indicating that the drug has the potential to address unmet medical needs for a serious or life-threatening disease or condition. A new drug application or BLA for a regenerative advanced therapy may be eligible for priority review or accelerated approval through (1) surrogate or intermediate endpoints reasonably likely to predict long-term clinical benefit or (2) reliance upon data obtained from a meaningful number of sites. Benefits of such designation also include early interactions with FDA to discuss any potential surrogate or intermediate endpoint to be used to support accelerated approval. A regenerative advanced therapy that is granted accelerated approval and is subject to postapproval requirements may fulfill such requirements through the submission of clinical evidence, clinical studies, patient registries, or other sources of real world evidence, such as electronic health records; the collection of larger confirmatory data sets; or postapproval monitoring of all patients treated with such therapy prior to its approval.

Pediatric Trials

Under the Pediatric Research Equity Act, or PREA, a BLA or supplement to a BLA must contain data to assess the safety and efficacy of the product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDCA requires that a sponsor who is planning to submit a marketing application for a drug or biological product that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration submit an initial Pediatric Study Plan, or PSP, within sixty days of an end-of-Phase II meeting or as may be agreed between the sponsor and FDA. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. FDA and the sponsor must reach agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the pediatric plan need to be considered based on data collected from nonclinical studies, early phase clinical trials, and/or other clinical development programs. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of data or full or partial waivers.

Post-Marketing Requirements

Following approval of a new product, a manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and recordkeeping activities, reporting to the applicable regulatory authorities of adverse experiences with the product, providing the regulatory authorities with updated safety and efficacy information, product sampling and distribution requirements, and complying with promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, restrictions on promoting products for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), limitations on industry-sponsored scientific and educational activities, and requirements for promotional activities

involving the internet. Although physicians may prescribe legally available drugs and biologics for off-label uses, manufacturers may not market or promote such off-label uses.

Modifications or enhancements to the product or its labeling or changes of the site of manufacture are often subject to the approval of the FDA and other regulators, which may or may not be received or may result in a lengthy review process. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use. Any distribution of prescription drug products and pharmaceutical samples must comply with the U.S. Prescription Drug Marketing Act, or the PDMA, a part of the FDCA.

In the United States, once a product is approved, its manufacture is subject to comprehensive and continuing regulation by the FDA. The FDA regulations require that products be manufactured in specific approved facilities and in accordance with cGMPs. The cGMP requirements for constituent parts of cross-labeled combination products that are manufactured separately and not co-packaged are the same as those that would apply if these constituent parts were not part of a combination product. For single-entity and co-packaged combination products, there are two ways to demonstrate compliance with cGMP requirements, either compliance with all cGMP regulations applicable to each of the constituent parts included in the combination product, or a streamlined approach demonstrating compliance with either the drug/biologic cGMPs or the medical device quality system regulation rather than demonstrating full compliance with both, under certain conditions. These conditions include demonstrating compliance with specified provisions from the other of these two sets of cGMP requirements. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of its products in accordance with cGMP regulations. cGMP regulations require, among other things, quality control and quality assurance as well as the corresponding maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. Manufacturers and other entities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance. These regulations also impose certain organizational, procedural and documentation requirements with respect to manufacturing and quality assurance activities. BLA holders using contract manufacturers, laboratories or packagers are responsible for the selection and monitoring of qualified firms, and, in certain circumstances, qualified suppliers to these firms. These firms and, where applicable, their suppliers are subject to inspections by the FDA at any time, and the discovery of violative conditions, including failure to conform to cGMP, could result in enforcement actions that interrupt the operation of any such facilities or the ability to distribute products manufactured, processed or tested by them. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer, or holder of an approved BLA, including, among other things, recall or withdrawal of the product from the market.

The FDA also may require post-approval testing, sometimes referred to as Phase IV testing, risk minimization action plans and post-marketing surveillance to monitor the effects of an approved product or place conditions on an approval that could restrict the distribution or use of the product. Discovery of previously unknown problems with a product or the failure to comply with applicable FDA requirements can have negative consequences, including adverse publicity, judicial or administrative enforcement, untitled or warning letters from the FDA, mandated corrective advertising or communications with doctors, and civil or criminal penalties, among others. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and contraindications, and also may require the implementation of other risk management measures. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of its products under development.

Other Regulatory Matters

Manufacturing, sales, promotion and other activities following product approval are also subject to regulation by numerous regulatory authorities in addition to the FDA, including, in the United States, the Centers for Medicare & Medicaid Services, or CMS, other divisions of the Department of Health and Human Services, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency and state and local governments. In the United States, sales, marketing and scientific/educational programs must also comply with federal and state fraud and abuse laws, data privacy and security laws, transparency laws, and pricing and reimbursement requirements in connection with governmental payor programs, among others. The handling of any controlled substances must comply with the U.S. Controlled Substances Act and Controlled Substances Import and Export Act. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities are also potentially subject to federal and state consumer protection and unfair competition laws.

The distribution of pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, recall or seizure of products, total or partial suspension of production, denial or withdrawal of product approvals, or refusal to allow a firm to enter into supply contracts, including government contracts. In addition, even if a firm complies with FDA and other requirements, new information regarding the safety or efficacy of a product could lead the FDA to modify or withdraw product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by the Company could materially affect its business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact its business in the future by requiring, for example: (i) changes to its manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of its products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of its business.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of its drug product candidates, some of its U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a BLA plus the time between the submission date of a BLA and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The U.S. PTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, the Company may apply for restoration of patent term for its currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant BLA.

An abbreviated approval pathway for biological products shown to be biosimilar to, or interchangeable with, an FDA-licensed reference biological product was created by the Biologics Price Competition and Innovation Act of 2009, or BPCI Act, which was part of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA. This amendment to the PHSA attempts to minimize duplicative testing. Biosimilarity, which requires that the biological product be highly similar to the reference product notwithstanding minor differences in clinically inactive components and that there be no clinically meaningful differences between the product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical trial or trials. Interchangeability requires that a biological product be biosimilar to the reference product and that the product can be expected to produce the same clinical results as the reference product in any given patient and, for products administered multiple times, that the product and the reference product may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biological product. However, complexities associated with the larger, and often more complex, structure of biological products as compared to small molecule drugs, as well as the processes by which such products are manufactured, pose significant hurdles to implementation that are still being worked out by the FDA.

A reference biological product is granted twelve years of exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after first licensure. "First licensure" typically means the initial date the particular product at issue was licensed in the United States. This does not include a supplement for the biological product or a subsequent application by the same sponsor or manufacturer of the biological product (or licensor, predecessor in interest, or other related entity) for a change that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device, or strength, unless that change is a modification to the structure of the biological product and such modification changes its safety, purity, or potency. Whether a subsequent application, if approved, warrants exclusivity as the "first licensure" of a biological product is determined on a case-by-case basis with data submitted by the sponsor.

Pediatric exclusivity is another type of regulatory market exclusivity in the United States. Pediatric exclusivity, if granted, adds six months to existing exclusivity periods and patent terms. This six-month exclusivity, which attaches to

the twelve-year exclusivity period for reference biologics, may be granted based on the voluntary completion of a pediatric trial in accordance with an FDA-issued "Written Request" for such a trial.

European Union Drug Development

In the European Union, its future drug product candidates will also be subject to extensive regulatory requirements. As in the United States, medicinal products can only be marketed if a marketing authorization, or MA, from the competent regulatory agencies has been obtained.

Clinical Trials

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the European Union clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the European Union, the European Union Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the Member State regimes. To improve the current system, a new Regulation No. 536/2014 on clinical trials on medicinal drug product candidates for human use, which repealed Directive 2001/20/EC, was adopted on April 16, 2014, and published in the European Official Journal on May 27, 2014. The new Regulation aims at harmonizing and streamlining the clinical trials authorization process, simplifying adverse event reporting procedures, improving the supervision of clinical trials, and increasing their transparency. The new Regulation entered into force on June 16, 2014, and is applicable since May 28, 2016. Until then the Clinical Trials Directive 2001/20/EC will still apply. In addition, the transitory provisions of the new Regulation offer the sponsors the possibility to choose between the requirements of the Directive and the Regulation for one year from the entry into application of the Regulation.

Under the current regime, before a clinical trial can be initiated it must be approved in each of the European Union countries where the trial is to be conducted by two distinct bodies: the National Competent Authority, or NCA, and one or more Ethics Committees, or ECs. More specifically, a clinical trial may not be started until the relevant EC has issued a favorable opinion, and the NCA has not informed the Sponsor of the trial of any grounds for non-acceptance or confirmed that no such grounds exist. Approval will only be granted if satisfactory information demonstrating the quality of the investigational agent and its non-clinical safety has been provided, together with a study plan that details the manner in which the trial will be carried out.

ECs determine whether the proposed clinical trial will expose participants to unacceptable conditions of hazards, while considering, among other things, the trial design, protocol, facilities, investigator and supporting staff, recruitment of clinical trial subjects, the Investigator's Brochure, or IB, indemnity and insurance, etc. The EC also determines whether clinical trial participants have given informed consent to participate in the trial. Following receipt of an application (which must be submitted in the national language), ECs must deliver their opinion within 60 days (or sooner if the Member State has implemented a shorter time period). For clinical trials of gene therapy, somatic cell therapy, and all medicinal products containing genetically modified organisms, this timeline may be extended (with an additional 120 days).

Similarly, a valid request for authorization (in the national language) must be submitted to the NCA of each Member State where the trial will be conducted. Sponsors must be notified of the decision within 60 days of receipt of the application (unless shorter time periods have been fixed), in the absence of which, the trial is considered approved. However, for clinical trials of gene therapy, somatic cell therapy, and all medicinal products containing genetically modified organisms, a written authorization by the competent NCA is required. Similar timeline extensions as for ECs exist.

Studies must comply with ethical guidelines and Good Clinical Practice (GCP) guidelines. Monitoring of adverse reactions that occur during clinical trials, including, where applicable, notification of the same to the competent NCA and ECs, is also required. Trials can be terminated early if a danger to human health is established or continuing the trial would be considered unethical. Consequently, the rate of completion of clinical trials may be delayed by many factors, including slower than anticipated patient enrollment or adverse events occurring during clinical trials.

Drug Review and Approval

In the European Economic Area, or EEA (which is comprised of the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein), medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. There are two types of marketing authorizations:

The Centralized MA, which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the European Medicines Agency, or EMA, and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products,

such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines, and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions, and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the European Union.

National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in other Member State(s) through the Mutual Recognition Procedure, or MRP. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure, or DCP. Under the DCP an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State, or RMS. The competent authority of the RMS prepares a draft assessment report, a draft summary of product characteristics, or SmPC, and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Concerned Member States, or CMSs) for their approval. If the CMSs raise no objections, based on a potential serious risk to public health, to the assessment, SmPC, labeling, or packaging proposed by the RMS, the product is subsequently granted a national MA in all the relevant Member States (i.e. in the RMS and the CMSs).

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

Marketing Authorization Application

Following positive completion of clinical trials, pharmaceutical companies can submit a MA application. The MA application shall include all information that is relevant to the evaluation of the medicinal products, whether favorable or unfavorable. The application dossier must include, among other things, the results of pharmaceutical (physico-chemical, biological, or microbiological) tests, preclinical (toxicological and pharmacological) tests, and clinical trials, including the therapeutic indications, contra-indications, and adverse reactions, and the recommended dosing regimen or posology.

In addition to demonstrating the safety and efficacy of the medicinal product, pharmaceutical companies are required to guarantee the consistent quality of the product. Therefore, the conditions for obtaining a MA include requirements that the manufacturer of the product complies with applicable legislation including Good Manufacturing Practice, or GMP, related implementing measures and applicable guidelines that involve, amongst others, ongoing inspections of manufacturing and storage facilities.

Early Access Mechanisms

Several schemes exist in the EU to support earlier access to new medicines falling within the scope of the Centralized Procedure, in particular (i) accelerated assessment; (ii) conditional MAs ; and (iii) MAs granted under exceptional circumstances.

For a medicine, which is of “major public health interest” (in particular, in terms of therapeutic innovation), accelerated assessment can be requested, taking up to 150 days instead of the usual period of up to 210 days. There is no single definition of what constitutes major public health interest. This should be justified by the applicant on a case-by-case basis. The justification should present the arguments to support the claim that the medicinal product introduces new methods of therapy or improves on existing methods, thereby addressing to a significant extent the greater unmet needs for maintaining and improving public health.

Conditional MAs may be granted on the basis of less complete data than usual in order to meet unmet medical needs of patients and in the interest of public health, subject to specific obligations with regard to further studies and intended to be replaced by a full unconditional MA once the missing data is provided. A conditional MA is valid for one year on a renewable basis.

Medicines for which the MA applicant can demonstrate that the normally required comprehensive efficacy and safety data cannot be provided (for example because the disease which the medicine treats is extremely rare) may be eligible for a MA under exceptional circumstances. These are medicines for which it is never intended that a full MA will be obtained. MAs under exceptional circumstances are reviewed annually to reassess the risk-benefit balance.

Supplementary Protection Certificates and Data/market Exclusivity

In Europe, the extension of effective patent term to compensate originator pharmaceutical companies for the period between the filing of an application for a patent for a new medicinal product and the first MA for such product, has been achieved by means of a Supplementary Protection Certificate (SPC) which can be applied for by the originator pharmaceutical company within six months from the granting of the first MA and comes into effect on expiry of the basic patent. Such SPC attaches only to the active ingredient of the medicinal product for which the MA has been granted. The SPC for an active ingredient has a single last potential expiry date throughout the EEA, and cannot last for more than five years from the date on which it takes effect (*i.e.*, patent expiry. Furthermore, the overall duration of protection afforded by a patent and a SPC cannot exceed 15 years from the first MA. The duration of a medicinal product SPC can be extended by a single six-month period, or pediatric extension, when all studies in accordance with a pediatric investigation plan, or PIP, have been carried out.

Innovative medicines benefit from specific data and marketing exclusivity regimes. These regimes are intended to provide general regulatory protection to further stimulate innovation. The current rules provide for (i) an 8-year data protection (from the MA of an innovative medicine) against the filing of an abridged application for a follow-on product, referring to the data supporting the MA of the innovative medicine (data exclusivity); and (ii) a 10-year protection against the marketing of a follow-on product (marketing exclusivity), with a possible extension by 1 year if, during the first 8 years, a new therapeutic indication (which is considered to bring a significant clinical benefit in comparison with existing therapies) is approved. This protection is often referred to as the "eight, plus two, plus one" rule. Additional reward mechanisms exist, most notably a 10-year orphan medicines' marketing exclusivity, and a 1-year data exclusivity for developing a new indication for an old substance and for switch data supporting a change in prescription status.

The current rules also provide for a system of obligations and rewards and incentives intended to facilitate the development and accessibility of pediatric medicinal products, and to ensure that such products are subject to high quality ethical research. Pursuant to such rules, pharmaceutical companies are often required to submit a Pediatric Investigation Plan, or PIP, at a relatively early stage of product development, which defines the pediatric studies to be completed before a MA application can be submitted. Upon completion of the studies in the agreed PIP, the company may be entitled to a "reward", *i.e.*, the afore-mentioned 6-month pediatric extension of the SPC for non-orphan medicinal products; or a two-year extension of the 10-year marketing exclusivity period for orphan medicines.

Post-marketing and Pharmacovigilance Requirements

When granting a MA, competent authorities (*i.e.*, the EMA or the relevant NCAs) may impose an obligation to conduct additional clinical testing, sometimes referred to as Phase IV clinical trials, or other post-approval commitments, to monitor the product after commercialization. Additionally, the MA may be subjected to limitations on the indicated uses for the product.

Also, after a MA has been obtained, the marketed product and its manufacturer and MA holder will continue to be subject to a number of regulatory obligations, as well as to monitoring/inspections by the competent authorities.

Under applicable pharmacovigilance rules, pharmaceutical companies must, in relation to all their authorized products, irrespective of the regulatory route of approval, collect, evaluate and collate information concerning all suspected adverse reactions and, when relevant, report it to the competent authorities. This information includes both suspected adverse reactions signaled by healthcare professionals, either spontaneously or through post-authorization studies, regardless of whether or not the medicinal product was used in accordance with the authorized SmPC and/or any other marketing conditions, and suspected adverse reactions identified in worldwide-published scientific literature. To that end, a MA holder must have (permanently and continuously) at its disposal an appropriately qualified person responsible for pharmacovigilance and establish an adequate pharmacovigilance system. All relevant suspected adverse reactions, including suspected serious adverse reactions, which must also be reported on an expedited basis, should be submitted to the competent authorities in the form of Periodic Safety Update Reports, or PSURs. PSURs are intended to provide an update for the competent authorities on the worldwide safety experience of a medicinal product at defined time points after authorization. PSURs must therefore comprise a succinct summary of information together with a critical evaluation of the risk/benefit balance of the medicinal product, taking into account any new or changing information. The evaluation should ascertain whether any further investigations need to be carried out, and whether the SmPC or other product information needs to be modified.

To ensure that pharmaceutical companies comply with pharmacovigilance regulatory obligations, and to facilitate compliance, competent authorities will conduct pharmacovigilance inspections. These inspections are either routine (*i.e.* aimed at determining whether the appropriate personnel, systems, and resources are in place) or targeted to companies suspected of being non-compliant. Reports of the outcome of such inspections will be used to help improve compliance and may also be used as a basis for enforcement action.

Other Regulatory Matters

Advertising of medicines is subject to tighter controls than general consumer goods and specific requirements are set forth in Directive 2001/83/EC, which apply in addition to the general rules. In general, advertising of unapproved medicinal products or of unapproved uses of otherwise authorized medicinal products (*e.g.*, off-label uses) is prohibited, and advertising for prescription medicinal products must be directed only towards health care professionals (*i.e.*, advertising of these products to the general public is prohibited). Member States have implemented the advertising rules differently and the requirements vary significantly depending on the specific country. Advertising of medicinal products in an online setting, including social media, can be particularly challenging given the strict rules in place.

12.10.2 Pricing &Reimbursement

United States

Sales of its products will depend, in part, on the extent to which its products, once approved, will be covered and reimbursed by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. These third-party payors are increasingly reducing reimbursements for medical products and services. The process for determining whether a third-party payor will provide coverage for a drug product, including a biologic, typically is separate from the process for setting the price of a drug product or for establishing the reimbursement rate that a payor will pay for the drug product once coverage is approved. Third-party payors may limit coverage to specific drug products on an approved list, also known as a formulary, which might not include all of the approved drugs for a particular indication.

In order to secure coverage and reimbursement for any drug product candidate that might be approved for sale, the Company may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the drug product candidate, in addition to the costs required to obtain FDA or other comparable regulatory approvals. Whether or not the Company conducts such studies, its drug product candidates may not be considered medically necessary or cost-effective. A third-party payor's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage, and adequate reimbursement, for the product. Third party reimbursement may not be sufficient to enable the Company to maintain price levels high enough to realize an appropriate return on its investment in product development.

The containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs, including biologics, have been a focus in this effort. The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit its net revenue and results. Decreases in third-party reimbursement for its drug product candidate or a decision by a third-party payor to not cover its drug product candidate could reduce physician usage of the drug product candidate and have a material adverse effect on its sales, results of operations and financial condition.

For example, the ACA, enacted in March 2010, has had, and is expected to continue to have, a significant impact on the health care industry. The ACA has expanded coverage for the uninsured while at the same time containing overall healthcare costs. With regard to pharmaceutical products, among other things, the ACA expanded and increased industry rebates for drugs covered under Medicaid programs and made changes to the coverage requirements under the Medicare Part D program. We cannot predict the full impact of the ACA on bio-pharmaceutical companies as many of the ACA reforms require the promulgation of additional detailed regulations implementing the statutory provisions which has not yet completely occurred. Further, new legislation is currently pending before the U.S. Supreme Court seeking to invalidate certain provisions of the ACA.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On 2 August 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, started in April 2013 and will stay in effect through 2024 unless additional Congressional action is taken. On 2 January 2013, President Obama signed into law the American Taxpayer Relief Act of

2012, or the ATRA, which delayed for another two months the budget cuts mandated by these sequestration provisions of the Budget Control Act of 2011. The ATRA, among other things, also reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

In addition, in some foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing vary widely from country to country.

European Union

In Europe, pricing and reimbursement for pharmaceutical products are not harmonized and fall within the exclusive competence of the national authorities, provided that basic transparency requirements (such as maximum timelines) defined at the European level are met as set forth in the EU Transparency Directive 89/105/EEC. A Member State may approve a specific price for a medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. For example, in France, effective access to the market assumes that its future products will be reimbursed by social security. The price of medications is negotiated with the Economic Committee for Health Products, or CEPS.

As a consequence, reimbursement mechanisms by public national healthcare systems, or private health insurers also vary from country to country. In public healthcare systems, reimbursement is determined by guidelines established by the legislator or a competent national authority. In general, inclusion of a product in reimbursement schemes is dependent upon proof of the product efficacy, medical need, and economic benefits of the product to patients and the healthcare system in general. Acceptance for reimbursement comes with cost, use and often volume restrictions, which again vary from country to country.

The pricing and reimbursement level for medicinal products will depend on the strength of the clinical data set and, as for most novel therapies, restrictions may apply. In most countries, national competent authorities ensure that the prices of registered medicinal products sold in their territory are not excessive. In making this judgment, they usually compare the proposed national price either to prices of existing treatments and/or to prices of the product at issue in other countries – so-called "international reference pricing" – also taking into account the type of treatment (preventive, curative or symptomatic), the degree of innovation, the therapeutic breakthrough, volume of sales, sales forecast, size of the target population and/or the improvement (including cost savings) over comparable treatments. Given the growing burden of medical treatments on national healthcare budgets, reimbursement and insurance coverage is an important determinant of the accessibility of medicines.

The various public and private plans, formulary restrictions, reimbursement policies, patient advocacy groups, and cost-sharing requirements may play a role in determining effective access to the market of its product candidates. The national competent authorities may also use a range of policies and other initiatives intended to influence pharmaceutical consumption. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of its drug product candidates. Historically, products launched in the European Union do not follow price structures of the United States and generally tend to be priced at a significantly lower level.

12.10.3 Other Healthcare Laws and Compliance Requirements

Its business operations in the United States and its arrangements with clinical investigators, healthcare providers, consultants, third-party payors and patients may expose the Company to broadly applicable federal and state fraud and abuse and other healthcare laws. These laws may impact, among other things, its research, proposed sales, marketing and education programs of its drug product candidates that obtain marketing approval. The laws that may affect its ability to operate include, among others:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration (including any kickback, bribe or rebate), directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease, order, or recommendation of, an item, good, facility or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;
- federal civil and criminal false claims laws and civil monetary penalty laws, which impose penalties and provide for civil whistleblower or qui tam actions against individuals and entities for, among other things, knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payers that are false or fraudulent, or making a false statement or record material to payment of a false claim or avoiding, decreasing, or concealing an obligation to pay money to the federal government, including for example, providing inaccurate billing or coding information to customers or promoting a product off-label;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created federal criminal statutes that prohibit, among other things, executing a scheme to defraud any healthcare benefit program, obtaining money or property of the health care benefit program through false representations, or knowingly and willingly falsifying, concealing or covering up a material fact, making false statements or using or making any false or fraudulent document in connection with the delivery of or payment for healthcare benefits or services.
- the federal Physician Payments Sunshine Act, enacted as part of the ACA, which requires applicable manufacturers of covered drugs, devices, biologics and medical supplies to track and annually report to CMS payments and other transfers of value provided to physicians and teaching hospitals and certain ownership and investment interest held by physicians or their immediate family members in applicable manufacturers and group purchasing organizations;
- HIPAA, as amended by the Health Information Technology and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain requirements on covered entities and their business associates relating to the privacy, security and transmission of individually identifiable health information; and
- state law equivalents of each of the above federal laws, such as state anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, state marketing and/or transparency laws applicable to manufacturers that may be broader in scope than the federal requirements, state laws that require biopharmaceutical companies to comply with the biopharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect as HIPAA, thus complicating compliance efforts.

The ACA broadened the reach of the federal fraud and abuse laws by, among other things, amending the intent requirement of the federal Anti-Kickback Statute and certain applicable federal criminal healthcare fraud statutes. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it in order to have committed a violation. In addition, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act or the civil monetary penalties statute.

Efforts to ensure that its business arrangements with third parties will comply with applicable healthcare laws will involve substantial costs. It is possible that governmental authorities will conclude that its business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws. If its operations are found to be in violation of any of these laws or any other governmental regulations that may apply to the Company, the Company may be subject to significant administrative, civil, and/or criminal penalties, damages, fines, disgorgement, individual imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of its operations. If the physicians or other healthcare providers or entities with whom the Company expects to do business are found to be not in compliance with applicable laws, they also may be subject to administrative, civil, and/or criminal sanctions, including exclusions from government funded healthcare programs.

12.11 Employees

As of December 31, 2017, the Company employed 70 full-time employees, seven part-time employees and 10 senior managers under management services agreements. We have never had a work stoppage, and none of its employees is represented by a labor organization or under any collective-bargaining arrangements. We consider its employee relations to be good.

A split of its employees and consultants by main department and geography for the years ended December 31, 2017, 2016 and 2015 was as follows:

	At December 31,		
	2017	2016	2015
By function:			
Clinical & Regulatory, IP, Marketing	16	15	11
Research & Development	29	29	19
Manufacturing /Quality	26	31	42

	At December 31,		
	2017	2016	2015
General Administration	16	13	16
Total	**87**	**88**	**88**
By Geography:			
Belgium	83	83	85
United States	4	5	3
Total	**87**	**88**	**88**

12.12 Facilities

We rent a 2,284 square meter office space from the Axis Parc developer located at the Axis Parc in Mont-Saint-Guibert pursuant to a lease agreement dated October 15, 2015 as amended from time to time, which expires on September 30, 2025. We also rent a 1,120 square meter office and laboratory space from the Axis Parc developer pursuant to a lease agreement dated November 11, 2017, as amended from time to time, which expires on September 30, 2020. In January 2016, the Company entered into a six-year lease agreement for its U.S. corporate offices located in Boston, Massachusetts.

We plan to identify additional facilities in the Flemish region of Belgium to construct its contemplated future European manufacturing plant. We have committed to maintain its headquarters and registered office in the Walloon region of Belgium and all of its existing activities will continue to be performed in the Walloon region.

12.13 Legal Proceedings

From time to time the Company may become involved in legal proceedings or be subject to claims arising in the ordinary course of its business. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

On July 8, 2016, following the unsuccessful outcome of the conciliation procedure organized under Swiss laws, a Swiss company named AtonRâ Partners SA formalized its claim against the Company before the Tribunal of First Instance of Geneva (Switzerland), or the Tribunal. AtonRâ Partners SA, or AtonRâ, claims the payment of respectively 95.250 EUR and 300.300 USD as alleged broker intermediary commissions in the context of its fund raising of March 3 2015 and its initial U.S. public offering on the NASDAQ on June 18, 2015. On January 12, 2018, the Tribunal has decided it had no jurisdiction on the case and rejected AtonRâ's claims. AtonRâ has decided not to appeal the judgment.

13 MANAGEMENT AND GOVERNANCE

13.1 The Company's board of directors

Board composition

Pursuant to the Belgian Company Code, the Company is managed by a Board of Directors acting as a collegiate body.

The Company has opted for a one-tier governance structure. The Board of Directors is the ultimate decision-making body in the Company, except with respect to those areas that are reserved by 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 3. 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 this 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 Chairman of the Board, 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 Chairman 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, save if the Board of Directors is composed of two members.

At the date of this Prospectus, the Board of Directors consists of 8 members, one of which is an executive director (as a member of the Executive Management Team) and 7 of which are non-executive directors, including six independent directors. In accordance with Art 96, §2 6° of the Belgian Company Code (hereafter "BCC"), it is the willingness of the Company to aim for, in a reasonable timeframe, that a third of the Board member are of different sex, and actions were, are and will be taken in the short future to reach that objective.

Name	Position	First appointment date	Term	Board Committee Membership
Michel Lussier	Chairman	2007	2020	Member of the Nomination and Remuneration Committee
LSS Consulting SPRL represented by its permanent representative Christian Homsy	Executive Director	2007	2020	
Serge Goblet	Non-executive director	2007	2020	
Chris Buyse	Independent director	2008	2020	Member of the Nomination and Remuneration Committee Chairman of the Audit Committee
Rudy Dekeyser	Independent director	2007	2020	Member of the Nomination and Remuneration Committee Member of the Audit Committee

Debasish Roychowdhury	Independent director	2015	2020	
Hilde Windels	Independent director	2018	2022	Member of the Audit Committee
Margo Roberts	Independent Director	2018	2019	

Unless otherwise stated, the address for its directors is Rue Edouard Belin 2, 1435 Mont-Saint-Guibert, Belgium.

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 has served as Chairman of the board of directors of the Company since 2007 and is also a co-founder of the Company. Mr. Lussier was also the Chairman of the board of directors and co-founder of the Company's predecessor entity, Cardio3 SA, until 2008. Mr. Lussier founded Medpole Ltd, the North American satellite 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. In this capacity, he is a managing director of Fjord Ventures, a Laguna Hills, California based medical technology accelerator / incubator. Since May 2014, Mr. Lussier has served as the Chief Executive Officer of Metronom Health Inc, an early stage medical device company created by Fjord Ventures, developing a continuous glucose monitoring system. Prior to that, from 2002 to 2013, he worked for Volcano Corporation, where he served in a number of 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 its board of directors, he also serves on the boards of directors of several early stage medical devices companies.

Christian Homsy (permanent representative of LSS consulting SPRL), has served as a member of the board of directors of the Company since 2007 and has been Chief Executive Officer (CEO) of Celyad since its foundation. Christian Homsy obtained his Medical Doctorate at the University of Louvain and holds an MBA from the IMD in Lausanne (Switzerland). Christian gained his business experience in senior research and development, marketing, business development and sales positions at Guidant Corporation, a leading medical device company active in the treatment of cardiovascular disease. He was also founder of Guidant Institute for Therapy Development, a landmark facility for physician and health care professionals' education that gained international recognition and praise. Before joining Celyad, Christian Homsy was General Manager of Medpole, a European incubator dedicated to initiating the European operations for start-up companies in the medical device or biotechnology fields. He also holds a director mandate in Medpole SA.

Serge Goblet) has served as a member of the board of directors of the Company since 2008. He 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. He is the managing director of TOLEFI SA, a Belgian holding company and holds director mandates in subsidiaries of TOLEFI. Serge has two voting rights at its board of directors, one in his own name and one on behalf of TOLEFI, as a permanent representative.

Chris Buyse has served as a member of the board of directors of the Company since 2008. He 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 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 degree in applied economic sciences from the University of Antwerp and an MBA 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: Bone Therapeutics SA, Iteos SA, Bioxodes SA, Bio Incubator NV, Immo David NV, Pinnacle Investments SA, CreaBuild NV, Sofia BVBA, Pienter-Jan BVBA, Life Sciences Research Partners VZW , Inventiva SA, The Francqui Foundation and Keyware Technologies NV.

Rudy Dekeyser has served as a member of the board of directors of the Company since 2007. Since 2012 Rudy is managing partner of the LSP Health Economics Fund, a private equity fund investing in late stage European and North American health care companies. Prior to joining LSP, Rudy has been managing director of VIB (Flanders Institute for Biotechnology), where he was also responsible for the intellectual property portfolio, business development and new venture activities. He obtained a Ph.D. in molecular biology at the University Ghent. He holds non-executive director positions in Curetis AG, Sequana Medical AG and Remynd NV, and held non-executive director positions in Devgen NV, CropDesign NV, Ablynx NV, Actogenix NV, Pronota NV, Flandersbio VZW, Bioincubator Leuven NV 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). Rudy has been advisor to several seed and venture capital funds and to multiple regional and international committees on innovation.

Debasish Roychowdhury has served as a member of the board of directors of the Company since 2015. Debasish is a medical oncologist with over 15 years of comprehensive pharmaceutical industry experience and 14 years of patient care and academic research. In the pharmaceutical industry, Debasish held multiple positions of growing responsibility respectively at Eli Lilly, GSK and Sanofi, with direct therapeutic area experience mostly in oncology and hematology. Based in Boston, Massachusetts, Debasish is now using his extensive experience and global network to advise companies, organizations, and institutions in the biomedical field.

Hilde Windels is currently executive chair of the Board of Directors of Mycartis NV and co-CEO. She holds a master in economics (Commercial Engineer) from the University of Leuven (Belgium) and has close to 20 years of experience in biotech with a track record of business and corporate strategy, building and structuring organizations, private fundraising, M&A and public capital markets. She worked as CFO for several biotech companies until 2011 when Hilde joined Biocartis. She started as CFO, transitioning to the co-CEO role in 2015 and CEO a.i. in 2017. She still serves as a board member at Biocartis. In addition, Mrs. Hilde Windels is member of the boards of Erytech, Ablynx, MDxHealth and VIB.

Dr. Margo Roberts, Ph.D., served as Chief Scientific Officer at Kite Pharma Inc. (acquired by Gilead in October 2017) starting in 2013, where she built a 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. Most recently, 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. Dr. Roberts has almost three decades of biomedical research experience in both biotechnology and academia. 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 thirty scientific publications, and is the inventor on thirteen 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.

As of the date of this prospectus, the directors have been holding the following companies mandates over the past five years:

Board mandates

Name of the company	*Starting year of mandate*	*Current*	*Expired*	*Bankrupt or liquidated (Y/N)*
Board Members				
Michel Lussier				
iSTAR Medical	2014	Yes	No	No
Metronom health Inc	2014	Yes	No	No
Metronom Health Europe SPRL	2017	Yes	No	No
Medpole SA	2002	Yes	No	No
MEL Management	2017	Yes	No	No
Rudy Dekeyser				
Curetis NV	2014	yes	No	No

Sequana Medical AG	2014	yes	No	No
Remynd NV	2010	yes	No	No
EMBLEM GmbH	2008	yes	No	No
R.A.D. Lifes sciences BVBA	2013	yes	No	No
Chris Buyse				
Fund+ NV	2015	yes	No	No
Iteos therapeutics SA	2008	yes	No	No
Celyad SA	2008	yes	No	No
Bone Therapeutics SA	2008		Expired on June 14, 2018	No
Inventiva SA (Fr)	2016	yes	No	No
CoBioRes NV	2014	yes	No	No
Bioxodes SA	2011	yes	No	No
Immo David NV	2005	yes	No	No
CreaBuild NV	2006	yes	No	No
Pinnacle Investments NV	2007	yes	No	No
Keyware Technologies NV	2005	yes	No	No
Bio Incubator NV	2008	yes	No	No
Ogeda SA	2016		expired in 2017	No
Thrombogenics NV	2006		expired in 2014	No
Sofia BVBA	1999	yes	No	No
Pienter Jan BVBA	2010	yes	No	No
Serge Goblet				
TOLEFI	1993	yes	No	No
SG HOLDING	2001	yes	No	No
BIO WAY HOLDING	2008	yes	No	No
ESSEGE	1990	yes	No	No
GREEN HOLDING	2010	yes	No	No
CARBOBOIS	2010	yes	No	No
LIGNE PLUS			Expired in 2018	No
TECNO AIR SYSTEM	2015	yes	No	No
LINEA PLUS ESSEGE	2012	yes	No	No
GREEN REAL ESTATE	2010	yes	No	No
TOLFI WELLINGTON	2013	yes	No	No
LE HARAS DES ISAS	2010	yes	No	No
BSM IMMO	2007		Expired in 2016	No
IMMOBILIERE LEVASSEUR	2012		Expired in 2016	No
TOLEFI France	2014	yes	No	No
TOLEFI AR MOR	2015	yes	No	No
CELYAD	2008	yes	No	No
BMS			Expired in 2016	No
TOLEFI LA PELOUSIERE			Expired in 2017	No
Hilde Windels				

MDx Health NV	2017	yes	No	No
Mycartis NV	2017	yes	No	No
Biocartis Group	2018	yes	No	No
Erytech SA	2014	yes	No	No
VIB	2013	yes	No	No
Celyad SA	2018	yes	No	No
BVBA Hilde Windels	2001	yes	No	No
Ablynx NV	2017		Expired 2018	No
Flanders Bio	2010		Expired 2014	No
MDx Health NV	2010		Expired 2011	No
Devgen NV	1999		Expired 2009	No
Debasish Roychowdhury				
Celyad SA	2015	yes	No	No
Lytix Biopharma AS	2015	yes	No	No
Radius Health	2015	yes	No	No
Fund+	2016	yes	No	No
ImCheck Therapeutics	2018	yes	No	No
Partner Theraputics	2018	yes	No	No
Margo Roberts				
Celyad SA	2018	yes	No	No

Director Independence

The independence criteria of Article 526ter of the Belgian Company Code can be summarized as follows:

- the director has not been an executive member of the board of directors, member of the management board ("*directiecomité* / *comité de direction*") (should such corporate body be created) or daily manager of the company (or an affiliate of the company, if any), during a term of five years prior to his or her election;
- the director has not been a non-executive director for more than three consecutive terms or during a 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;
- 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, of the corporate funds or of a category of its shares. If the director has corporate rights which represent less than 10%, then:
  - such rights, taken together with rights in the same company held by companies over which the director has control, may not represent 10% or more of the share capital, the corporate funds or of a category of its shares;
  - or the disposal of these shares, or the exercise of the rights attached thereto, may not be subject to agreements or unilateral commitments entered into by the director.
- the independent director in any case cannot represent a shareholder who falls under the conditions set forth in this criterion;
- the director does not and, during the past financial year, 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.

Role of the Board in Risk Oversight

Its 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 its board of directors in this task. While its board oversees its risk management, its management is responsible for day-to-day risk management processes. Its board of directors expects its 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. We believe this division of responsibilities is the most effective approach for addressing the risks the Company face.

Board Practices

Its board of directors can set up specialized committees to analyze specific issues and advise the board of directors on those issues.

The committees are advisory bodies only and the decision-making remains within the collegial responsibility of the board of directors. The board of directors determines the terms of service of each committee with respect to the organization, procedures, policies and activities of the committee.

Its board of directors has set up and appointed an audit committee and a nomination and remuneration committee. The composition and function of all of its committees complies with all applicable requirements of the Belgian Company Code, the Belgian Corporate Governance Code, the Exchange Act, the applicable rules of the NASDAQ Stock Market and SEC rules and regulations.

13.2 Committees

Audit Committee

"Large" listed companies (as defined in Article 526bis, § 3 of the Belgian Company Code) are legally obliged to establish an audit committee within their board of directors. Although the Company does not currently qualify as a "large" company, the board of directors has on 6 March 2015, established an audit committee. At the date of this Prospectus, the audit committee consists of 3 members: Chris Buyse, Rudy Dekeyser and Hilde Windels.

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 committee reports regularly to the board of directors on the exercise of its functions. It 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 for the performance of their function, from the board of directors, executive committee and employees. Every 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 to carry out its purposes include, among others: the financial reporting, internal controls and risk management, and the internal and external audit process. These tasks are further described in the audit committee charter as set out in the corporate governance charter and in Article 526bis of the Belgian Company Code.

Until its establishment, in accordance with Article 562bis of the Belgian Company Code, the audit function was therefore carried out by the entire Board of Directors.

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

Nomination and Remuneration Committee

"Large" listed companies (as defined in Article 526quater, § 4 of the Belgian Company Code) are legally obliged to establish a remuneration committee within their board of directors. Although the Company does not currently qualify as a "large" company, the Board of Directors has voluntarily set up a remuneration committee. As the remuneration committee also performs the task of a nomination committee, it is called the Nomination and Remuneration Committee.

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 526ter of the Belgian Company Code.

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.

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 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 Management Team, 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 Management Team, other than the CEO, upon proposal by the CEO; and
- 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 Company's corporate governance charter. The Nomination and Remuneration Committee will meet at least twice per year, and whenever it deems it necessary to carry out its duties.

The following directors are currently member of the Nomination and Remuneration Committee: Michel Lussier (Chairman), Chris Buyse and Rudy Dekeyser.

13.3 Executive Management Team

The board of directors has established an executive management team which does not constitute an executive committee ("*directiecomité* / *comité de direction*") under Article 524bis of the Belgian Company Code. The terms of service of the executive management team have been determined by the board of directors and are set out in its corporate governance charter.

The Executive Management Team consists of the "Chief Executive Officer" (CEO, who is the chairman of the Executive Management team), the "Chief Financial Officer" (CFO), the "Chief Operating Officer", the "Chief Legal Officer", the "Vice President Clinical Development and Medical Affairs", the "Vice President Research & Development" and the Global Head of Human Ressources.

The Executive Management Team 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 Management Team 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 Management Team, by way of delegation by the CEO). The

further tasks for which the Executive Management Team is responsible are described in greater detail in the terms of reference of the Executive Management Team as set out in the Company's corporate governance charter.

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

The remuneration, duration and conditions of dismissal of Executive Management Team members will be governed by the agreement entered into between the Company and each member of the Executive Management Team in respect of their function within the Company.

In accordance with Schedule C, Section F, subsection 7 of the CGC, all agreements with members of the Executive Management Team entered into on or after 1 July 2009 must refer to the criteria to be taken into account when determining variable remuneration and will contain specific provisions relating to early termination. In principle, the Executive Management Team meets every month. Additional meetings may be convened at any time by the Chairman of the Executive Management Team or at the request of two of its members. The Executive Management Team 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 Management Team. 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 Management Team has appointed a Company Secretary from among its members).

The members of the Executive Management Team will provide the Board of Directors with information in a timely manner, if possible in writing, on all facts and developments concerning the Company which 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 Management Team) will report at every ordinary meeting of the Board of Directors on the material deliberations of the previous meeting(s) of the Executive Management Team.

At the date of the Prospectus, the members of the Executive Management Team are listed in the table below:

Name	Function	Year of birth
LSS Consulting SPRL, represented by Christian Homsy	Chief Executive Officer	1958
PaJe SPRL, represented by Patrick Jeanmart	Chief Financial Officer	1972
KNCL SPRL, represented by Jean-Pierre Latere	Chief Operating Officer	1975
NandaDevi SPRL, represented by Philippe Dechamps	Chief Legal Officer	1970
MC Consult, represented by Philippe Nobels	Global Head of Human Ressources	1966
ImXense SPRL, represented by Frederic Lehmann	Vice President Clinical Development & Medical Affairs	1964
David Gilham	Vice President Research & Development	1965

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

Christian Homsy (representative of LSS Consulting SPRL), CEO – reference is made to section “13.1 The Company’s board of directors”.

Patrick Jeanmart (representative of PaJe SPRL), has served as the Chief Financial Officer of the Company since September 2007. Prior to joining the Company, Mr. Jeanmart worked for IBA Group (Ion Beam Applications, Belgium) for six years where he held a number of senior financial management positions within the corporate organization and several IBA subsidiaries located in Belgium, Italy, UK and the U.S. Between January 2004 and 2007, he acted as Vice President of Finance of IBA Molecular. He also holds the position of Chief Financial Officer at Medpole SA and at Biological Manufacturing Services SA. Mr. Jeanmart obtained a Master in Economics from the University of Namur, Belgium.

Jean-Pierre Latere (representative of KNCL SPRL), has previously acted as Vice President of Regenerative Medicine and Medical Devices franchise. Since January 2017 he serves as Chief Operating Officer in charge of program management, manufacturing, quality, clinical operations and regulatory affairs. He leads the effort to further strengthen the organization as Celyad grows as a leader in immuno-oncology. He started his career as a Research Associate at the Michigan State University in the US. Following that assignment, he moved to the Johnson & Johnson group where he held various positions, from Scientist to Senior Scientist. He then joined Celyad in 2008 as Project Manager Delivery System and left the company in 2012 in the position of Senior Director Business Development. Prior to joining Celyad, Jean-Pierre served as Beauty Care and Healthcare Market Global Leader at Dow Corning. Jean-Pierre holds a PhD in Chemistry from the University of Liège, Belgium.

Philippe Dechamps (representative of NandaDevi SPRL), has served as Chief Legal Officer since September 2016. Philippe started his legal career as an associate in Brussels with the law firm Linklaters De Bandt from 1994 to 1998. He left private practice in 1998 and until 2003, he served as an in-house counsel 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 US company formerly active in the medical devices business before its acquisition by Boston Scientific and Abbott Laboratories in 2005. Within Abbott, Philippe took over responsibility for the legal affairs of Abbott Vascular International outside of the United States. In 2008, Philippe joined Delhaize Group taking responsibility for 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. Philippe earned law degrees from the Université Catholique de Louvain (UCL) and Vrije Universiteit Brussel (VUB), and a Masters of Law (LL.M) from Harvard University.

Philippe Nobels (representative of MC Consult Sprl) has served as Global Head of Human Ressources since October 2016. He started his career at Price Waterhouse (now PwC) 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 the company's major transformation initiatives to increase organizational effectiveness, employees' engagement & performance as well as Business results. Philippe hold a master degree in Economics from the University of Namur.

Frédéric Lehmann (representative of ImXense SPRL), has served as the Vice President Clinical Development & Medical Affairs since July 2016 and prior to that he has served as the Vice President Immuno-Oncology since September 2015. Frédéric is a physician by training, specialized in hematology and oncology. Frédéric 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 has served as Vice President Research and Development since September 2016. Prior to joining the company, David was a Reader and Group Leader within the Manchester Cancer Research Centre at the University of Manchester, UK leading a research group of 15 scientists in the area of cellular immunotherapy. David obtained his Ph.D from the University of Dundee in 1998 in Molecular Pharmacology under the supervision of Professor Roland Wolf, OBE. After a short post-doctoral position at the University of Bristol, David moved to the University of Manchester with Professor Robert Hawkins to establish translational research activity in the field of engineered cellular therapy. The group has carried out several clinical trials of CAR T cells of which David has been Lead scientific advisor and led several European framework programs bringing together researchers from all over Europe (ATTACK and ATTRACT programs). In 2010, along with Professor Hawkins and other colleagues, David co-founded Cellular Therapeutics, a cell production company based in Manchester. He has published more than 60 peer reviewed articles and further book chapters and reviews. He has also sat on many review boards and charity grant committees and consulted for several biotechs and pharma concerning immune cell therapies.

As of the date of this prospectus, the list of company mandates hold by the Executive Management Team is as follows:

Name of the company	*Starting year of mandate*	*Current*	*Expired*	*Bankrupt or liquidated (Y/N)*
Christian Homsy				

Celyad SA	2004	Yes	No	No
Medpole SA	2004	Yes	No	No
LSS Consulting SPRL	2014	Yes	No	No
Miracor SA	2017	Yes	No	No
Patrick Jeanmart				
PaJe SPRL	2008	Yes	No	No
Biological Manufacturing Services SA	2017	Yes	No	No
Jean-Pierre Latere				
KNCL SPRL	2016	Yes	No	No
Frédéric Lehmann				
ImXsense sprl	2015	Yes	No	No
David Gilham				
N/A				
Philippe Dechamps				
Nandadevi SPRL	2016	yes	No	No
Philippe Nobels				
MC CONSULT SPRL	2016	Yes	No	No

13.4 General Information About the Company's Directors and Members of Executive Management Team

As of the date of this prospectus and except as set out below, none of the directors or members of its executive management team for at least the previous five years:

- holds any convictions in relation to fraudulent offenses;
- holds an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation;
- has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or
- has ever been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

13.5 Family Relationships

There are no family relationships among any of the members of its executive management team or directors.

13.6 Corporate Governance Practices

Along with its articles of association, the Company adopted a corporate governance charter in accordance with the recommendations set out in the Belgian Corporate Governance Code issued on 12 March 2009 by the Belgian Corporate Governance Committee. The Belgian Corporate Governance Code is based on a "comply or explain" system: Belgian listed

companies are expected to follow the Belgian Corporate Governance Code, but can deviate from specific provisions and guidelines (though not the principles) provided they disclose the justification for such deviations.

Its board of directors complies with the Belgian Corporate Governance Code, but believes that certain deviations from its provisions are justified in view of its particular situation.

These deviations include the grant of options or warrants to non-executive directors. In this way, the Company has additional possibilities to attract or retain competent non-executive directors and to offer them an attractive additional remuneration without the consequence that this additional remuneration weighs on its financial results. Furthermore, the grant of warrants is a commonly used method in the sector in which the Company operates. Without this possibility, the Company would be subject to a considerable disadvantage compared to competitors who do offer warrants to their non-executive directors. Its board of directors is of the opinion that the grant of options or warrants has no negative impact on the functioning of the non-executive directors.

Its board of directors reviews its corporate governance charter from time to time and makes such changes as it deems necessary and appropriate. Additionally, its board of directors adopted written terms of reference for each of the executive management team, the audit committee and the nomination and remuneration committee, which are part of the corporate governance charter.

13.7 Code of Business Conduct and Ethics

In 2015, Celyad adopted a Code of Business Conduct and Ethics, or the Code of Conduct, that is applicable to all of its employees, members of its executive management team and directors. The Code of Conduct is on its website at https://www.celyad.com/en/investors/corporate-governance. The audit committee of its board of directors 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 management team and directors.

13.7.1 Market abuse regulations

On 17 June 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 has been amended by a resolution of the Board of Directors on 7 December 2017.

These prohibitive provisions and the monitoring of compliance with them are primarily intended to protect the market. To ensure that the law is respected and to uphold the reputation of the Company, it is therefore necessary to take a number of preventive measures in the form of a code of conduct.

The Rules apply to all Insiders. 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 2 August 2002 and 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.

13.7.2 Corporate Governance Charter

The Company's Board of Directors intends to comply with the CGC, but believes that the following deviations from its provisions are justified in view of the Company's particular situation:

- Schedule C, Section F, subsection 7 of the CGC: the non-executive directors receive fixed remuneration in consideration of their membership of the Board of Directors and their attendance at committee meetings of which they are members. In principle, they will not receive any performance related remuneration, nor will any options or warrants be granted to them in their capacity as a director. However, on the advice of the Nomination and Remuneration Committee, the Company granted warrants to non-executive directors upon shareholders agreement, as in the board of directors' reasonable opinion, granting warrants provides additional possibilities to attract or retain competent non-executive directors and to offer them an attractive additional remuneration without the consequence that this additional remuneration weighs on its financial results. Furthermore, the grant of warrants is a commonly used method in the sector in which the Company operates. Without this possibility, the Company would be subject to a considerable disadvantage compared to competitors who do offer warrants to their non-executive directors. The board of directors is of the opinion that the grant of options or warrants has no negative impact on the functioning of the non-executive directors. At the date of this report, non-executive directors owned in total 115,000 Company warrants.

In accordance with the CGC, the Board of Directors of the Company will review its corporate governance 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 could be obtained free of charge at the registered office of the Company. The CGC has been updated by resolution of the Board of Directors on 8 December 2016.

13.8 Conflict of Interest of directors and members of the executive team and transactions with affiliated companies

13.8.1 General

Each director and member of the Executive Management Team 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 corporate governance charter contains specific procedures to deal with potential conflicts.

13.8.2 Conflicts of interest of directors

Article 523 of the Belgian Company Code 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 conflicted director 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.

13.8.3 Existing conflicts of interest of members of the Board of Directors and of the Executive Management Team

Currently, as far as the Company is aware, none of the directors nor the members of the Executive Management Team have a conflict of interest within the meaning of Article 523 of the Belgian Company Code that 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 2017, certain members of the Board declared a conflict of interest, their declarations are included in its 2017 annual report. No declaration in that respect was received by the Company since January 1st, 2018.

13.8.4 Related Party Transactions

Currently, no related party transaction involving the company's directors or senior executive management has been disclosed to the company.

13.8.5 Transactions with affiliates

The Article 524 of the Belgian Company Code 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 must assess the business advantages and disadvantages of the decision or transaction for the Company. It must quantify the financial consequences thereof and must determine whether or not the decision or transaction causes a disadvantage to the Company that is manifestly illegitimate in view of the Company's policy. If the committee determines that the decision or transaction is not manifestly illegitimate, but is of the opinion that it will prejudice the Company, it must clarify which advantages are taken into account in the decision or transaction to compensate the disadvantages. All these elements must be set out in the committee's advice. 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.

13.9 Compensation of Directors and Executive Management Team

13.9.1 Remuneration Policy

The remuneration of the members of the Executive Management Team 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 remuneration of the members of the Executive Management Team is designed to hire, retain and motivate high quality executive managers. The remuneration of the members of the Executive Management Team currently consists of the following elements:

- Each member of the Executive Management Team is entitled to a basic fixed compensation designed to fit responsibilities, relevant experience and competences, in line with market rates for equivalent positions;
- the Company pays each member of the Executive Management Team a variable compensation, dependent on specified individual, team and/or Company objectives which, in accordance with Article 520bis of the Belgian Company Code, are pre-determined in an explicit decision by the Board of Directors. Such variable compensation is based on the Company's performance and the individual performance of the Manager. The performance criteria are set and approved by the Board at the beginning of each calendar year.
- Each member of the Executive Management Team currently participates in, and/or in the future may be offered the possibility to participate in, a stock based incentive scheme, in accordance with the recommendations set by the Nomination and Remuneration Committee, after the recommendation by the CEO to such committee (except in respect of his own remuneration) and after (in respect of future stock based incentive schemes) prior shareholder approval of the scheme itself by way of a resolution at the annual shareholders' meeting;
- Each member of the Executive Management Team is entitled to a number of fringe benefits (to the exception, however, of those managers engaged on the basis of service agreements), which may include participating in a defined contribution pension or retirement scheme, disability insurance and life insurance, a company car, and/or a lump-sum expense allowance according to general Company policy.

In accordance with Schedule C, Section F, subsection 7 of the CGC, any contractual arrangement entered into on or after 1 July 2009 regarding the remuneration of the CEO, any other member of the Executive Management Team, should specify that the amount of severance pay awarded in the event of early termination does not exceed 12 months' base and variable remuneration. Any such agreement (entered into on or after 1 July 2009) should also specify that the severance package does not take into account the variable remuneration and be limited to 12 months' base remuneration in the event that the departing CEO or any other member of the Executive Management Team did not meet the performance criteria referred to in the agreement.

The Nomination and Remuneration Committee recommends the level of remuneration for non-executive directors, subject to approval by the Board of Directors and, subsequently, by the Shareholders Meeting.

The Nomination and Remuneration Committee benchmarks directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board of Directors and its various committees.

On the advice of the Nomination and Remuneration Committee, the Board of Directors may propose to the Shareholders Meeting to grant options or warrants in order to attract or retain non-executive directors with the most relevant skills, knowledge and expertise. Insofar as this grant of options or warrants comprises variable remuneration under Article 554 of the Belgian Company Code, this remuneration shall be submitted for approval to the next annual general shareholders meeting.

Without prejudice to the powers granted by law to the Shareholders Meeting, the Board of Directors sets and, from time to time, revises the rules and the level of compensation for directors carrying out a special mandate or sitting on one of the committees and the rules for the reimbursement of directors' business-related out-of-pocket expenses. The remuneration of directors will be disclosed to the Company's shareholders in accordance with applicable laws and regulations.

The directors' mandate may be terminated "ad nutum" (at any time) without any form of compensation.

Additionally, any agreement, entered into or extended as from 3 May 2010, between the Company and a non-executive director, which would provide for a variable remuneration, is subject to the same approval requirements as the ones applicable to the granting to Leading Persons of a severance package exceeding 12 or, as the case may be, 18 months.

The Company does not envisage to amend the principles driving its remuneration policy in the near future and in particular in the coming two financial years.

13.9.2 Director's remuneration

The non-executive directors receive fixed remuneration in consideration for their membership of the Board of Directors and their attendance at the committee meetings of which they are members.

On 5 November 2015, the Extraordinary Shareholders Meeting approved a remuneration and compensation scheme for the chairman, the independent directors and non-executive directors. This scheme is applicable as from November 2015. The remuneration package is made up of a fixed annual fee of €40,000 for the chairman and €30,000 for the other independent directors. The fee is supplemented with a fixed annual fee of €10,000 for membership of each committee of the Board of Directors, to be increased by €5,000 in case the relevant director chairs the Nomination and Remuneration Committee or the Audit Committee.

On 9 May 2016, the Extraordinary Shareholders meeting approved a new remuneration and compensation scheme for the non-executive directors. The remuneration package is made up of fixed annual fee of €10,000 for non-executive directors, supplemented by a fixed annual fee of €10,000 for the Chairman. The annual fee is supplemented by a €5,000 fee for any non-executive directors covering the participation to the four ordinary board of directors' meetings. Any participation to an extraordinary board of directors' meetings gives right to a supplemental fee of €5,000. This remuneration package is also supplemented with a fixed annual fee of €15,000 for membership of each committee of the Board of Directors, to be increased by €5,000 in case the relevant director chairs the Nomination and Remuneration Committee or the Audit Committee. Finally, an extraordinary fee of €3,000 is granted to non-executive directors in case of appointment of such directors, on request of the CEO and with prior approval of the Board of directors, for specific missions requiring the presence of the concerned director. This scheme is applicable directly after the General Meeting of Shareholders of 9 May 2016. The remuneration granted to directors during year 2016 is the consequence of both applications of (i) remuneration and compensation scheme adopted in November 2015 and (ii) the new plan adopted in May 2016. Apart from the above remuneration for non-executive directors, all directors are entitled to company warrants and a reimbursement of out-of-pocket expenses actually incurred as a result of participation in meetings of the Board of Directors.

On June 29, 2017, the extraordinary shareholders' meeting has decided to approve the Warrants Plan 2017. Pursuant to this Plan, the Board of Directors is allowed to issue and grant a maximum of 520,000 warrants to the benefit of the employees, consultants and directors of the Company or its subsidiaries. The main characteristics of the Warrants Plan 2017 can be summarized as follows: (i) the warrants will be granted for free to the beneficiaries, (ii) each warrant holder will be allowed to acquire one new share of the Company with one warrant, (iii) the exercise price of the warrants will be determined at grant, (iv) the warrants will have a maximum duration of 5 years, (v) the warrants cannot be assigned, except in case of death and (vi) the warrants will be vested by one third per year. The provisions of the Warrants Plan are in line with the Law of 26 March 1999.

In accordance with Article 556 of the Companies Code, the shareholders' meeting has also decided to approve the provisions of the Warrants Plan 2017 that create specific rights for third parties, impact the assets of the Company or lead to the creation of a debt or commitment by the Company, when the exercise of these rights becomes effective because of the launch of a public offering on the shares of the Company or a change of control, including the automatic vesting of the warrants in case of public offering on the shares of the Company as provided by the Warrants Plan 2017.

On May 7, 2018, the shareholders' meeting approved the principle terms and conditions of a warrants plan for 2018. However, the Board of Directors has not yet adopted such plan.

As of 31 December 2017, there are no loans outstanding from the Company to any member of the Board of Directors.

There are no employment or service agreements that provide for notice periods or indemnities between the Company and members of the Board of Directors who are not a member of the Executive Management Team.

The following amounts detailed the 2017 remuneration of the Board of directors paid by Celyad SA (none of the subsidiaries of the Group paid any compensation to the members of the Board of Celyad SA):

Name	**Fees Earned (€)**
Michel Lussier	86,000

Serge Goblet	36,000
Chris Buyse	71,000
Rudy Dekeyser	81,000
Debasish Roychowdhury	62,250
Hanspeter Spek	51,000
Total	**387,250**

Its executive director (i.e., LSS Consulting SPRL, represented by Christian Homsy) does not receive any specific or additional remuneration for his service on its board of directors, as this is included in his total remuneration package in his capacity as Chief Executive Officer.

The table below provides an overview as of the date of this prospectus of the warrants held by the non-executive directors.

	Warrant Awards		
Name	**Number of Ordinary Shares Underlying Warrants**	**Warrant Exercise Price in euros**	**Warrant Expiration Date**
Michel Lussier	10,000	34.65	5 November 2020
	10,000	32.26	31 July 2022
Chris Buyse	10,000	34.65	5 November 2020
	10,000	32.26	31 July 2022
Rudy Dekeyser	10,000	34.65	5 November 2020
	10,000	32.26	31 July 2022
Debasish Roychowdhury	10,000	34.65	5 November 2020
	10,000	32.26	31 July 2022
Hanspeter Spek	5,000	35.79	5 May 2019
	10,000	34.65	5 November 2020
	10,000	32.26	31 July 2022
Serge Goblet	10,000	32.26	31 July 2022

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13.9.3 Remuneration of the CEO

In accordance with Article 96, §3 of the Belgian Company Code, this remuneration report includes the amount of the remuneration of, and any other benefits granted to, the Company's CEO, on a broken-down basis. In the financial year 2017 Celyad SA paid 477k€ of remuneration in respect of the CEO, Mr Christian Homsy (none of the subsidiaries of the Group paid any compensation to the CEO of Celyad SA). This includes:

- a fixed remuneration of €426k;
- a variable component of €51k.

After the approval of the audited consolidated financial statement by the Board and the shareholders, the variable component paid to the CEO (or to any other directors if any) cannot be recovered by the Company in case of false financial data. This consists of a deviation from article 96 §3 11° which describes the potential right of recovery of the variable component by the Company in case of false financial data.

The CEO participates in different warrant plans set in place by the Company and approved by its shareholders:

- under Warrant plan of May 2010: 200 warrants at an exercise price of €22.44 per share vested over a period of 3 years;
- under Warrant plan of January 2013: 80,000 warrants at an exercise price of €4.52 per share vested over a period of 1 years. These warrants were exercised in 2014;
- under Warrant plan of May 2013: 112,000 warrants at an exercise price of €2.64 per share vested over a period of 3 years.

- Under Warrant plan of November 2015: 40,000 warrants at an exercise price of €34.65 per share vested over a period of 3 years
- Under Warrant plan of June 2017: 40,000 warrants at an exercise price of €32.26 per share vested over a period of 3 years

In January 2017, the CEO exercised 112,000 warrants issued in May 2013. As of 31 December 2017, the CEO owned 80,000 warrants (plans of November 2015 and June 2017)

13.9.4 Remuneration of the Executive Management Team

In addition to the CEO, the composition of the Executive Management Team as of the date of this Prospectus is:

- PaJe SPRL, represented by Patrick Jeanmart, CFO
- ImXense, represented by Frédéric Lehmann, Vice President Clinical Development & Medical Affairs
- KNCL SPRL, represented by Jean-Pierre Latere, Chief Operating Officer.
- NandaDevi SPRL, represented by Philippe Dechamps, Chief Legal Officer
- David Gilham, Vice President Research & Development
- MC Consult SPRL, represented by Philippe Nobels, Global Head of Human Resources.

The CEO is engaged on the basis of a services agreement with effective date on 24 July 2007 and with indefinite term. The services agreement will automatically terminate in case of dismissal of the CEO. In case of dismissal for cause, no indemnity will be due to the CEO. In case of termination without cause, an indemnity of 12 months and a bonus equal to the average of the bonuses paid in respect of the previous financial years will be due.

PaJe SPRL is engaged on the basis of a services agreement with effective date on 1st January 2008 and with indefinite term. Either party can terminate the services agreement without cause with a notice period of six months, or with cause with immediate effect.

ImXense SPRL is engaged on the basis of a services agreement with effective date on 4 August 2015 and with indefinite term. The Company can terminate the services agreement without cause with a notice period of five months (six months after August 4, 2018), or with cause and without indemnity. The services agreement will terminate if ImXense SPRL resigns as Vice President Clinical Development & Medical Affairs of the Company, with a notice period of three months.

KNCL SPRL is engaged on the basis of a services agreement with effective date on 7 December 2015 and with indefinite term. The Company can terminate the services agreement without cause with a notice period of five months (six months after December 7, 2018), or with cause and without indemnity. The services agreement will terminate if KNCL SPRL resigns as Chief Operating Officer of the Company, with a notice period of three months.

NandaDevi SPRL is engaged on the basis of a services agreement with effective date on 1 September 2016 and with indefinite term. The Company can terminate the services agreement without cause with a notice period of four months (five months after September 1, 2018 and six months after September 1, 2019) and an ad-target bonus pro-rated to the termination date of the current year, or with cause and without indemnity. The services agreement will terminate if Nandadevi SPRL resigns as Chief Legal Officer of the Company, with a notice period of three months.

MC Consult SPRL is engaged on the basis of a services agreement with effective date on 3 January 2017 and with indefinite term. The Company can terminate the services agreement without cause with a notice period of four months (five months after 3 January 2019, six months after 3 January 2020), or with cause and without indemnity. The services agreement will terminate if MC Consult SPRL resigns as Global Head of Human Ressources of the Company, with a notice period of two months.

The Vice President Research & Development is engaged on the basis of an employment agreement with effective date on 12 September 2016 and with indefinite term.

The total fees paid or due to the members of the Executive Management Team (excluding the CEO) by Celyad SA (None of the subsidiaries of the Group paid any compensation to the members of the EMT of Celyad SA) was €2.2 million in 2017 (full company costs but excluding VAT and stock based compensation) as further detailed in sections of the notes to the financial statements.

This includes:

- a fixed remuneration of €1,940k;
- a variable component of €243k.

Out of the fixed compensation, the amounts paid by the Group on behalf of the members of the EMT for a group insurance and other advantages in kind amounted to €230k.

Over the course of 2017, EMT (excluding the CEO) accepted 139,000 warrants offered from the December 2016 and June 2017 plans, for respectively 30,000 and 109,000 warrants. As of 31 December 2017, the EMT holds 226,500 warrants. The exercise prices vary from 17.60€ to 34.65€. All plans have a vesting scheme of 3 years.

The following table detailed the warrants owned by the EMT (excluding the CEO) as of 31 December 2017 and the movements occurred in 2017:

Name	Granted	Forfeited	Exercised	Total outstanding
PaJe SPRL	20,000	(25)	56,000	40,000
Georges Rawadi [1]	20,000	-	-	37,500
ImXense SRPL	20,000	-	-	40,000
NandaDevi SPRL	40,000	-	-	40,000
David Gilham	6,000	-	-	16,000
KNCL SPRL	3,000	-	-	23,000
MC Consult SPRL	30,000	-	-	30,000
Total	139,000	-	56,000	226,500

[1] Georges Rawadi has resigned with effective date on March 23, 2018

The table below provides an overview as of 31 December 2017 of the warrants held by the members of its executive management team.

	Warrant Awards		
Name	**Number of Ordinary Shares Underlying Warrants**	**Warrant Exercise Price in euros**	**Warrant Expiration Date**
Christian Homsy[1]	40,000	34.65	5 November 2020
	40,000	32.26	31 July 2022
Patrick Jeanmart[2]	20,000	34.65	5 November 2020
	20,000	32.26	31 July 2022
Georges Rawadi	7,500	39.22	5 May 2024
	10,000	34.65	5 November 2025
	20,000	31.34	31 July 2022
Frederic Lehman[3]	20,000	34.65	5 November 2020
	20,000	36.11	31 July 2022
Philippe Dechamps[4]	20,000	17.60	31 December 2021
	20,000	36.11	31 July 2022
David Gilham	10,000	15.90	5 November 2020
	6,000	31.34	31 July 2022
Jean-Pierre Latere[5]	20,000	34.65	5 November 2020
	3,000	36.11	31 July 2022
Philippe Nobels[6]	10,000	17.60	31 December 2021
	20,000	36.11	31 July 2022

[1] Christian Homsy holds these warrants in person, whereby he is the representative of LSS Consulting SPRL, his management company, which has been appointed as Chief Executive Officer.

[2] Patrick Jeanmart holds these warrants in person, whereby he is the representative of PaJe SPRL, his management company, which has been appointed as Chief Financial Officer.

[3] Frédéric Lehman holds these warrants in person, whereby he is the representative of ImXense SPRL, his management company, which has been appointed as Vice President Clinical Development & Medical Affairs.

[4] Philippe Dechamps holds these warrants in person, whereby he is the representative of NandaDevi SPRL, his management company, which has been appointed as Chief Legal Officer.

[5] Jean-Pierre Latere holds these warrants in person, whereby he is the representative of KNCL SPRL, his management company, which has been appointed as Chief Operating Officer.

[6] Philippe Nobels holds these warrants in person, whereby he is the representative of MC Consult SPRL, his management company, which has been appointed as Global Head of Human Resources.

13.10 Statutory auditor

VCBA BDO Bedrijfsrevisoren – Réviseurs, organised and existing under the laws of Belgium, with registered office at The Corporate Village, Da Vincilaan 9, Box E.6, 1930 Zaventem, , represented by Bert Kegels, has been appointed as its statutory auditor on 5 May 2017 for a term of three years. Bert Kegels 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 130k€ for the year 2017 and 130k € for the year 2018 (excluding VAT).

14 RELATED PARTY TRANSACTIONS

Since the end of the last financial period for which audited financial information has been published (31 December 2017), the Company has not entered into any related party transactions.

15 MATERIAL CONTRACTS

Academic and Clinical Collaborations

Dartmouth College and Celdara

In January 2015, the Company entered into a stock purchase agreement with Celdara Medical, LLC, or Celdara, pursuant to which the Company purchased all of the outstanding membership interests of OnCyte, LLC, or OnCyte. In connection with this transaction, the Company, Celdara and OnCyte entered into an asset purchase agreement pursuant 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 connection with the asset purchase agreement, OnCyte and Celdara entered into a services agreement under which Celdara provided certain development activities related to the development of CAR-T products.

On August 3, 2017, the Company, Celdara and OnCyte, its wholly-owned subsidiary, 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 its 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 its 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, OnCyte is obligated to make certain development-based milestone payments to Celdara up to $40.0 million for its clinical-stage product candidate (using autologous NKR-2 T-cells), the first product candidate in the first of four defined product groups. We are also obligated to make certain development-based milestone payments up to $36.5 million for the first product candidate in one of three additional defined preclinical-stage product groups. Under the prior agreement these payments were payable once per licensed product whereas under the amended asset purchase agreement these payments are now payable for the first CAR-T product in each of these four defined CAR-T product groups. We are also obligated to make sales-based milestone payments up to $76.0 million for the first CAR-T product in the first of the four defined CAR-T product groups and up to $80.0 million for the first CAR-T product in the next three defined CAR-T product groups. Under the amended asset purchase agreement, OnCyte is required to make tiered single-digit royalty payments to Celdara in connection with the sales of CAR-T products within each of the four defined CAR-T product groups, subject to reduction in countries in which there is no patent coverage for the applicable product or in the event OnCyte is required to secure licenses from third parties to commercialize the applicable product. Such royalties are payable on a product-by-product and country-by-country basis until the later of (i) the last day that at least one valid patent claim covering the applicable product exists, or (ii) the tenth anniversary of the day of the first commercial sale of the applicable product in such country.

Under the amended asset purchase agreement, in lieu of royalties previously payable on sales by sublicensees, OnCyte is now 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. These percentages will be applied on a product-by-product basis to each payment included within sublicense income that is attributable to the grant of rights in, or the achievement of a milestone with respect to a specific product that is subject to, such sublicense. Under the amended asset purchase agreement, OnCyte is required to pay Celdara a single-digit percentage of any research and development funding received by OnCyte for each of the four defined CAR-T product groups, 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.

In connection with the amended asset purchase agreement, OnCyte and Celdara terminated the services agreement related to certain development activities related to the development of CAR-T products in consideration of a cash payment to Celdara in the amount of $0.9 million out of the $1.8 million remaining contractual amount.

Amended Dartmouth License

As described above, as a result of its acquisition of all of the outstanding membership interests of OnCyte and the asset purchase agreement among the Company, Celdara and OnCyte, OnCyte became its 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. On August 2, 2017, OnCyte and Dartmouth entered into an amendment agreement in order to combine OnCyte's rights under B7H6 Agreement with OnCyte's 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, OnCyte paid Dartmouth a non-refundable, non-creditable amendment fee in the amount of $2.0 million, charged to the income statement of 2017 as part of the costs of the amendments of the Celdara and Dartmouth agreements.

Under the amended license agreement, Dartmouth granted OnCyte 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 Company under the amended license agreement, OnCyte 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 OnCyte, 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, OnCyte is now 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. These percentages will be applied on a product-by-product basis to each payment included within sublicense income that is attributable to the grant of rights in, or the achievement of a milestone with respect to a specific product that is subject to, such sublicense. Additionally, the agreement requires that OnCyte exploit the licensed products, and OnCyte has agreed to meet certain developmental and regulatory milestones. Upon successful completion of such milestones, OnCyte 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 OnCyte fails to meet the specified minimum net sales obligations for any year, unless OnCyte pays to Dartmouth the royalty OnCyte would otherwise be obligated to pay had OnCyte met such minimum net sales obligation. Dartmouth may also terminate the license if OnCyte fails to meet a milestone within the specified time period, unless OnCyte pays the corresponding milestone payment. Either party may terminate the agreement in the event the other party defaults or breaches any of the provisions of the agreement, subject to 30 days' prior notice and opportunity to cure. In addition, the agreement automatically terminates in the event OnCyte becomes insolvent, make an assignment for the benefit of creditors or file, or have filed against the Company, a petition in bankruptcy. Absent early termination, the agreement will continue until the expiration date of the last to expire patent right included under the agreement in the last to expire territory. We expect that the last to expire patent right included under this agreement will expire in 2033, absent extensions or adjustments.

ONO Pharmaceuticals

On July 11, 2016, the Company entered into a license and collaboration agreement with ONO Pharmaceuticals Co., Ltd., or ONO, in connection with which the Company granted ONO an exclusive license for the development, manufacture and commercialization of allogenic products incorporating its NKR-T cell technology in Japan, Korea and Taiwan. Under the terms of the collaboration, ONO is solely responsible for and bears all costs incurred in the research, development and commercialization of such products in its geographies. In addition, the Company granted ONO an exclusive option to obtain an exclusive license to develop, manufacture and commercialize autologous products incorporating its autologous CAR-T NKR-2 cell technology in Japan, Korea and Taiwan.

In consideration for the rights granted to ONO under the agreement, the Company received in August 2016 an upfront payment in the amount of 1.25 billion JPY ($12.5 million) and the Company is eligible to receive additional milestones for up to 30.075 billion JPY ($299 million) in development and commercial milestones. In addition, the Company is entitled to receive double digit royalties on nets sales of licensed products in licensed territories.

Novartis AG

In May 2017, the Company signed a non-exclusive license agreement with Novartis regarding U.S. patents related to allogeneic CAR-T cells. The agreement includes Celyad's 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, Celyad received an upfront payment and is eligible to receive payments in aggregate amounts of up to $96 million. In addition, Celyad is eligible to receive royalties based on net sales of the licensed target associated products at percentages in the single digits. Celyad retains all rights to grant further licenses to third parties for the use of allogeneic CAR-T cells.

16 DESCRIPTION OF THE SHARE CAPITAL AND CORPORATE STRUCTURE

16.1 General

We were incorporated on 24 July 2007 for an indefinite period of time under the name Cardio3 BioSciences. Its name was changed in Celyad on 5 May 2015. We are a public limited liability company ("société anonyme" or "SA") organised and existing under the laws of Belgium with registered office at Rue Edouard Belin 2, 1435 Mont-Saint-Guibert, Belgium (enterprise number 0891.118.115 (RPM Nivelles)). Pursuant to the Belgian Company Code, the liability of shareholders of a public limited liability company is limited to the amount of their respective committed capital contribution to its capital. We may be reached by telephone at the number +32 10 394 100.

Its share capital and corporate structure and the material rights of its shareholders under Belgian law and its articles of association are summarised below.

The description hereafter is a summary only and does not purport to give a complete overview of the articles of association, nor of all relevant provisions of Belgian law. Neither should it be considered as legal advice regarding these matters.

16.2 Corporate purpose

Its corporate purpose is the following:

"The company's purpose, both in Belgium and abroad, on its own behalf or on behalf of third parties, for itself or for others, is to develop new medical technologies, and in particular, but not exclusively, to research and develop, manufacture and sell parts and systems, including the procedures, formula, development and

manufacturing methods, the instruments and equipment, the materials and products, the prototypes, the software and technical and research programs, the design, the patents and trademarks, all related directly or indirectly to biotechnologies and, in particular but not exclusively, to cell therapies and the various directly or indirectly related scientific, operational, legal and financial fields. The company may, if necessary, file and register all or part of its research (patents, inventions, trademarks) and partake in any operation relating directly or indirectly to its corporate purpose if these operations are necessary in order to enable it to pursue its activities.

The company may partake, both in Belgium and abroad, in all industrial, commercial, financial, movable property and real estate transactions that are likely to help expand or promote its business directly or indirectly.

It may acquire any moveable and real property, even if it has no direct or indirect link to the company's purpose.

It can provide any form of security in order to guarantee the undertakings of an affiliated or associated company to which it is linked through a shareholding, or of any third party in general.

It can, through any means, acquire an interest in, cooperate or merge with any associations, ventures, businesses, or companies that have an identical, similar or related corporate purpose, or that are likely to promote the company or facilitate the sale of its products or services. It may acquire a financial interest in the form of new capital, a transfer, a merger, subscription or stake, or in any other manner, in companies, businesses, or operations that have a similar or related corporate purpose, or which are likely to help it achieve its corporate purpose."

Its corporate purpose is provided under article 3 of its articles of association available on its website (http:// https://www.celyad.com/en/investors/corporate-governance).

16.3 Group structure

Its main business is conducted through the Company itself. 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 12 May 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 5 November 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 21 January 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. Additional contingent payments with an estimated fair value of $42.0 million are payable upon the attainment of various clinical and sales milestones. As a result of this transaction the Company acquired its CAR T-cell drug 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

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

The consolidation scope of Celyad Group as 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 group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Celyad Inc.	USA	Biopharma	100%	100%	0%
OnCyte, LLC	USA	Biopharma	100%	100%	0%
CorQuest Medical, Inc.	USA	Medical Device	100%	100%	0%
Biological Manufacturing Services SA	Belgium	GMP laboratories	100%	100%	0%

16.4 Share capital and shares

On the date of this prospectus, its registered capital amounts to €41,552,614.57 represented by 11,942,344 shares without nominal value. The par value is €3.48 per share. As of the date of this prospectus, the capital is fully paid up.

Development of capital

The table below provides an overview of the history of its share capital since its incorporation in 2007. The overview should be read together with the notes set out below the table.

Category	Transaction date	Description	# of shares	Price paid per share (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	—

Category	Transaction date	Description	# of shares	Price paid per share (in €)
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

16.5 Warrant Plans

We have 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 on the date hereof.

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 26 September 2008, (Warrants giving right to 90,000 shares). Of these 90,000 Warrants, 50,000 were offered and accepted. None are outstanding on the date hereof;
- on 5 May 2010 (Warrants giving right to 50,000 shares). Of these 50,000 Warrants (15,000 Warrants A, 5,000 Warrants B and 30,000 Warrants C), 12,710 Warrants A, 5,000 Warrants B and 21,700 Warrants C were accepted. None are outstanding on the date hereof;
- on 29 October 2010 (Warrants giving right to 79,500 shares). Out of the 79,500 Warrants offered, 61,050 Warrants were accepted by the beneficiaries and 766 Warrants are outstanding on the date hereof;
- on 31 January 2013 (Warrants giving right to 140,000 shares). Out of the 140,000 Warrants, 120,000 were granted to certain members of the executive management team and a pool of 20,000 Warrants was created. The Warrants attributed to certain members of the executive management team were fully vested at 31 December 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 6 May 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); subject to the Warrants being offered and accepted by the beneficiaries. On 31 May 2013, Warrants giving right to 2,409,176 ordinary shares were issued and accepted, which have all been exercised on the date hereof.

- on 6 May 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 7,000 warrants are outstanding on the date hereof.
- on 11 June 2013 (Over allotment 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 over allotment Warrant was exercised on 17 July 2013;
- on 5 May 2014 (Warrants giving right to 100,000 shares), a plan of 100,000 Warrants was approved. Warrants were offered to Company's new comers (employees, non-employees and directors) in several tranches. Out of the Warrants offered, 94,400 warrants were accepted by the beneficiaries and 60,697 Warrants are outstanding on the date hereof.
- on 5 November 2015 (Warrants giving right to 466,000 shares), a plan of 466,000 Warrants was approved. Warrants were offered to Company's new comers (employees, non-employees and directors) in several tranches. Out of the Warrants offered, 343,550 warrants were accepted by the beneficiaries and 253,065 Warrants are outstanding on the date hereof.
- on 8 December 2016 (Warrants giving right to 100,000 shares), a plan of 100,000 Warrants was approved. Warrants were offered to Company's new comers (employees, non-employees and directors) in two tranches. Out of the Warrants offered, 45,000 warrants were accepted by the beneficiaries and 45,000 Warrants are outstanding on the date hereof.
- on 29 June 2017 (Warrants giving right to 520,000 shares), a plan of 520,000 Warrants was approved. Warrants were offered to Company's new comers (employees, non-employees and directors) in several tranches. Out of the Warrants offered, 312,100 warrants were accepted by the beneficiaries and 308,434 Warrants are outstanding on the date hereof.

As a result, at the date of this prospectus there are 674,962 Warrants outstanding which represent approximately 6.40% of the total number of all its issued and outstanding voting financial instruments.

Issue Date	Term	Number of Warrants Issued [1]	Number of Warrants Granted in number of shares [2]	Exercise Price (in Euros)	Number of Warrants No Longer Exercisable	Warrants exercised	Number of Warrants Outstanding	Exercise periods vested warrants [3]
September 26, 2008	From December 26, 2008 to December 31, 2014	90,000	50,000	22.44	32,501	17,499	—	January 1, 2012 – December 31, 2014
May 5, 2010	From May 5, 2010 to the day of the contribution in kind of Company's debt under the Loan C Agreement	15,000	12,710	22.44	410	12,300	—	The day of the contribution in kind of Company's debt under the Loan C Agreement
May 5, 2010	From May 5, 2010 to May 5, 2016	5,000	5,000	35.36	5,000	—	—	May 5, 2013 – May 5, 2016
May 5, 2010	From May 5, 2010 to December 31, 2016	30,000	21,700	22.44	19,035	2,665	—	January 1, 2012 – December 31, 2016
October 29, 2010	From October 29, 2010 to October 28, 2020	79,500	61,050	35.36	53,418	6,866	766	January 1, 2014 – October 28, 2020
January 31, 2013	From January 31, 2013 to January 31, 2023	140,000	120,000	4.52	—	120,000	—	From January 1, 2014 to January 31, 2023
May 6, 2013	From May 6, 2013 to June 4, 2013	2,409,176	2,409,176	0.01	—	2,409,176	—	From May 6, 2013 to June 4, 2013

Issue Date	Term	Number of Warrants Issued [1]	Number of Warrants Granted in number of shares [2]	Exercise Price (in Euros)	Number of Warrants No Longer Exercisable	Warrants exercised	Number of Warrants Outstanding	Exercise periods vested warrants [3]
May 6, 2013	From May 6, 2013 to May 6, 2023	266,241	253,150	2.64	21,050	225,100	7,000	From January 1, 2017 to May 6, 2023 May 2018 for non-employees and to May 6, 2023 for employees
May 5, 2014	From May 16, 2014 to May 15, 2024	100,000	94,400	From 33.49 to 45.05	33,703	—	60,697	From January 1, 2018 to May 15, 2019 for non-employees and to May 15, 2024 for employees
November 5, 2015	From November 5, 2015 to November 4, 2025	466,000	353,550	From 15.90 to 34.65	100,485	—	253,065	From January 1, 2019 to November 4, 2020 for non-employees and to November 4, 2025 for employees
December 12, 2016	From December 9, 2016 to December 31, 2021	100,000	45,000	From 17.60 to 36.81	—	—	45,000	From January 1, 2020 to December 31, 2021
May 5, 2017	From July 20, 2017 to July 31, 2022	520,000	308,050	From 31.34 to 48.89	3,666	—	308,434	From January 1, 2021 to July 31, 2022

[1] Issued under the condition precedent of the Warrant effectively being offered and accepted.
[2] The numbers reflect the number of shares for which the holder of Warrants can subscribe upon exercise of all relevant Warrants.
[3] The Warrants (i) can only be exercised by the holder of Warrants if they have effectively vested, and (ii) can only be exercised during the exercise periods as set out in the respective issue and exercise conditions.

Apart from the warrants and warrant plans, the Company does not currently have other stock options, options to purchase securities, convertible securities or other rights to subscribe for or purchase securities outstanding.

16.6 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 prospectus, updated, as the case may be. Except as otherwise indicated in the table below, addresses of the directors, members of the executive management team and named beneficial owners are in care of Rue Edouard Belin 2, 1435 Mont-Saint-Guibert, Belgium.

Except as otherwise indicated, all of the shares reflected in the table are ordinary shares and all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them, subject to applicable community property laws. The information is not necessarily indicative of beneficial ownership for any other purpose.

In computing the number of ordinary shares beneficially owned by a person and the percentage ownership of that person, the Company deemed outstanding ordinary shares subject to warrants held by that person that are immediately exercisable. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. 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.

NAME OF BENEFICIAL OWNER	SHARES BENEFICIALLY OWNED	
5% Shareholders	Number	Percentage
TOLEFI SA, represented by Serge Goblet	2,295,701	19.2%
Directors and Members of the Executive Management Team		
Michel Lussier [1]	153,000	1.28%
Serge Goblet	63,303	0.53%
Hanspeter Speck	—	—
Rudy Dekeyser	—	—
Chris Buyse	—	—
Debasish Roychowdhury	—	—
Christian Homsy[2]	125,000	1.04%
Patrick Jeanmart	62,000	0.51%
Philippe Dechamps	—	—
Philippe Nobels	—	—
David Gilham	—	—
Frederic Lehman	—	—
Jean-Pierre Latere	—	—
All directors and members of the executive management team as a group	**2,699,004**	**22.60%**

[1] Of which 145,000 are ordinary shares and 8,000 are ADSs.
[2] Of which 122,000 are ordinary shares and 3,000 are ADSs.

Each of its shareholders is entitled to one vote per ordinary share. None of the holders of its shares have different voting rights from other holders of shares. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of the Company. At the date of this prospectus the Company is not controlled under articles 5 and following of the Companies Code.

16.7 Description of rights and benefits attached to shares

Voting rights

Each shareholder is entitled to one vote per share.

Voting rights may be suspended in relation to shares, in the following events, without limitation and without this list being exhaustive:

- which are not fully paid up, notwithstanding the request thereto by its board of directors;
- to which more than one person is entitled, except in the event that a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 5%, or any multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders meeting, except in case the relevant shareholder has notified the Company and the FSMA at least 20 days prior to the date of the shareholders meeting (see also "16.12 Notification of important participations".) of its shareholding reaching or exceeding the thresholds above; and
- of which the voting right was suspended by a competent court or the FSMA.

Generally, the shareholders' meeting has sole authority with respect to:

- the approval of its statutory financial statements (statutory financial statements under Belgian GAAP);
- the appointment and dismissal of its directors and the statutory auditor;
- the granting of discharge of liability to the directors and the statutory auditor;
- the determination of the remuneration of the directors and of the statutory auditor for the exercise of their mandate;
- the distribution of profits;

- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other reorganisations; and
- the approval of amendments to the articles of association.

16.8 Right to attend and vote at shareholders meetings

Annual shareholders meeting

The annual shareholders' meeting is held at its registered office or at the place determined in the notice convening the shareholders meeting. The meeting is held every year on 5 May, at 9.00 a.m. If this date is a Saturday, Sunday or legal holiday, the meeting is held on the next business day.

At the annual shareholders' meeting, the board of directors submits the audited statutory financial statements under Belgian GAAP and the reports of the board of directors and of the statutory auditor with respect thereto to the shareholders. The shareholders meeting then decides on the approval of the statutory financial statements under Belgian GAAP, the proposed allocation of its profit or loss, the discharge of liability of the directors and the statutory auditor, and, as the case may be, the (re-)appointment or dismissal of the statutory auditor and/or of all or certain directors and the matters described in Article 554 of the Belgian Company Code.

Special and Extraordinary shareholders meetings

The board of directors or the statutory auditor may, at any given time when the interest of the Company so requires, convene a Special or extraordinary shareholders meeting. A shareholders meeting must also be convened each time at the request of one or more shareholders holding at least 20% of its share capital.

Notices convening the shareholders meeting

The convening notice to the shareholders meeting must at least state the place, date and hour of the meeting, and must include an agenda indicating the items to be discussed, as well as any motions for resolutions. In addition, it must give a clear description of the formalities to be fulfilled by the shareholders to be allowed entry to the shareholders meeting and to exercise their voting right.

The notice must be published at least 30 days prior to the shareholders meeting in the Belgian Official Gazette ("*Le Moniteur belge*") and in media of which it reasonably can be expected that it will ensure an effective distribution of the information among the public in the European Economic Area and which is quickly and in a non-discriminatory manner accessible.

The notice must also be published in a national newspaper 30 days prior to the date of the shareholders meeting, except if the relevant meeting is an annual shareholders meeting held at the municipality, place, date and hour mentioned in its articles of association and its agenda is limited to the review of the statutory financial statements, the annual report of the board of directors on the statutory financial statements, the annual report of the statutory auditor, the vote on the discharge of the directors and the statutory auditor, and, as the case may be, matters described in Article 554 of the Belgian Company Code (i.e., approval of the remuneration report and, under certain circumstances, the severance pay of leading persons). The statutory financial statements, the annual report of the board of directors and the annual report of the statutory auditor on the statutory financial statements must be made available to the public as of the date of the publication of the convening notice.

Convening notices must be sent 30 days prior to the shareholders meeting to the holders of registered shares, registered bonds, registered warrants, registered certificates issued with its co-operation (if any) and to its directors and the statutory auditor. This communication is made by way of ordinary letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication in accordance with Article 533 of the Belgian Company Code, without having to give evidence of the fulfilment of such formality.

Formalities to attend the shareholders meeting

The fourteenth day prior to the shareholders meeting, at 24:00 (CET) shall constitute the registration date.

A shareholder can only participate to a shareholders meeting and exercise its voting right provided that its shares are registered in its name, on the registration date (and irrespective of the number of shares the shareholder holds at the date of the shareholders meeting). For registered shares, this is the registration of the shares in its shareholders register, and for dematerialized shares, this is the registration of the shares in the accounts of an authorised account holder or a clearing institution in accordance with Article 536 of the Belgian Company Code.

In the convening notice to the shareholders meeting, the registration date is explicitly mentioned. The shareholder must provide the Company (or any person so appointed by the Company) with its intention to participate to the meeting, at the latest on the sixth day before the date of such meeting.

Its board of directors must maintain a register in which, for each shareholder who has duly expressed its intention to participate to the shareholders meeting, it shall record the name and address (or registered offices) of such shareholder, the number of shares it held on the registration date and for which it has expressed its intention to participate to the meeting, as well as a description of the documents evidencing that such shareholder held the relevant shares at the registration date.

Prior to participating to the shareholders meeting, the holders of securities or their proxy holders must sign the attendance list, thereby mentioning: (i) the identity of the holder of securities, (ii) if applicable, the identity of the proxy holder, and (iii) the number of securities they represent. The representatives of shareholders-legal entities must present the documents evidencing their quality as legal body or special proxy holder of such legal entity. In addition, the proxy holders must present the original of their proxy evidencing their powers, unless the convening notice required the prior deposit of such proxies. The physical persons taking part in the shareholders meeting must be able to prove their identity.

The holders of profit certificates (if any), shares without voting rights (if any), bonds (if any), warrants or other securities issued by the Company (if any), as well as the holders of certificates issued with its co-operation and representative securities issued by the Company (if any), may attend the shareholders meeting insofar as the law grants them such right with an advisory vote, or, as the case may be, the right to participate in the vote. If they wish to attend, they must abide by the same formalities, requirements to be admitted, form and deposit of proxies, as those imposed on the shareholders.

Power of attorney

Any shareholder may grant a proxy to any other person, in accordance with Article 547*bis* of the Belgian Company Code, and this for one or more specific shareholders' meetings, or for meetings which shall be held during a specific period. Any person may, as a proxy holder, represent multiple shareholders. Any proxy must be received by the Company at the latest on the sixth day before the Shareholders meeting, in writing or electronically, in accordance with Article 547*bis* of the Belgian Company Code. We shall only accept such proxies which were provided by shareholders that comply with the formalities to be admitted at the shareholders' meeting.

Quorum and majorities

In general, there is no quorum requirement for a shareholders' meeting and decisions are generally passed with a simple majority of the votes of the shares present and represented.

Capital increases (unless decided by the board of directors within the framework of the authorised capital), decisions with respect to its dissolution, mergers, de-mergers and certain other reorganisations, amendments to the articles of association (other than an amendment of the corporate purpose) and certain other matters referred to in the Belgian Company Code not only require the presence or representation of at least 50% of its share capital but also the approval of at least 75% of the votes cast. An amendment of its corporate purpose or, subject to certain exceptions, the purchase and sale of own shares, requires the approval of at least 80% of the votes cast at a shareholders meeting, which in principle can only validly pass such resolution if at least 50% of its share capital and at least 50% of the profit certificates, if any, are present or represented. On the date of this prospectus, the Company has not issued any profit certificates. In the event that the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new convening notice. The second shareholders' meeting can validly deliberate and resolve regardless of the number of shares present or represented.

Right of Shareholders to add items to the agenda

In accordance with Article 533*ter* of the Belgian Company Code, one or more shareholders holding at least 3% of its share capital have the right to add new items on the agenda of a shareholders' meeting and to file proposals of decision concerning items that were or will be written on the agenda of a shareholders' meeting. Any shareholder(s) who exercise(s) this right must comply with the following two conditions for the proposal(s) to be eligible for consideration at the shareholders meeting: (i) they must prove that they hold the above mentioned percentage of shares on the date of their request (either by producing a certificate of registration of those shares in its shareholder register, or by producing a certificate from a recognized account holder or by a clearing institution evidencing that the relevant number of dematerialised shares are registered in the shareholder's name in the accounts of such authorised account holder or clearing institution); and (ii) they must demonstrate that they still hold 3% of its share capital on the registration date. We must receive requests to add new items on the agenda of shareholders meetings and to file new proposals of decision at the latest 22 days prior to the date of the shareholders' meeting. The revised agenda will be published by the Company at the latest 15 days prior to the date of the shareholders' meeting.

16.9 Dividends

All shares participate in the same manner in its profits (if any). The New Shares carry the right to receive dividends (if any) payable with respect to the entire financial year started on 1 January 2018 and each subsequent year. Pursuant to the Belgian Company Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual shareholders meeting, based on the most recent audited statutory financial statements, prepared in accordance with Belgian GAAP and based on a (non-binding) proposal of its board of directors. Its articles of association also authorise the board of directors to declare interim dividends subject to the terms and conditions of the Belgian Company Code.

Pursuant to Article 617 of the Belgian Company Code, dividends can only be distributed if, following the declaration and payment of such dividends, the amount of its net assets on the date of the closing of the last financial year as set out in the financial statements of the Company prepared in accordance with Belgian GAAP (*i.e.*, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities), decreased with the non-amortised activated costs of incorporation and extension and the non-amortised activated costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the called capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits of each financial year must be allocated to a legal reserve, until this legal reserve amounts to 10% of the share capital.

The right to payment of dividends expires five years after the board of directors has declared the dividend payable.

16.10 Rights regarding liquidation

We can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an extraordinary shareholders meeting where at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of its net assets (determined in accordance with Belgian GAAP) to share capital is less than 50%, the board of directors must convene a shareholders meeting within two months from the date the board of directors discovered or should have discovered this undercapitalisation. At such shareholders meeting, the board of directors must propose either its dissolution, or the continuation of its activities, in which case the board of directors must propose measures to redress its financial situation. Shareholders representing at least 75% of the votes validly cast at this meeting can decide to dissolve the Company, provided that at least 50% of its share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of its net assets (determined in accordance with Belgian GAAP) to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in such event shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Company.

If the amount of its net assets has fallen below €61,500 (the minimum amount of share capital of a Belgian public limited liability company), each interested party is entitled to request the competent court to dissolve the Company. The court may order its dissolution or grant a grace period within which the Company is allowed to remedy the situation.

In the event the Company is dissolved, the assets or the proceeds of the sale of the remaining assets, after payment of all debts, costs of liquidation and taxes, must be distributed on an equal basis to the holders of the shares.

16.11 Changes to the share capital

16.11.1 Changes to the share capital decided by the shareholders

The shareholders meeting can at any given time decide to increase or decrease its share capital. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association, as described above under section 16.8 “Right to attend and vote at shareholders meetings”.

16.11.2 Capital increases by the board of directors

Subject to the same quorum and majority requirements as for a capital increase decided by the shareholders’ meeting, the latter can authorise the board of directors, within certain limits, to increase its share capital without any further approval of the shareholders being required. This authorisation needs to be limited in time (*i.e.*, it can only be granted for a renewable period of maximum five years as from the date of the publication of the authorisation in the Annexes to the Belgian Official Gazette), and in scope (*i.e.*, the authorised capital may not exceed the amount of the share capital at the time of the authorisation).

On 29 June 2017, the extraordinary shareholders’ meeting authorised the board of directors to increase its share capital in one or more transactions with a maximum amount € 33,117,976.63. The board of directors has already used € of the authorized capital As follows:

- EUR 1,141,512.18 (excluding issue premium) for a share capital increase by contribution in kind on 23 August 2017;
- EUR 1,809,600 (excluding issue premium) for the issuance of warrants on 27 September 2017;
- EUR 7,203,600 (excluding issue premium) for a share capital increase by contribution in cash on 22 May 2018 (the Global Offering).

Therefore, the remaining authorized capital, currently amounts to € 22,963,264.63.

If the capital is increased within the limits of the authorised capital, the board of directors will be authorised to request payment of an issuance premium. This issuance premium will be booked on a non-available reserve account, which may only be decreased or disposed of by a resolution of a shareholders meeting taken in accordance with the provisions relating to amendments of the articles of association.

This board of directors' authorisation will be valid for capital increases subscribed for in cash or in kind, or made by capitalisation of reserves and issuance premiums, with or without issue of new shares. The board of directors is authorised to issue convertible bonds, warrants or a combination thereof within the limits of the authorised capital.

The board of directors is authorised, within the limits of the authorised capital, to limit or cancel the preferential subscription rights granted by law to the holders of shares if in doing so it is acting in its interests and in accordance with Article 596 and following of the Belgian Company Code. The board of directors is authorised to limit or cancel the preferential subscription rights in favour of one or more specified persons, even if such persons are not members of its personnel.

16.11.3 Preferential subscription right

In the event of a capital increase in cash with issue of new shares, or in the event of an issue of convertible bonds or warrants exercisable in cash, the shareholders have a preferential right to subscribe for the new shares, convertible bonds or warrants, *pro rata* to the part of the share capital represented by the shares that they already hold. The shareholders meeting may decide to limit or cancel such preferential subscription right, subject to special substantive and reporting requirements. Such decision must satisfy the same quorum and majority requirements as the decision to increase its share capital (see above under section 16.8 "Right to attend and vote at shareholders meetings - *Quorum and majorities*").

The shareholders can also decide to authorise the board of directors to limit or cancel the preferential subscription right within the framework of the authorised capital, subject to the terms and conditions set forth in the Belgian Company Code. In principle, the authorisation of the board of directors to increase its share capital through contributions in cash with cancellation or limitation of the preferential right of the existing shareholders is suspended as of the notification to the Company by the FSMA of a public tender offer on its shares. The shareholders meeting can, however, authorise the board of directors to increase the share capital by issuing further shares, not representing more than 10% of its shares at the time of such a public tender offer. On 11 June 2013, its extraordinary shareholders' meeting decided to authorise the board of directors to increase its share capital, including with limitation or cancellation of the shareholders' preferential subscription rights, in one or more times and including the authorisation to make use of such authorised capital in the framework of a public tender offer.

16.11.4 Form and transferability of the shares

Its shares can take the form of registered shares or dematerialised shares.

Belgian company law and its articles of association entitle shareholders to request, in writing and at their expense, the conversion of their dematerialised shares into registered shares and *vice versa*. Any costs incurred as a result of the conversion of shares into another form will be borne by the shareholder.

For shareholders who opt for registered shares, the shares will be recorded in its shareholder register.

All of its shares, including the New Shares upon delivery, are fully paid up and freely transferable, subject, however, to the lock-up arrangements described in section 6.4 "Lock-up and standstill arrangements".

16.11.5 Purchase and sale of own shares

In accordance with its articles of association and the Belgian Company Code, the Company can only purchase and sell its own shares by virtue of a special shareholders' resolution approved by at least 80% of the votes validly cast at a shareholders meeting where at least 50% of the share capital (and at least 50% of the profit certificates, if any) are present or represented. The prior shareholders' approval is not required if the Company purchases its own shares to offer them to its personnel.

In accordance with the Belgian Company Code, an offer to purchase its own shares must be made to all shareholders under the same conditions. This does not apply to (i) the acquisition of shares by companies listed on a regulated market and companies whose shares are admitted to trading on a multilateral trading facility (an "MTF"), provided that the company ensures equal treatment of shareholders finding themselves in the same circumstances by offering an equivalent price (which is assumed to be the case: (a) if the transaction is executed in the central order book of a regulated market or MTF; or (b) if it is not so executed in the central order book of a regulated market or MTF, in case the offered price is lower than or equal to the highest actual independent bid price in the central order book of a regulated market or (if not listed on a regulated market) of the MTF offering the highest liquidity in the share); or (ii) the acquisition of shares that has been unanimously decided by the shareholders at a meeting where all shareholders were present or represented.

A company can only acquire its own shares with funds that would otherwise be available for distribution to its shareholders pursuant to Article 617 of the Belgian Company Code (see section 16.9 "Dividends").

The total amount of own shares held by a company can at no time be higher than 20% of its share capital.

At the date of this prospectus, its board of directors was not authorised by the shareholders meeting to purchase its own shares and neither do the articles of association authorise the board of directors to purchase own shares in case of imminent serious harm to the Company in accordance with Article 620, §1, paragraph 3 of the Belgian Company Code.

16.12 Notification of important participations

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC has been implemented in Belgian law by, *inter alia*, the Belgian law of 2 May 2007 on the disclosure of major shareholdings in issuers whose securities are admitted to trading on a regulated market ("*Loi du 2 mai 2007 relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négociation sur un marché réglementé et portant des dispositions diverses*") and the Royal Decree of 14 February 2008 on the disclosure of major shareholdings ("*Arrêté royal du 14 février 2008 relatif à la publicité des participations importantes*").

Pursuant to this legislation, Belgian law, in conjunction with Article 15 of its articles of association, imposes disclosure requirements on any natural person or legal entity acquiring or disposing of, directly or indirectly, securities granting voting rights or securities which give a right to acquire existing securities granting voting rights, when, as a result of such acquisition or disposal, the total number of voting rights directly or indirectly held by such natural person or legal entity, alone or in concert with others, increases above or falls below a (legal) threshold of 5%, or any multiple of 5%, of the total number of voting rights attached to its securities. Any future amendment to these statutory disclosure thresholds must be made public and simultaneously notified to the FSMA. All legal provisions applicable to the legal thresholds of 5% or any multiple of 5% also fully apply to the statutory thresholds.

Pursuant to Article 6 of the Act of 2 May 2007, the above disclosure obligations will be triggered any time the above thresholds are crossed (downwards or upwards) as a result of, *inter alia*: (i) the acquisition or the disposal of securities granting voting rights, regardless of the way in which this acquisition or disposal takes place, e.g. through purchase, sale, exchange, contribution, merger, de-merger, or succession; (ii) the possession of securities granting voting rights at the time of the admission to trading of its shares; (iii) the passive crossing of these thresholds (as a result of events that have changed the breakdown of voting rights even if no acquisition or disposal took place); or (iv) the execution, amendment or termination of an agreement of concerted action.

Pursuant to Article 6 of the Act of 2 May 2007, the disclosure obligations apply to each natural person or legal entity that "directly" or "indirectly" acquires, disposes of or holds (at the time of the admission to trading, at the time of passive crossing the threshold or at the time of execution, amendment or termination of an agreement of concerted action) voting securities or voting rights. In this respect, a natural person or legal entity is deemed to "indirectly" acquire, dispose of or hold voting securities of the Company: (i) when voting securities are acquired, disposed of or held by a third party that, regardless in whose name it is acting, acts on behalf of such natural person or legal entity (e.g., in case of an agreement of agency, commission, carrying ("*portage*"), name lending ("*prête-nom*"), trust or an agreement with similar effect which leaves the principal elements of the ownership rights on the securities with the other contracting party); (ii) when voting securities are acquired, disposed of or held by an undertaking controlled (within the meaning of Articles 5 and 7 of the Belgian Company Code) by such natural person or legal entity (the notion "control" implies that possibly several persons will be deemed to be a controlling person (e.g., the parent company, the parent company of such parent company, as well as the natural person controlling the latter) and therefore subject to the notification duty); or (iii) when such natural person or legal entity acquires or transfers the control over an entity holding voting rights in the Company in which case there is no acquisition or disposal of a shareholding in the Company, but an acquisition or transfer of control over an entity holding voting rights in the Company (e.g., if the entity over which control is acquired or

transferred itself holds a holding in Company which must be notified, or if the securities held by the entity over which control is acquired or transferred together with the securities the person acquiring or transferring control holds in a different manner, reaches, exceeds or falls below one of the thresholds).

In addition, persons subject to notification obligations must include in their notification the total number of potential voting rights (provided they (meet the requirements of Article 6, § 1 of the Royal Decree of 14 February 2008) (whether or not incorporated in securities) they own, as well as the percentage that it represents of the total of existing voting shares.

If a transparency notification is legally required, such notification must be made to the FSMA and the Company as soon as possible and at the latest within a period of four trading days as from the trading day following the day on which the event triggering the disclosure obligation took place.

The notification can be electronically transmitted to the Company and the FSMA. The forms required to make such notifications, as well as further explanations may be found on the website of the FSMA (www.fsma.be).

Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The FSMA may also impose administrative sanctions.

We must publish all information contained in such notifications no later than three trading days after receipt of such notification. In addition, the Company must mention in the notes to its annual accounts, its shareholders structure (as it appears from the notifications received). Moreover, the Company must publish the total share capital, the total number of voting securities and voting rights (for each class of securities (if any)), at the end of each calendar month during which one of these numbers has changed, as well as on the day on which its shares will for the first time be admitted to trading on Euronext Brussels and Euronext Paris. Furthermore, the Company must disclose, as the case may be, the total number of bonds convertible in voting securities (if any), whether or not incorporated in securities, to subscribe to voting securities not yet issued (if any), the total number of voting rights that can be obtained upon the exercise of these conversion or subscription rights and the total number of shares without voting rights (if any).

16.13 Disclosure of Net Short Positions

Pursuant to the Regulation (EU) No. 236/2012 of the European Parliament and the Council on short selling and certain aspects of credit default swaps, any person that acquires or disposes of a net short position relating to its issued share capital, whether by a transaction in shares or by a transaction creating or relating to any financial instrument where the effect or one of the effects of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a decrease in the price of such shares is required to notify the FSMA if, as a result of which acquisition or disposal his net short position reaches, exceeds or falls below 0.2% of its issued share capital and each 0.1% above that. If the net short position reaches 0.5%, and also at every 0.1% above that, the FSMA will disclose the net short position to the public.

16.14 Public tender offers

The Directive 2004/25/EC of the European Parliament and the Council dated 21 April 2004 on takeover bids (the "Takeover Directive") sets forth the principles governing the choice of laws applicable to the Company in the context of a takeover bid for its shares.

Article 4-2(c) of the Takeover Directive provides that if the securities of the company subject to the offer were first admitted to trading on regulated markets in more than one Member State simultaneously, the offeree company shall determine which of the supervisory authorities of those Member States shall be the authority competent to supervise the bid by notifying those regulated markets and their supervisory authorities on the first day of trading.

Article 4-2 (e) of the Takeover Directive also provides that matters relating to the consideration offered in the case of an offer, in particular the price and matters relating to the offer procedure, in particular the information on the offeror's decision to make an offer, the contents of the offer document and the disclosure of the offer, shall be dealt with in accordance with the rules of the Member State of the competent authority. As to matters relating to the information to be provided to the employees of the offered company and matters relating to corporate law, in particular the percentage of voting rights which confers control and any exemption from the obligation to launch an offer, as well as the conditions under which the supervisory board of the offeree company may undertake any action which might result in the frustration of an offer, the applicable rules and the competent authority shall be those of the Member State in which the offeree company has its registered office.

These provisions have been implemented in Belgium by the Law of 1 April 2007 on public tender offers ("*Loi du 1er avril 2007 relative aux offres publiques d'acquisition*"), as implemented by the Royal Decree of 27 April 2007 on public tender offers ("*Arrêté royal du 27 avril 2007 relatif aux offres publiques d'acquisition*") and the Royal Decree of 27 April 2007

on public squeeze-outs ("*Arrêté royal du 27 avril 2007 relatif aux offres publiques de reprise*") (for the latter, see below under section 16.15 "Squeeze-out and sell-out" of this chapter).

We have chosen the FSMA as competent authority. As a consequence, Belgian laws and regulations will fully apply and public tender offers on its shares and other securities granting access to voting rights (such as warrants or convertible bonds, if any) will be subject to supervision by the FSMA. In accordance with article 6.2 of the Takeover Directive, the tender offer documents approved by the FSMA will be recognized in full in France, subject to any translation required, without the need to obtain the approval of the AMF. The AMF may however require the inclusion of additional information regarding the formalities to be complied with to accept the tender offer and to receive the consideration due at the close of the tender offer as well as to the tax arrangements to which the consideration offered to the holders of the securities will be subject.

Public tender offers must be made for all of its voting securities, as well as for all other securities issued by the Company that entitle the holders thereof to the subscription for, or the conversion in, voting securities. Prior to making an offer, an offeror must issue and disseminate an offer document, which must be approved by the FSMA. The offeror must also obtain approval of the relevant competition authorities, where such approval is legally required for the acquisition of the shares of the target.

All shareholders and warrantholders (and holders of other securities granting access to voting rights issued by the target company) must have equal rights to contribute their securities in any public tender offer. Furthermore, whenever a person (as a result of its own acquisition or the acquisition by persons acting in concert with it or by persons acting for their account, directly or indirectly) acquires more than 30% of the voting securities of a company that are (at least in part) admitted to trading on a regulated market, such person must, regardless of the price paid, launch a mandatory tender offer for all the shares, warrants and convertible securities issued by the target company. In general and except for certain exceptions, the mere fact of exceeding the relevant threshold as a result of an acquisition will give rise to the obligation to launch a mandatory tender offer, irrespective of whether or not the price paid in the relevant transaction exceeds the then current market price.

In such an event, the tender offer must be launched at a price equal to the higher of the two following amounts: (i) the highest price paid by the offeror or the persons acting in concert with it for the acquisition of shares during the last 12 calendar months; and (ii) the average trading price during the last 30 days before the obligation to launch a tender offer arose. No mandatory tender offer is required, amongst other things, when the acquisition is the result of a subscription for a capital increase with application of the preferential subscription rights of the shareholders.

The price for the acquisition of the shares can be in cash or in securities. In the event of a mandatory tender offer or a voluntary tender offer launched by an offeror who controls the target, if a price composed of securities is offered, a cash alternative must also be offered in the event that: (i) the price does not consist of liquid securities admitted to trading on a regulated market; or (ii) the offeror, or a person acting in concert with it, acquired shares for cash during a period of 12 calendar months preceding the publication of the tender offer or during the tender offer period (whereby these shares, in the event of a voluntary tender offer by a controlling shareholder, represent more than 1% of the outstanding voting securities).

Where the voluntary tender offer is launched by a controlling shareholder, the price must be supported by a fairness opinion issued by an independent expert. In addition, in any cases, the board of directors of the target company is required to publish its opinion concerning the tender offer, as well as its comments on the offer document.

The acceptance period for the tender offer must be at least two weeks and not more than ten weeks.

In principle, the authorisation granted to the board of directors of a company to increase the share capital through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the company by the FSMA of a public tender offer on the securities of such company. The shareholders meeting can, however, authorise the board of directors to increase the share capital by issuing shares representing not more than 10% of the existing its shares at the time of such a public tender offer. Such authorisation was granted to its board of directors on 27 June 2017. Those powers remain in effect for a period of three years from the date of this authorisation.

We can acquire, dispose of, or pledge its own shares, profit certificates or any certificates relating thereto subject to compliance with the relevant legal provisions. In particular, the shareholders meeting can authorise the board of directors to, without any resolution of the shareholders meeting, purchase and keep its own shares when such is necessary to prevent an imminent serious harm to the Company. If granted, such authorisation is valid for a period of three years as of the publication thereof in the Annexes to the Belgian Official Gazette. Such authorisation has not been granted to its board of directors.

Its articles of association do not provide for any other specific protective mechanisms against public tender offers.

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

16.15 Squeeze-out and sell-out

Pursuant to Article 513 of the Belgian Company Code, a person or legal entity, acting alone or in concert, who owns 95% of the voting securities in a publicly held company, can acquire all of the outstanding voting securities or securities granting access to the voting rights in that company by way of a squeeze-out offer. The above threshold is reduced to 90% if the squeeze-out offer takes place in view of a merger by absorption of the company by the legal entity holding 90% of the voting securities of the company.

The securities that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the offeror at the end of the bidding process and the consideration due from the offeror for such securities is deposited in an escrow account. The consideration paid for the securities must be in cash and must represent the fair value of the securities with a view to safeguarding the interests of the transferring shareholders.

At the end of the squeeze-out offer, the company is no longer deemed to be a publicly held company, unless bonds issued by the Company, if any, are still publicly held.

In addition, as from the entry into force on 1 September 2007 of the Belgian Law of 1 April 2007 on public tender offers ("*Loi du 1er avril 2007 relative aux offres publiques d'acquisition*") and its implementing Royal Decrees, certain new rules on the squeeze-out by majority shareholders of the minority shareholders and on the selling-out right of the minority shareholders are applicable.

If, as a result of a (re-opened) voluntary or mandatory tender offer, a bidder (or any person acting in concert with the bidder) holds 95% or more of the shares of the target company, and provided, in respect of a voluntary tender offer only, that the bidder has acquired at least 90% of the target's shares subject to the tender offer as a result of such offer, then the bidder can proceed with a simplified squeeze-out in accordance with Article 42 of the Royal Decree of 27 April 2007 on public squeeze-outs ("*Arrêté royal du 27 avril 2007 relatif aux offres publiques de reprise*") to acquire the shares not yet acquired by the bidder (or any other person then deemed to act in concert with the bidder).

Also, if, as a result of such a (re-opened) voluntary or mandatory tender offer, a bidder (or any person acting in concert with the bidder) holds 95% or more of the shares of the target company, and provided, in respect of a voluntary tender offer only, that the bidder acquired at least 90% of the target's shares subject to the tender offer as a result of such offer, each security holder has the right to force the bidder to take over its securities against the offer price in accordance with Article 44 of the aforementioned Royal Decree (the so-called "sell-out").

16.16 American Depositary Shares

Citibank, N.A. as depositary, registers and delivers American Depositary Shares, also referred to as ADSs. Each ADS represents the right to receive one ordinary share deposited with the principal office of Citibank International Limited, located at EGSP 186, 1 North Wall Quay, Dublin 1 Ireland or any successor, as custodian for the depositary.

An ADS holder will not be treated as one of its shareholders and will not have shareholder rights. The depositary will be the holder of the ordinary shares underlying ADSs. A holder of ADSs will have ADS holder rights. A deposit agreement among the Company, the depositary and all persons directly and indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADRs.

The depositary has agreed to pay ADS holders the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses.

An ADS holder may surrender his ADSs at the depositary's corporate trust office. Upon payment of the depository's fees and expenses and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, the depositary will deliver the ordinary shares and any other deposited securities underlying the ADSs to the ADS holder or a person designated by him at the office of the custodian or through a book-entry delivery.

The ADS holder may instruct the depositary to vote the number of whole deposited ordinary shares his ADSs represent. The depositary will notify the ADS holder of shareholders' meetings or other solicitations of consents and arrange to deliver its voting materials to ADS holders if the Company asks it to. Those materials will describe the matters to be voted on and explain how the ADS holder may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, and subject to the laws of Belgium and to its articles of association, to vote or to have its agents vote the ordinary shares or other deposited securities as instructed by ADS holders. If the Company requested the depositary to act at least 30 days prior to the meeting date and the depositary does not receive voting

instructions from the ADS holder by the specified date, it will consider the ADS holder to have authorized and directed it to vote or cause to be voted the number of deposited securities represented by his ADSs in favor of all resolutions set out in the notice of meeting that are endorsed by the Company's board of directors and against all resolutions of that kind that are not so endorsed. The depositary will vote or cause to be voted the deposited securities in accordance with the above unless the Company notifies the depositary that the Company does not wish the deposited securities to be so voted. The depositary will only vote or attempt to vote as the ADS holder instructs or as described above.

17 TAXATION IN BELGIUM AND IN FRANCE

17.1 Taxation in Belgium

17.1.1 Overview

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of Shares in the Company. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Securities Note, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the investment in, ownership in and disposal of the Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, the Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0% to 9% of the investor's income tax liability.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (i.e. an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), a company subject to Belgian corporate income tax (i.e. a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium), an Organisation for Financing Pensions subject to Belgian corporate income tax (i.e. a Belgian pension fund incorporated under the form of an Organisation for Financing Pensions), or a legal entity subject to Belgian income tax on legal entities (i.e. a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A Belgian non-resident is any person that is not a Belgian resident.

Investors should consult their own advisers regarding the tax consequences of an investment in the Shares in light of their particular circumstances, including the effect of any state, local or other national laws.

17.1.2 Taxation on dividends on Shares

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to shares is generally treated as a dividend distribution and will therefore normally be subject to a Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. As of 1st January 2018, repayment of capital carried out in accordance with Belgian Companies Code would be deemed to derive proportionally from paid-up capital and from taxed reserves (incorporated and non-incorporated into capital) and exempted reserves incorporated into the capital. The portion stemming from the reserves is considered as a dividend distribution and will be treated as such from a tax perspective.

Upon redemption of the shares, the redemption distribution (after deduction of the portion of fiscal capital represented by the redeemed shares) will in principle be treated as a dividend subject to a Belgian withholding tax of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if such redemption is carried out on Euronext or a similar stock exchange and meets certain conditions.

In case of liquidation of the company, any amounts distributed in excess of the fiscal capital will in principle be subject to withholding tax at a rate of 30%, subject to such relief as may be available under applicable domestic or tax treaty provisions.

(a) Belgian resident individuals

For Belgian resident individuals who acquire and hold the shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report (the gross amount of) the dividends in their personal income tax return. Where such individual opts to report them, dividends will normally be taxable at the lower of the generally applicable 30% withholding tax rate on dividends or at the progressive personal income tax rates applicable to the taxpayer's overall declared income. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due

and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the shares. This condition is not applicable if the individual can demonstrate that he has held the shares in full legal ownership for an uninterrupted period of twelve months prior to the payment or attribution of the dividends.

For Belgian resident individuals who acquire and hold shares for professional purposes, the Belgian withholding tax does not fully discharge their personal income tax liability. Dividends received must be reported by the investor and will, in such case, be taxable at the investor's personal income tax rate increased with local surcharges. The Belgian dividend withholding tax levied at source may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, subject to two conditions: (1) the taxpayer must own the shares in full legal ownership at the time the dividends are paid or attributed and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the shares for an uninterrupted period of twelve months prior to the payment or attribution of the dividends.

(b) Belgian resident companies

(i) Corporate income tax

For Belgian resident companies, the dividend withholding tax does not fully discharge the corporate income tax liability. For such companies, the gross dividend income (including the Belgian withholding tax) must be declared in the corporate income tax return and will be subject to the standard corporate income tax rate of currently 29.58%, unless the reduced corporate income tax rates for qualifying companies with limited profits apply.

Belgian resident companies can generally (subject to certain limitations) deduct 100%[2] of gross dividends received from their taxable income (dividend received deduction), provided that at the time of a dividend payment or attribution: (1) the Belgian resident company holds shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000; (2) the shares have been held or will be held in full ownership for an uninterrupted period of at least one year; (3) the conditions described in article 203 of the Belgian Income Tax Code (relating to the taxation of the underlying distributed income and the absence of abuse) (the ***Article 203 ITC Taxation Condition***) are met (together, the ***Conditions for the application of the dividend received deduction regime***).

The Conditions for the application of the dividend received deduction regime depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

Any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due, subject to two conditions: (1) the taxpayer must own the shares in full legal ownership at the time the dividends are paid or attributed; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the shares. The latter condition is not applicable (a) if the company can demonstrate that it has held the shares in full legal ownership for an uninterrupted period of twelve months prior to the payment or attribution of the dividends; or (b) if, during said period, the shares have never been held in full legal ownership at any point in time by a taxpayer other than a company subject to Belgian corporate tax or a non-resident company which has, in an uninterrupted manner, invested the shares in a Belgian establishment.

(i) Belgian withholding tax

Dividends distributed to a Belgian resident company will be exempt from Belgian withholding tax provided that the Belgian resident company holds, upon payment or attribution of the dividends, at least 10% of the share capital of the Company and such minimum participation is held or will be held during an uninterrupted period of at least one year.

In order to benefit from this exemption, the Belgian resident company must provide the Company or its paying agent at the latest upon the attribution or payment of the dividend with a certificate confirming its qualifying status and the fact that it meets the two required conditions. If the Belgian resident company holds the required minimum participation for less than one year, at the time the dividends are paid on or attributed to the shares, the Company will levy the Belgian withholding tax but will not transfer it to the Belgian Treasury provided that the Belgian resident company certifies its qualifying status, the date from which it has held such minimum participation, and its commitment to hold the minimum participation for an uninterrupted period of at least one year. The Belgian resident company must also inform the Company or its paying agent when the one-year period has expired or if its shareholding will drop below 10% of the share capital of the Company before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the dividend withholding tax which was temporarily withheld, will be refunded to the Belgian resident company.

[2] Before 1st January 2018, the participation exemption was available up to 95% of the gross dividends received. The corporate tax reform has now introduced a full exemption regime.

The above withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements (*rechtshandeling of geheel van rechtshandelingen/acte juridique ou un ensemble d'actes juridiques*) for which the Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine (*kunstmatig/non authentique*) and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the EU Parent-Subsidiary Directive of November 30, 2011 (2011/96/EU) (***Parent-Subsidiary Directive***) in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

(c) Belgian resident organisations for financing pensions

For organisations for financing pensions (***OFPs***), i.e. Belgian pension funds incorporated under the form of an OFP (*organismes de financement de pensions/organismen voor de financiering van pensioenen*) within the meaning of article 8 of the Belgian Act of October 27, 2006, the dividend income is generally tax exempt.

Subject to certain limitations, any Belgian dividend withholding tax levied at source may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the corporate income tax due.

(d) Other Belgian resident legal entities subject to Belgian legal entities tax

For taxpayers subject to the Belgian income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their Belgian income tax liability in this respect.

(e) Non-resident individuals or non-resident companies

(i) Non-resident income tax

For non-resident individuals and companies, the Belgian dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds the shares in connection with a business conducted in Belgium through a Belgian establishment.

If the shares are acquired by a non-resident in connection with a business in Belgium, the investor must report any dividends received, which will be taxable at the applicable Belgian non-resident personal or corporate income tax rate, as appropriate. Belgian dividend withholding tax levied at source may be credited against Belgian non-resident personal or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the shares in full legal ownership at the time the dividends are paid or attributed and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the shares. The latter condition is not applicable if (a) the non-resident individual or the non-resident company can demonstrate that the shares were held in full legal ownership for an uninterrupted period of twelve months prior to the payment or attribution of the dividends or (b) with regard to non-resident companies only, if, during said period, the shares have never been held in full legal ownership at any point in time by a taxpayer other than a company subject to Belgian corporate tax or a non-resident company which has, in an uninterrupted manner, invested the shares in a Belgian establishment.

Non-resident companies of which the shares are attributable to a Belgian establishment may deduct up to 100% of the gross dividends included in their taxable income if, at the date the dividends are paid or attributed, the Conditions for the application of the dividend received deduction regime are met. See "*Belgian resident companies*". Application of the dividend received deduction regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

(ii) Belgian dividend withholding tax relief for non-residents

Under Belgian tax law, Belgian withholding tax is not due on dividends paid to a foreign pension fund which satisfies the following conditions: (i) it is a non-resident saver in the meaning of Article 227, 3° of the Belgian Income Tax Code (***ITC***) which implies that it has separate legal personality and fiscal residence outside of Belgium; (ii) whose corporate purpose consists solely in managing and investing funds collected in order to pay legal or complementary pensions; (iii) whose activity is limited to the investment of funds collected in the exercise of its corporate purpose, without any profit making aim; (iv) which is exempt from income tax in its country of residence; and (v) except in specific circumstances provided that it is not contractually obligated to redistribute the dividends to any ultimate beneficiary of such dividends for whom it would manage the shares, nor obligated to pay a manufactured dividend with respect to the shares under a securities borrowing transaction. The exemption will only apply if the foreign pension fund provides a certificate confirming that it is the full legal owner or usufruct holder of the shares and that the above conditions are satisfied. The foreign pension fund must then forward that certificate to the Company or its paying agent.

Dividends distributed to non-resident qualifying parent companies established in a Member State of the EU or in a country with which Belgium has concluded a double tax treaty that includes a qualifying exchange of information clause, will,

under certain conditions, be exempt from Belgian withholding tax provided that the shares held by the non-resident company, upon payment or attribution of the dividends, amount to at least 10% of the share capital of the Company and such minimum participation is held or will be held during an uninterrupted period of at least one year. A company qualifies as a parent company provided that (i) for companies established in a Member State of the EU, it has a legal form as listed in the annex to the Parent-Subsidiary Directive, or, for companies established in a country with which Belgium has concluded a qualifying double tax treaty, it has a legal form similar to the ones listed in such annex; (ii) it is considered to be a tax resident of the country where it is established according to the tax laws of such country and the double tax treaties concluded between such country and third countries; and (iii) it is in such country subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the non-resident company must provide the Company or its paying agent with a certificate confirming its qualifying status and the fact that it meets the required conditions.

If the non-resident company holds a minimum participation for less than one year at the time the dividends are paid or attributed to the shares, the Company must levy the Belgian withholding tax but does not need to transfer it to the Belgian Treasury provided that the non-resident company provides the Company or its paying agent at the latest upon the attribution of the dividends with a certificate confirming, in addition to its qualifying status, the date as of which it has held the minimum participation, and its commitment to hold the minimum participation for an uninterrupted period of at least one year. The non-resident company must also inform the Company or its paying agent if the one-year period has expired or if its shareholding drops below 10% of the Company's share capital before the end of the one-year holding period. Upon satisfying the one-year holding requirement, the dividend withholding tax which was temporarily withheld, will be refunded to the non-resident company.

The above withholding tax exemption will not be applicable to dividends which are connected to an arrangement or a series of arrangements (*rechtshandeling of geheel van rechtshandelingen/acte juridique ou un ensemble d'actes juridiques*) for which the Belgian tax administration, taking into account all relevant facts and circumstances, has proven, unless evidence to the contrary, that this arrangement or this series of arrangements is not genuine (*kunstmatig/non authentique*) and has been put in place for the main purpose or one of the main purposes of obtaining the dividend received deduction, the above dividend withholding tax exemption or one of the advantages of the Parent-Subsidiary Directive in another EU Member State. An arrangement or a series of arrangements is regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

Dividends distributed to non-resident companies are subject to a reduced Belgian withholding tax of 1.6995% (the "Reduced Withholding Tax") in case (i) the non-resident company is established in the European Economic Area or in a country with which Belgium has concluded a tax treaty that includes a qualifying exchange of information clause, (ii) the non-resident company is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime, (iii) the non-resident company does not satisfy the 10%-participation threshold but has a participation in the Company with an acquisition value of at least EUR 2,500,000 on the date the dividend is paid or attributed, (iv) the dividends relate to shares which are or will be held in full ownership for at least one year without interruption; (v) the non-resident company has a legal form as listed in the annex to the Parent-Subsidiary Directive, as amended by Directive 2014/86/EU of July 8, 2014, or, has a legal form similar to the ones listed in such annex that is governed by the laws of another Member State of the EEA, or, has a legal form similar to the ones listed in such annex in a country with which Belgium has concluded a qualifying double tax treaty, (vi) the dividends are not paid or attributed by a company which falls within the scope of Article 203 ITC (*i.e.*, the Article 203 ITC Taxation Condition must be met; see above), and (vii) the anti-abuse provision is not applicable. The Reduced Withholding Tax only applies if and to the extent that the ordinary Belgian withholding tax is, in principle, neither creditable nor reimbursable in the hands of the non-resident company.

In order to benefit from the Reduced Withholding Tax, the investor must provide the Company or its paying agent with a certificate confirming (i) it is established in another EEA Member State or in a State with which Belgium has concluded a tax treaty, provided that the tax treaty or any other treaty provides for the exchange or information which is necessary to give effect to the provisions of the domestic laws of the Contracting States, (ii) it has a legal form as listed in the Annex I, part A of the Parent-Subsidiary Directive, as amended by Directive 2014/86/EU of July 8, 2014, or a legal form similar to the ones listed in said Annex and governed by the laws of the EEA Member State, or a legal form similar to the ones listed in said Annex in a country with which Belgium has concluded a tax treaty, (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that deviates from the ordinary domestic tax regime, (iv) it holds a participation of less than 10% in the capital of the Company but with an acquisition value of at least EUR 2,500,000 on the date the dividend is paid on or attributed, (v) the dividends relate to shares in the Company which it has held or will hold in full legal ownership for an uninterrupted period of at least one year, (vi) it cannot in principle credit the Belgian withholding tax paid on the dividends or obtain a refund thereof according to the legal provisions in force on December 31 of the year preceding the year of the payment or attribution of the dividends. The Company or the paying agent may also request confirmation from the investor that the investor commits to keep the participation

with an acquisition value of at least EUR 2,500,000 until the completion of the minimum holding period of one year and that the investor immediately notifies the Company or the paying agent of the completion of said one year holding period. The investor must furthermore provide on the certificate its full name, legal form, address and tax identification number, if applicable.

Belgium has concluded tax treaties with more than 90 countries, reducing the Belgian dividend withholding tax rate to 20%, 15%, 10%, 5% or 0% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities. Such reduction may be obtained either directly at source or through a refund of taxes withheld in excess of the applicable tax treaty rate.

Prospective holders should consult their own tax advisers to determine whether they qualify for a reduction of Belgian withholding tax and, if so, to understand the procedural requirements for obtaining a reduced rate of Belgian withholding tax upon the payment of dividends or for making claims for reimbursement.

17.1.3 Taxation on capital gains and losses on shares

(a) Belgian resident individuals

In principle, Belgian resident individuals acquiring and holding the shares as a private investment should not be subject to Belgian capital gains tax on the disposal of the shares and capital losses will not be tax deductible.

However, capital gains realised by a Belgian resident individual on the disposal of the shares are taxable at 33% (plus local surcharges) if the capital gain on the shares is deemed to be speculative or to be realised outside the scope of the normal management of the individual's private estate. Capital losses are, however, generally not tax deductible.

Capital gains realised by Belgian resident individuals on the disposal of the shares for consideration, outside the exercise of a professional activity, to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (*i.e.*, a shareholding of more than 25% in the Company). This capital gains tax does not apply if the shares are transferred to the above mentioned persons provided that they are established in the EEA. Capital losses are, however, not tax deductible.

Capital gains realised by Belgian resident individuals upon redemption of the shares or upon liquidation of the Company will generally be taxable as a dividend (see "*Taxation of dividends on shares—Belgian resident individuals*").

Belgian resident individuals who hold the shares for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the shares, except for the shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the shares incurred by Belgian resident individuals who hold the shares for professional purposes are in principle tax deductible.

(b) Belgian resident companies

Belgian resident companies are exempted from capital gains taxation on gains realised upon the disposal of the shares provided that: (i) the Article 203 ITC Taxation Condition is met and (ii) the shares have been held in full legal ownership for an uninterrupted period of at least one year and (iii) it holds a participation of at least 10% in the capital of the company or at least EUR 2,500,000 of investment value in capital.[3]

If the one-year minimum holding period condition is not met (but the holding threshold and the Article 203 ITC Taxation Condition are met), the capital gains realised upon the disposal of the shares by Belgian resident companies are taxable at a separate corporate income tax rate of currently 25.75%.

In case the holding threshold and/or the Article 203 ITC Taxation Condition are not met, the capital gains is subject to the standard corporate tax rate (being 29% plus a 2% surcharge as of 2018 and 25% as of 2020).

Capital losses on the shares incurred by Belgian resident companies (both non-SMEs and SMEs) are as a general rule not tax deductible.

Capital gains realized by Belgian resident companies upon the redemption of shares or upon the liquidation of the Company will in principle be taxed as dividends (see above). However, the income received by Belgian resident companies

[3] The holding threshold was introduced by the corporate tax reform and applies as from 1st January 2018. The conditions for exemption from capital gains tax on shares is therefore lined up on the dividend received deduction regime. Note that prior to the corporate tax reform introduced as from 1st January 2018, such capital gain were taxed at the special tax rate of 0,412%

upon a redemption of shares in accordance with the Belgian Company Code is treated as a capital gain on shares (taxed in accordance with the rules described above) if certain conditions are fulfilled[4].

Shares held in the trading portfolios of Belgian qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different tax regime. The capital gains on such shares are taxable at the ordinary corporate income tax rates and the capital losses on such shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realisation.

(c) Belgian resident organisations for financing pensions

Capital gains on the shares realised by OFPs within the meaning of article 8 of the Belgian Act of October 27, 2006 are in principle exempt from corporate income tax and capital losses are not tax deductible.

However, in general, capital gains realised by Belgian resident OFPs upon redemption of the shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

(d) Other Belgian resident legal entities subject to Belgian legal entities income tax

Capital gains realised upon disposal of the shares by Belgian resident legal entities are in principle not subject to Belgian income tax and capital losses are not tax deductible.

Capital gains realised upon disposal of (part of) a substantial participation in a Belgian company (*i.e.*, a participation representing more than 25% of the share capital of the Company at any time during the last five years prior to the disposal) may, however, under certain circumstances be subject to income tax in Belgium at a rate of 16.5% (plus crisis surcharge of currently 3%).

Capital gains realised by Belgian resident legal entities upon redemption of the shares or upon liquidation of the Company will, in principle, be subject to the same taxation regime as dividends (see above).

(e) Non-resident individuals

Capital gains realized on the shares by a non-resident individual that has not acquired and held the shares in connection with a business conducted in Belgium through a Belgian establishment are in principle not subject to taxation, unless in the following cases if such capital gains are obtained or received in Belgium:

- the gains are deemed to be realized outside the scope of the normal management of the individual's private estate (Article 90, 1° ITC or Article 90, 9°, first indent ITC). In such case , if the gain is taxable under Article 90, 1°, ITC and Article 228, §2, 9°, a), ITC, it is subject to a final professional withholding tax of 30.28% (to the extent that Article 248 ITC is applicable). If the gain is taxable under Article 90, 9°, first indent ITC and Article 228, § 2, 9°, h), ITC, it must be reported in a non-resident tax return for the income year during which the gain has been realised, in which case the capital gain will be taxable at the rate of 33% (plus local surcharges of currently 7%); or,
- the gains originate from the disposal of (part of) a substantial participation in a Belgian company (being a participation representing more than 25% of the share capital of the Company at any time during the last five years prior to the disposal). Then, the realised capital gains may, under certain circumstances, give rise to a 16.5% tax (plus local surcharges of currently 7%).

However, Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realized by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realized by Belgian non-resident individuals upon the redemption of shares or upon the liquidation of the Company will generally be taxable as a dividend (see above).

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realized on shares by a non-resident individual that holds shares in connection with a business conducted in Belgium through a Belgian establishment.

(f) Non-resident Companies or Entities

Capital gains realized on the shares by non-resident companies or non-resident entities that have not acquired the shares in connection with a business conducted in Belgium through a Belgian establishment are in principle not subject to taxation and losses are not tax deductible.

Capital gains realized by non-resident companies or other non-resident entities that hold the shares in connection with a business conducted in Belgium through a Belgian establishment are generally subject to the same regime as Belgian similar entities (see above).

17.1.4 Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration of existing shares (secondary market transactions) is subject to the Belgian tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) if (i) it is executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium (both referred to as a ***Belgian Investor***).

The tax on stock exchange transactions is levied at a rate of 0.35% of the purchase price, capped at EUR 1,600 per transaction and per party.

A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the Belgian Investor, unless that Belgian Investor can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian stock exchange tax representative (***Stock Exchange Tax Representative***), which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary. If the Stock Exchange Tax Representative would have paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transaction.

No tax on stock exchange transactions is due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in article 2,9° and 10° of the Belgian Law of August 2, 2002; (ii) insurance companies described in article 2, §1 of the Belgian Law of July 9, 1975; (iii) professional retirement institutions referred to in article 2,1° of the Belgian Law of October 27, 2006 concerning the supervision on institutions for occupational pension; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) Belgian non-residents provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

The EU Commission adopted on February 14, 2013 the Draft Directive on a Financial Transaction Tax (***FTT***). The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions should thus be abolished once the FTT enters into force. The Draft Directive regarding the FTT is still subject to negotiation between the Participating Member States and therefore may be changed at any time.

17.2 Taxation in France

The description below presents a summary of certain French tax consequences of the ownership and disposal of Shares by investors, individuals or legal entities, which are fiscally domiciled or resident in France. Such summary is based on the laws as currently in force taking into account the changes resulting from the Finance Bill for 2018 and the Social Security Financing Bill for 2018 both dated 30 December 2017. However, such laws may be modified by subsequent amendments (potentially with retrospective effect) and their interpretation by the French tax authorities.

The statements below are a summary provided for general information purposes only and should by no means be considered as a comprehensive analysis of all tax consequences that may apply to the ownership and disposal of Shares. Holders of Shares should contact their usual tax advisor in order to determine the tax regime applicable to their own situation.

Please also note that this summary does not describe the French tax considerations for (i) individual shareholders holding their shares in the Company through an equity savings plan (plan d'épargne en actions ("PEA"), including PEA PME-ETI – and this summary does not envisage whether the Shares are eligible to such PEA), or who conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis, and (ii) shareholders who are legal entities which hold 5 per cent or more of the capital of the Company or for which the Shares qualify as equity investment (titres de participation) or assimilated securities for the purposes of the provisions of article 219 I-a quinquies of the FTC.

Attention should be drawn to the fact that the following is simply a summary of certain tax rules and that investors should consult their usual tax advisor as to their particular situation.

17.2.1 Taxation on dividends on Shares

Individual shareholders (other than shareholders holding their shares through a PEA or who conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis)

(i) Personal income tax and additional contribution on high-income taxpayers

The dividends paid on the Shares to holders who are fiscally domiciled in France are subject to personal income tax in France under the conditions described below.

As a rule, the gross amount of the dividends received as from 1 January 2018 is subject to a 12.8% flat income tax rate.

However, taxpayers will have the possibility to renounce to the flat income tax rate and opt for taxation at progressive income tax rates. In that case, the gross amount of the dividends is taken into account to calculate the taxpayer's total income in the category of tax on income from investment in securities (*revenus de capitaux mobiliers*), subject to personal income tax at the progressive scale, after deduction of an allowance equal to 40 per cent of the amount of the dividends (such allowance applies only if the dividends are paid out pursuant to a valid resolution of the paying company).

The option for taxation according to the rules of the progressive income tax scale is given each year at the time of tax return filing and is applied globally on all income from investment in securities (foregoing the flat-rate taxation of any income that could benefit from it)

In any case, the gross amount of the dividends received will also be included (before application of the 40 per cent. allowance if the taxpayer has opted for taxation at progressive income tax rates) in the taxpayer's reference income (*revenu fiscal de référence*), which may be subject to the 3 per cent. or 4 per cent. contribution on high-income taxpayers (the Contribution on High Income).

Under Article 19-B, 1-a of the of the double tax treaty entered into between France and Belgium (the "Treaty"), the withholding tax levied in Belgium on such dividends in accordance with the Treaty, if any, will be deductible from the French income tax due by holders of the Shares on such dividends.

(ii) 12.8 per cent. levy

It should be noted that, subject to limited exceptions, under Article 117 quater of the French tax code, a 12.8 per cent. levy must be paid on dividends, such levy being an advance personal income tax payment which can be set off against the personal income tax charge due in respect of the year in which the 12.8 per cent. levy applies, the surplus, if any, being refunded to the taxpayer. This levy is paid (i) by withholding at source where the paying agent is established in a European Union member State or in a State that is a party to the European Economic Area Agreement that has signed a tax agreement with France that contains an administrative assistance clause with a view to combating tax fraud or tax evasion, provided, in the latter case, that the taxpayer instructs the paying agent in this respect, or, otherwise, (ii) by the taxpayer himself or herself, within fifteen days from the end of the month during which the dividends are paid. If the paying agent is established in France, the tax is levied by the paying agent.

However, in situations where the paying agent is established in France, individuals belonging to a tax household whose taxable income for the year before last, as defined in 1° of IV of Article 1417 of the FTC, is less than EUR50,000 for taxpayers who are single, divorced or widowed, or €75,000 for couples filing jointly, may request exemption from this withholding under the terms and conditions of Article 242 quarter of the FTC, i.e. by providing to the paying agent no later than November 30 of the year preceding the year of the payment of the dividends a sworn statement that the reference fiscal income shown on the taxation notice (*avis d'imposition*) issued in respect of the second year preceding the year of payment was below the above- mentioned taxable income thresholds. However, taxpayers who acquire shares after the deadline for providing the aforementioned exemption request can, subject to certain conditions, provide such exemption request to the paying agent upon acquisition of such shares pursuant to paragraph 320 of the administrative guidelines BOI- RPPM-RCM-30-20-10-20160711.

When the paying agent is established outside France, only individuals belonging to a tax household whose taxable income of the year before last, as defined in 1° of IV of Article 1417 is equal or superior to the amounts mentioned in the previous paragraph are subject to this tax.

This 12.8 per cent. levy does not discharge the taxpayer from the declaration and the payment of personal income tax on such amounts nor from the payment of the Contribution on High Income, where applicable. It however constitutes an advance payment on account of the taxpayer's final income tax and is creditable against the final personal income tax due by the taxpayer with respect to the year during which it is withheld, the surplus, if any, being refunded to the

taxpayer. If the flat rate taxation applies, the consequence of the 12.8 per cent. levy is that the taxpayer has no additional tax to pay.

(iii) Social contributions

The gross amount of the dividends paid by the Company (before deduction of the Belgian withholding tax) is also subject to social contributions at an overall rate of 17.2 per cent., which is made up of:

- the *contribution sociale généralisée* (the "CSG") at a rate of 9.9 per cent.;
- the *contribution pour le remboursement de la dette sociale* (the "CRDS") at a rate of 0.5 per cent.;
- the *prélèvement social* at a rate of 4.5 per cent.;
- the *contribution additionnelle au prélèvement social* at a rate of 0.3 per cent.; and
- the *prélèvement de solidarité* instituted by the French social financing act of 2013, at a rate of 2 per cent.

These social contributions are levied in the same manner as the 12.8 per cent. levy described above where such 12.8 per cent. withholding tax is applicable. Specific rules, which vary depending on whether the paying agent is established in France or not, apply where the 12.8 per cent. levy is not applicable.

Where the taxpayer opts for the taxation of its overall investment income at the progressive scale, the CSG applicable at a rate of 9.9 per cent.is deductible from the taxable income of the year of its payment for a portion representing 6.8 per cent. The CSG is not, however, be deductible in the case of application of the flat-rate tax.

(iv) *General*

Relevant shareholders are advised to consult their usual tax advisor to determine the appropriate methods of reporting the dividends, the 12.8 per cent. levy and the applicable social contributions, as well as, more generally, the tax regime that will apply to their own situation (including the personal income tax consequences of receiving dividends, the interest to opt (or not) for the taxation at the progressive scale and the conditions under which the Belgian withholding tax may be credited against their personal income tax).

Legal entities subject to corporate income tax under standard conditions and owning less than 5 per cent. of the share capital of the Company

The dividends paid by the Company to holders who are legal entities subject to corporate income tax in France are subject to corporate income tax in France under the conditions described below.

The gross amount of the dividends received is included in the taxable income of such holders subject to corporate income tax at the standard rate (see below), increased by the social contribution of 3.3 per cent. (Article 235 ter ZC of the FTC), which is based on the amount of corporate tax reduced by a discount that cannot exceed €763,000 per twelve-month period.

For the financial years 2018 to 2022, the standard corporate income tax rate will be gradually lowered according to the following timetable:

- in 2018, the standard rate is 28 per cent. for profits up to EUR 500,000 and 33 1/3 per cent. thereafter;

- in 2019, the standard rate will be lowered to 31 per cent. and the first EUR 500,000 in profits will continue to be taxed at a rate of 28 per cent.;

- in 2020, the standard rate will be lowered to 28 per cent., then to 26.5 per cent. in 2021 and ultimately to 25 per cent. in 2022.

Small and medium sized enterprises (i.e., enterprises whose turnover is lower than €7,630,000) may benefit, if the conditions specified under Articles 219 I b) and 235 ter ZC of the French Tax Code are met, from a 15 per cent. reduced rate of corporation tax on profits up to €38,120 and from an exemption from the 3.3 per cent. social surtax respectively.

Under Article 19-B, 1-a of the Treaty, the withholding tax levied in Belgium on such dividends in accordance with the Treaty, if any, may be deductible under certain conditions from the French corporate income tax due by holders of the Shares on such dividends.

17.2.2 Taxation on capital gains

Individual shareholders (other than shareholders holding their shares through a PEA or who conduct stock market transactions under conditions similar to those which define an activity carried out by a person conducting such operations on a professional basis)

Net capital gains realized upon the sale of the Shares acquired as from 1 January 2018 are subject to a 12.8 per cent. flat income tax rate.

However, for capital gains on the disposal of Shares acquired before 1 January 2018 only, taxpayers will have the possibility to renounce to the flat income tax rate and opt for taxation at progressive income tax rates. In that case, net capital gains realized upon the sale of the Shares during a given year will be subject to personal income tax at the progressive scale, after application, as the case may be, of a rebate the amount of which depends on the period during which the taxpayer has held such shares, as provided by article 150-0 D of the FTC.

Such rebate amounts to (i) 50 per cent. of the net capital gains when the shares sold have been held for at least two (2) years and for less than eight (8) years as at the date of the sale, or (ii) 65 per cent. of the net capital gains when the shares sold have been held for at least eight (8) years as at the date of the sale. No rebate is applicable where the sale is realized during the first two (2) years of holding of the shares or for shares acquired since 1 January 2018.

The option for taxation according to the rules of the progressive income tax scale is given each year at the time of tax return filing and is applied globally on all income from investment in securities (foregoing the flat-rate taxation of any income that could benefit from it).

In any case, the gross amount of the net capital gains will also be included (before application of the rebates) in the taxpayer's reference income (*revenu fiscal de référence*), which may be subject to the 3 per cent. or 4 per cent. Contribution on High Income.

In addition, capital gains arising on the sale of the shares will also be subject to social contributions at an overall rate of 17.2 per cent. made up of:

- the *contribution sociale généralisée* (the "CSG") at a rate of 9.9 per cent.; (of which a portion representing 6.8 per cent. of the gain is tax deductible in case of option for the progressive scale taxation);
- he *contribution pour le remboursement de la dette sociale* (the "CRDS") at a rate of 0.5 per cent.;
- the *prélèvement social* at a rate of 4.5 per cent.;
- the *contribution additionnelle au prélèvement social* at a rate of 0.3 per cent.; and
- the *prélèvement de solidarité* instituted by the French social financing act of 2013, at a rate of 2 per cent.

Pursuant to Article 150-0 D of the French Tax Code, capital losses incurred in a given year may be offset against capital gains of the same kind realised during that year and during the ten following years. The 50 per cent./65 per cent. rebates do not apply to capital losses but to the net amount of capital gains (i.e. to the amount obtained after deduction of any offsettable capital losses) and provided that the taxpayer opts for the taxation at progressive income tax rates.

Legal entities subject to corporate income tax under standard conditions which do not hold their shares as equity investment (titres de participation) or assimilated securities for the purposes of the provisions of article 219 I-a quinquies of the FTC

Net capital gains and net capital losses realized upon the sale of the shares of the Company shall be included in the taxable income subject to corporate income tax at the standard rate (see below), increased, as the case may be, by the 3.3 per cent. social tax, under the conditions described hereinabove.

For the financial years 2018 to 2022, the standard corporate income tax rate will be gradually lowered according to the following timetable:

- in 2018, the standard rate is 28 per cent. for profits up to EUR 500,000 and 33 1/3 per cent. thereafter;
- in 2019, the standard rate will be lowered to 31 per cent. and the first EUR 500,000 in profits will continue to be taxed at a rate of 28 per cent.;
- in 2020, the standard rate will be lowered to 28 per cent., then to 26.5 per cent. in 2021 and ultimately to 25 per cent. in 2022.

Small and medium sized enterprises (i.e., enterprises whose turnover is lower than €7,630,000) may benefit, if the conditions specified under Articles 219 I b) and 235 ter ZC of the French Tax Code are met, from a 15% reduced rate of corporation tax on profits up to €38,120 and from an exemption from the 3.3% social surtax respectively.

17.2.3 Wealth Tax

The Finance Bill for 2018 has abolished the former, the wealth tax (ISF) and replaced it by a real property wealth tax (IFI) as of 1 January 2018.

For the purpose of the real property wealth tax, shares in companies (regardless of their legal status and localisation), are only included in the tax base for the share of their value represented by real estate properties or real property rights; all movable assets are therefore excluded (including shares in companies not holding real estate assets, and other financial assets).

17.2.4 Financial transactions tax

Shares will not fall within the scope of the French financial transactions tax set out under Article 235 ter ZD of the FTC.

17.2.5 Registration tax (droits d'enregistrement)

No registration tax will be payable by a shareholder upon the issue, subscription or acquisition or upon the disposal of the Company's shares unless the sale is recorded in a deed signed in France or, if signed outside France, unless the deed is voluntarily registered before the French tax authorities. In the latter cases, the sale of shares is subject to a transfer tax at the proportional rate of 0.1 per cent. based on the higher of sale price or fair market value of the shares, subject to certain exceptions provided for by II of Article 726 of the FTC. Pursuant to Article 1712 of the FTC, the registration taxes that would be due if the sale were recorded in a deed will be borne by the transferee (unless otherwise contractually stipulated). However, by virtue of Articles 1705 et seq. of the FTC, all parties to the deed will be jointly and severally liable to the tax authorities for the payment of the taxes.

18 INDEX TO FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AND BELGIAN GAAP

1 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Reference is made to the auditor's report set out in its Annual Report 2017 and available on its website (https://www.celyad.com/en/investors/regulated-information

2 CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017 AND 2016

Reference is made to its Annual Report 2017, as approved by the annual shareholders meeting of 7 May 2018 and available on its website (https://www.celyad.com/en/investors/regulated-information)

3 NOTES TO THE 2017 CONSOLIDATED FINANCIAL STATEMENTS

Reference is made to its Annual Report 2017, as approved by the annual shareholders meeting of 7 May 2018 and available on its website (https://www.celyad.com/en/investors/regulated-information).

4 INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018 AND 2017

Reference is made to its Interim Report 2018, as approved by the Board of Directors on 22 August 2018 and available on its website (https://www.celyad.com/en/investors/regulated-information)

5 NOTES TO THE 2018 HALF YEAR INTEM CONSOLIDATED FINANCIAL STATEMENTS

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Annex A : Glossary

ADS	American Depositary Shares
Allogeneic cells	Cells of a type that is from the same specicies but genetically distinct – from a different donor as the recipient.
AML	Acute Myeloid Leukemia
Acute Myocardial Infarction (AMI)	Commonly known as a heart attack, is the interruption of blood supply to part of the heart, causing some heart cells to die. This is most commonly due to occlusion (blockage) of a coronary artery following the rupture of an atherosclerotic plaque, which is an unstable collection of lipids (like cholesterol) and white blood cells (especially macrophages) in the wall of an artery. The resulting ischemia (restriction in blood supply) and oxygen shortage, if left untreated for a sufficient period of time, can cause damage or death (infarction) of heart muscle tissue (myocardium).
Autologous cells	Cells that are from the same donor as the recipient.
BLA	***Biologics Licence Application***. A BLA is a request for permission to introduce, or deliver for introduction, a biologic product into interstate commerce (21 CFR 601.2). The BLA is regulated under 21 CFR 600 – 680.
CAR-T cell product	Chimeric antigen receptors are engineered receptors that combine a new specificity with an immune T-cell to target cancer cells.
CAR-T NKG2D	Chimeric antigen receptors using NKG2D as target
Cardiac Progenitor Cells (CPCs)	A cardioprogenitor cell is a cellular phenotype with the capacity to yield myocardial tissue and blood vessels upon differentiation.
Cardiac Resynchronisation Therapy (CRT)	A CRT is a type of pacemaker (a medical device which uses electrical impulses, delivered by electrodes contacting the heart muscles, to regulate the beating of the heart) that can pace both the septal and lateral walls of the left ventricle.
Cardiac Stem Cells (CSCs)	Cells that can give rise to all of the major cell types in the human heart.
Cardiogenic cocktail	A mixture of growth factors, cytokines and small molecules that have the capacity to drive Cardiopoiesis.
Cardiogenesis	Development of the heart in the embryo.
Cardiopoiesis	Process to drives stem cells towards the cardiac lineage
Cardiopoietic Cells (CPCs)	Cells that are precursors of fully differentiated cardiac muscle cells. In the lab, CPCs can be generated from stem cells by culture in the presence of a specific cocktail of cardiotrophic factors discovered at the Mayo Clinic.
Cardiovascular Disease (CVD)	A group of disorders of the heart and blood vessels which includes: - Coronary heart disease - Cerebrovascular disease - Peripheral arterial disease - Rheumatic heart disease - Congenital heart disease

	- Deep vein thrombosis and pulmonary embolism
CMO	Contract Manufacturing Organization
C-Cure	Celyad' proprietary stem cell therapy for the treatment of heart failure
CM-CS1 Trial	A First-in-Human Phase I Trial of NKG2D Chimeric Antigen Receptor-T Cells in AML/MDS and Multiple Myeloma
Consistency lots	Lots produced to document evidence that the process, operated within established parameters, can perform effectively and reproducibly to manufacture a product meeting its predetermined specifications and quality attributes.
Coronary Artery Disease (CAD) - also known as Coronary Heart Disease (CHD)	A condition in which atherosclerotic plaque builds up inside the coronary arteries. Plaque is made up of fat, cholesterol, calcium and other substances found in the blood. This can cause angina (chest pain or discomfort) or a heart attack (when the blood flow to an area of the heart muscle is completely blocked, preventing oxygen-rich blood from reaching that area and causing it to die).
CRC	Colorectal Cancer
CRO	Contract Research Organization
CRS	Cytokine Release Syndrome
Cryopreservation	Cryopreservation is a process where cells or whole tissues are preserved by cooling to low sub-zero temperatures. At these low temperatures, any biological activity, including the biochemical reactions that would lead to cell death, is effectively stopped.
EMA	European Medicines Agency
Embryonic Stem Cells (ESCs)	Stem cells derived from the undifferentiated inner mass cells of a human embryo. Embryonic stem cells are pluripotent, meaning they are able to grow (i.e. differentiate) into all derivatives of the three primary germ layers: ectoderm, endoderm and mesoderm.
Ex vivo (experiments)	Experimentation done in or on tissue outside the organism with minimal alteration of natural conditions;
FDA	US Food and Drug Administration
Formulation	Formulation is the vehicle and the form in which an active compound is delivered in the body.
Good Clinical Practices (GCP)	Good Clinical Practice (GCP) is an international ethical and scientific quality standard for designing, conducting, recording and reporting trials that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety and well-being of trial subjects are protected, consistent with the principles that have their origin in the Declaration of Helsinki, and that the clinical trial data are credible.
Good Manufacturing Practices (GMP)	GMP is part of a quality system covering the manufacture and testing of active pharmaceutical products. GMPs are guidelines that outline the aspects of production and testing that can impact the quality of a product.

Heart Failure (HF)	Heart Failure is a condition in which the heart has been damaged and cannot pump enough blood to meet the body's metabolic needs. HF can be of ischemic or non-ischemic origin: - Ischemic Origin (Coronary Artery Disease) - Non-ischemic Origin - Hypertension: high blood pressure; - Other conditions such as heart valve disease, congenital heart defect, endocarditis (infection of the heart valves) and/or myocarditis (infection of the heart muscle). The failing heart keeps working but not as efficiently as it should. HF patients cannot exercise because they become short of breath and tired. In the most severe forms, even slight exercises like walking a short distance are impossible.
Human MSCs	MSCs (see definition below) of human origin.
Immunodeficient rodents	A lineage of rodents (like rats or mice) that are genetically modified to omit some components of the immune system (the system that defends against disease and foreign agents).
Implantable Cardioverter Defibrillator (ICD)	Small battery-powered electrical impulse generator which is implanted in patients who are at risk of sudden cardiac death due to ventricular fibrillation and ventricular tachycardia.
Induced Pluripotent Stems Cells (IPS)	IPSs are pluripotent cells derived from differentiated cells by forcing the expression of key pluripotency genes.
Ischemic HF	Ischemic Heart Failure
IRB	Institutional Review Board. An IRB/IEC reviews the appropriateness of the clinical trial protocol as well as the risks and benefits to study participants. It ensures that clinical trial participants are exposed to minimal risks in relation to any benefits that might result from the research.
Left Ventricular Assist Device (LVAD)	A LVAD is a mechanical circulatory device that is used to partially or completely replace the function of a failing heart.
Left Ventricular Ejection Fraction (LVEF)	The fraction of blood pumped out of the left ventricle with each heart beat.
In vivo (experiments)	Experiments done in animal living systems.
In vitro (experiment)	Experiments done outside animal living systems.
Mesenchymal Stem Cells (MSCs)	Cells located in many tissues serving to repair the organs and tissues. These cells are found in organs like bone marrow, adipose tissue, liver, and pancreas.
Multipotent Stem Cells	Cells that have the potential to give rise to cells from multiple, but a limited number of lineages; i.e. multipotent stem cells can differentiate into a number of cells, but only those of a closely related family of cells.
Neovasculogenesis	Development of new blood vessels.
New York Heart Association (NYHA) Class	The NYHA Functional Classification provides a simple way of classifying the extent of heart failure. Divides patients in one of four categories based on the extend of the disease during physical activity; the

	limitations/symptoms are related to normal breathing and varying degrees in shortness of breath and/or angina pain.
Paracrine	Paracrine signalling is a form of cell signalling in which the target cell is near ("para" = near) the signal-releasing cell.
Proteomics analysis	Proteomics is the large-scale study of proteins, particularly their structures and functions
RVOT	Right ventricular outflow tract
Secretome	The set of proteins secreted by a cell, a tissue or an organism.
Shares	The shares of the Company
Stem cells	Stem cells are primal cells. Stem cells retain the ability to renew themselves by division and can differentiate into a diverse range of specialised cell types. Stem cells can be found in adult tissues (adult stem cells), embryos (embryonic stem cells or ESCs) or umbilical cord blood.
Supra-Ventricular Tachycardia	A supra-ventricular tachycardia is a tachycardia, or fast heart rhythm, that originates above the ventricles of the heart (mostly in the atriums).
Systolic dysfunction	Impairment of the contractile function of the heart.
THINK trial	THerapeutic Immunotherapy with CAR-T NKG2D clinical trial
Ventricular Tachycardia (VT)	A ventricular tachycardia is a tachycardia, or fast heart rhythm, that originates in one of the ventricles of the heart.
Ventricular fibrillation (VF)	Ventricular fibrillation is a condition in which there is uncoordinated contraction of the cardiac muscle of the ventricles in the heart.