

Celyad Oncology reports full year 2023 financial results and recent business highlights

Mont-Saint-Guibert, Belgium; April 04, 2024, 7:00 am CET; regulated information - Celyad Oncology (Euronext: CYAD) (the "Company"), today announces its financial results for the fiscal year 2023 ended December 31, 2023, and provides a business update.

Michel Lussier, interim Chief Executive Officer of Celyad Oncology, commented: "*Over the last 2 years, Celyad Oncology has completed a significant strategic shift with the ambition to stay at the forefront of innovation in immunotherapy, and more precisely, chimeric antigen receptor (CAR) T-cell therapy. I am glad to report that, throughout the past year, the hard work and dedication of the entire Celyad Oncology team has generated remarkable achievements and positive changes throughout the Company, confirming the value creation potential of our strategic choices.*"

2023 corporate accomplishments

- The Company has secured an EUR 9.8 million private placement from historical shareholders intended to cover our operating expenses well into the second quarter of 2025.

2023 operational highlights

- **Multiplex short hairpin ribonucleic acid (shRNA) non-gene edited technology** – The company developed a chimeric micro-RNA (miRNA) cluster to enable multiplexing of shRNAs, designed for easy, efficient, and tunable downregulation of up to four target genes simultaneously in CAR T-cells and data presented and published in 2023.
 - Updated results will be presented at the 27th American Society of Gene & Cell Therapy (ASGCT) Annual Meeting in Baltimore, US (May 7-11, 2024) during the Immune Targeting and Approaches with Genetically-Modified Cells and Cell Therapies Poster Session on Wednesday May 8 (abstract 837).
- **Multispecific NKG2D-based CAR T-cell platform** – Different CD19/NKG2DL, BCMA/NKG2DL and PSMA/NKG2DL multispecific CAR T-cells were developed throughout the year and have provided the proof-of-concept that NKG2DL are valuable targets in a multispecific CAR approach by demonstrating our CD19/NKG2DL multispecific CAR T-cells could counteract relapses due to CD19 antigen loss *in vivo*.
 - Updated results will be presented at the 27th ASGCT Annual Meeting in Baltimore, US (May 7-11, 2024) during the Immune Targeting and Approaches with Genetically-Modified Cells and Cell Therapies Poster Session on Friday May 10 (abstract 1800).

Full year 2023 financial review

As of December 31, 2023, the Company's Treasury position amounts to €7.0 million.

After due consideration of detailed budgets and estimated cash flow forecasts for the years 2024 and 2025, the Company projects that its existing cash and cash equivalents will be sufficient to fund its estimated operating and capital expenditures into the second quarter of 2025, i.e over at least the next 12 months from the date that the financial statements are issued.

Key financial figures for full-year 2023, compared with full-year 2022, are summarized below:

Selected key financial figures (€ millions)	Full year 2023	Full year 2022
Revenue	0.1	-
Research and development expenses	(4.6)	(18.9)
General and administrative expenses	(6.0)	(10.5)
Change in fair value of contingent consideration	0	14.7
Impairment of Oncology intangible assets	0	(35.1)
Other income/(expenses)	2.1	9.0
Operating loss	(8.5)	(40.9)
Loss for the period/year	(8.5)	(40.9)
Net cash used in operations	(15.2)	(28.0)
Treasury position ⁽¹⁾	7.0	12.4

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

The Company's license and collaboration agreements generated no revenue in 2023 and in 2022.

Research and Development (R&D) expenses were €4.6 million in 2023 as compared to €18.9 million in 2022, a year-over-year decrease of €14.3 million. The decrease in the Company's R&D expenses is primarily driven by the Company's decision to discontinue some of clinical and preclinical programs after the Company's decision to adopt and implement a new business strategy over the last few months of 2022, as well as a decrease of the employee expenses mainly related to headcount reduction to support the Company's reorganization.

General and Administrative (G&A) expenses were €6.0 million in 2023 as compared to €10.5 million in 2022, a decrease of €4.5 million. This decrease is mainly related to the decrease in employee expenses related to headcount reduction and management changes to support the Company's reorganization and to a decrease in insurance costs and consulting fees.

There is no change in fair value of the contingent consideration and other financial liabilities as Management has determined that there has been no event (such as a firm sublicense or collaboration contract) that increases the probability of the projected future revenue or cash outflow due to Celdara Medical, LLC and Dartmouth College, indicating that the probability is remote, similar to December 31, 2022.

The Company's other income is principally associated with grants received from the Walloon Region mainly in the form of recoverable cash advances (RCAs) and R&D tax credit income as well as the gain on sale of Property, plant & equipment from the terms of the asset purchase agreement between Celyad and Cellistic for €1.3 million.

Net loss for the year ended December 31, 2023, was €8.5 million, or €0.33 per share, compared to a net loss of €40.9 million, or €1.81 per share, for the same period in 2022. As noted above, the decrease in net loss between periods was primarily due to the non-cash impairment adjustment on the Oncology intangible assets done in 2022 and to the decrease of R&D and General and administrative expenses in 2023.

Net cash used in operations for the year ended December 31, 2023, which excludes non-cash effects, amounted to €15.2 million, which is in line with net cash used in operations of €28.0 million for the year ended December 31, 2022.

Celyad Inc. non-cash impairment

An impairment review of its financial results for the financial year ended 31 December 2023 show a non-cash impairment of EUR 14.9 million on a statutory basis only.

This results from the business strategy change, under which the Company has decided to discontinue the development of its remaining clinical programs, shifting from an organization focused on clinical development

to one prioritizing R&D discovery and the monetization of its IP portfolio through partnerships, collaborations and license agreements. According to the accounting standards definition, as uncertainty exists on the timing and amount of the new strategy outcomes, the Company had to recognize a full impairment loss on the remaining value of the financial participation on the subsidiary Celyad Inc. This accounting conclusion, which reflects a picture of the situation on 31 December 2023, does not affect the Management's commitment to continue the exploitation of this US subsidiary in the new business strategy of the Company. Furthermore, this impairment may be reversed once there will be no more uncertainty on the chance to recover the financial participation into Celyad Inc.

The net assets of the Company per 31 December 2023, on a BE-GAAP non-consolidated basis, having fallen below half of the Company's capital, the board of directors will submit to the ordinary shareholders meeting on the 6th of May 2024 the proposal to continue the Company's activities in accordance with article 7:228 of the Belgian Code for Companies and Associations. The board of directors will publish a special report in this respect, by the 5th of April 2024 together with the convening notice with proposed resolutions for the shareholders' meeting.

Annual Report 2023

The Annual Report for the year ended December 31, 2023 will be published on April 05, 2024, and will be available on the Company's website, www.celyad.com. The Company's statutory auditor, BDO Réviseurs d'Entreprises SRL, has confirmed that the completed audit has not revealed any material misstatement in the consolidated financial statements. BDO also confirmed that the accounting data reported in the press release are consistent, in all material respects, with the consolidated financial statements from which it has been derived.

Upcoming anticipated milestones

- Celyad Oncology will attend the American Association for Cancer Research (AACR) Annual Meeting in San Diego, US (April 5-10, 2024) and present two posters at the 27th American Society of Gene & Cell Therapy (ASGCT) Annual Meeting in Baltimore, US (May 7-11, 2024), two important annual meetings to share the latest scientific research and technologies in immuno-oncology.
- The Company anticipates the arrival of a new CEO in the first half of 2024.

Financial Calendar 2024

- May 6th, 2024
- September 20th, 2024
- Annual shareholders meeting
- First Half 2024 Interim Results

The financial calendar is communicated on an indicative basis and may be subject to change.

About Celyad Oncology

Celyad Oncology is a cutting-edge biotechnology company dedicated to pioneering the discovery and advancement of revolutionary technologies for chimeric antigen receptor (CAR) T-cells. Its primary objective is to unlock the potential of its proprietary technology platforms and intellectual property, enabling to be at the forefront of developing next-generation CAR T-cell therapies. By fully leveraging its innovative technology platforms, Celyad Oncology aims to maximize the transformative impact of its candidate CAR T-cell therapies and redefine the future of CAR T-cell treatments. Celyad Oncology is based in Mont-Saint-Guibert, Belgium. For more information, please visit www.celyad.com.

Celyad Oncology Forward-Looking Statement

This release may contain forward-looking statements, within the meaning of applicable securities laws, including the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation,

statements regarding beliefs about and expectations for the Company's updated strategic business model, including associated potential benefits, transactions and partnerships, statements regarding the potential value of the Company's IP, statements regarding the Company's financial statements and cash runway, statements regarding the Company's future fundraising plans, statements regarding the Company's hiring plans, and statements regarding the continuation of the Company's existence. The words "will," "potential," "continue," "target," "project," "should" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any forward-looking statements in this release are based on management's current expectations and beliefs and are subject to a number of known and unknown risks, uncertainties and important factors which might cause actual events, results, financial condition, performance or achievements of Celyad Oncology to differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks related to the material uncertainty about the Company's ability to continue as a going concern; the Company's ability to realize the expected benefits of its updated strategic business model; the Company's ability to develop its IP assets and enter into partnerships with outside parties; the Company's ability to enforce its patents and other IP rights; the possibility that the Company may infringe on the patents or IP rights of others and be required to defend against patent or other IP rights suits; the possibility that the Company may not successfully defend itself against claims of patent infringement or other IP rights suits, which could result in substantial claims for damages against the Company; the possibility that the Company may become involved in lawsuits to protect or enforce its patents, which could be expensive, time-consuming, and unsuccessful; the Company's ability to protect its IP rights throughout the world; the potential for patents held by the Company to be found invalid or unenforceable; and other risks identified in Celyad Oncology's U.S. Securities and Exchange Commission (SEC) filings and reports, including in the latest Annual Report on Form 20-F filed with the SEC and subsequent filings and reports by Celyad Oncology. These forward-looking statements speak only as of the date of publication of this document and Celyad Oncology's actual results may differ materially from those expressed or implied by these forward-looking statements. Celyad Oncology expressly disclaims any obligation to update any such forward-looking statements in this document to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless required by law or regulation.

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Source: Celyad Oncology SA

Celyad Oncology SA
Consolidated Statement of Comprehensive Loss

(€'000)	For the year ended December 31	
	2023	2022
Revenue	102	-
Cost of sales	(69)	-
Gross profit	33	-
Research and Development expenses	(4 602)	(18 928)
General & Administrative expenses	(6 028)	(10 546)
Change in fair value of contingent consideration	-	14 679
Impairment of Oncology intangible assets	-	(35 084)
Other income	2 334	9 360
Other expenses	(194)	(338)
Operating Loss	(8 457)	(40 857)
Financial income	30	185
Financial expenses	(84)	(198)
Loss before taxes	(8 511)	(40 870)
Income taxes	63	(65)
Loss for the period	(8 448)	(40 935)
Basic and diluted loss per share (in €)	(0.33)	(1.81)

Celyad Oncology SA
Consolidated Statement of Financial Position

(€'000)	For the year ended December 31	
	2023	2022
NON-CURRENT ASSETS	5 161	4 891
Goodwill and Intangible assets	390	864
Property, Plant and Equipment	1 830	309
Non-current Grant receivables	2 804	3 454
Other non-current assets	137	264
CURRENT ASSETS	11 121	14 825
Trade and Other Receivables	457	1 118
Current Grant receivables	2 258	-
Other current assets	1 402	1 017
Cash and cash equivalents	7 004	12 445
Assets held for sale	0	245
TOTAL ASSETS	16 282	19 716
EQUITY	6 304	4 317
Share Capital	32 949	78 585
Share premium	0	6 317
Other reserves	35 734	34 800
Capital reduction reserve	295 993	234 562
Accumulated deficit	(358 372)	(349 947)
NON-CURRENT LIABILITIES	7 046	4 973
Lease liabilities	902	118
Recoverable Cash advances (RCAs)	4 505	4 584
Post-employment benefits	1	13
Other non-current liabilities	1 638	258
CURRENT LIABILITIES	2 932	10 426
Lease liabilities	156	137
Recoverable Cash advances (RCAs)	366	437
Trade payables	1 243	4 752
Other current liabilities	1 167	5 100
TOTAL EQUITY AND LIABILITIES	16 282	19 716

Celyad Oncology SA
Consolidated Net Cash Burn Rate ¹

(€'000)	For the year ended 31 December	
	2023	2022
Net cash used in operations	(15 202)	(28 010)
Net cash (used in)/from investing activities	407	7 202
Net cash (used in)/from financing activities	9 355	3 241
Effects of exchange rate changes	(1)	(6)
Net cash burned over the period	(5 441)	(17 573)

¹Net cash burn rate' is an alternative performance measure determined by the year-on-year net variance in the Group's treasury position as above defined. The purpose of this measure for the Management is to determine the change of the treasury position.