Celyad Oncology
Listed limited liability company

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Belgium

VAT BE 0891 118 115 (RLE Brabant wallon)

(the **Company**)

REPORT OF THE BOARD OF DIRECTORS ESTABLISHED IN ACCORDANCE WITH ARTICLE 7:199 OF THE BELGIAN CODE OF COMPANIES AND ASSOCIATION WITH RESPECT TO THE RENEWAL OF THE EXISTING AUTHORISATION REGARDING THE AUTHORISED CAPITAL

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1. INTRODUCTION

This report has been prepared by the board of directors of the Company (the **Board**) in accordance with article 7:199 of the Belgian Code for Companies and Associations (the **BCCA**). It relates to the proposal to grant the Board of the Company the power to increase, in one or more instalments, the Company's share capital within the framework of the authorised capital (in accordance with article 7:198 of the BCCA) within the limits set out in this report and sets the circumstances in which the Board will be able to use its powers under the authorised capital and the purposes that it should pursue and to amend accordingly article 7 of the articles of association in accordance with the resolution passed.

This proposal shall be submitted to the extraordinary shareholders' meeting of the Company to be held on 6 October 2023 (or on around 30 October 2023 should the required attendance quorum not be reached at the first meeting).

2. PROPOSAL TO RENEW THE AUTHORISED CAPITAL

The current authorisation to the Board to increase the share capital of the Company within the framework of the authorized capital was granted by the extraordinary shareholders' meeting held on 8 June 2020, as published by excerpt in the Annexes to the Belgian Official Gazette of 22 June 2020, under number 20069480 and will expire on 22 June 2025. In accordance with Article 7:199 of the BCCA, the Board proposes to the extraordinary shareholders' meeting of the Company to be authorised, for a period of five (5) years as from the publication of such authorization in the Annexes to the Belgian Official Gazette, to increase the share capital of the Company in one or several times with a maximum amount of up to the share capital at the time of the said authorisation. Under the aforementioned authorisation, the Board may, within the framework of the authorised capital, restrict or cancel the preferential subscription right, even in favour of one or more specific persons, other than members of the personnel of the Company or its subsidiaries (as defined in the BCCA as amended from time to time)

If approved by the shareholders, article 7 of the articles of association of the Company will read as follows (whereby the date referred to in the sub-section between square brackets shall be the date of the general shareholders' meeting approving the renewed authorized capital):

" *Article 7 – Authorised capital*

7.1 The board of directors may increase the share capital of the company in one or several times with a maximum of EUR 12,000,000 at the time and according to the terms to be determined by the board of directors and so, for a period of five years as from the date of publication in the Annexes to the Belgian State Gazette of an extract of the minutes of the extraordinary shareholders' meeting of the company held on 6 October 2023. This authorisation may be renewed in accordance with the conditions set forth by the law. The board of directors may increase the share capital, as provided for above, by contribution in cash or, within the limits and conditions set forth by the law, by contribution in kind, or by incorporation of available or unavailable reserves or of issue premium. In the latter events, the increase may take place with our without issuance of new shares. The capital increase within the framework of the authorised capital may as well by effected by issuing convertible bonds or subscription rights – whether or not attached to another security - which may give rise to the creation of shares in accordance with the applicable legal provisions. In the event of a capital increase or the issuance of convertible bonds or subscription rights, the board of directors may, in the company's interest, restrict or cancel the preferential subscription right provided for by the applicable legal provisions, including in favour of one or more of specific persons, whether or not they are employees of the company or of its subsidiaries.

7.2 When the capital increase decided by the board of directors includes a share premium, the amount of the share premium, after deduction of any expenses, is allocated to an unavailable account which will constitute a guarantee for third parties in respect of the capital and may only be reduced or cancelled by a decision of the shareholders' meeting, deciding under the quorum and majority conditions required for a capital reduction, without prejudice to the right of the board of directors to incorporate the said account into the capital as provided for in 7.1 above.

7.3 Pursuant to a decision of the extraordinary shareholders' meeting held on 6 October 2023, the board of directors may also use the authorisations set out above after the company has received a communication from the Financial Market and Services Authority within three years of the date of the aforementioned extraordinary shareholders' meeting, that the Company has received notice of a takeover bid relating to the company, by means of contributions in cash, limiting or cancelling the existing shareholders' preferential subscription rights (including in favour of one or more specified persons who are not members of the personnel of the company or its subsidiaries) or by means of contributions in kind, with the issue of shares, subscription rights or convertible bonds, in accordance with the applicable legal provisions.

7.4 The board of directors may, with power of substitution, amend the articles of association at the time of each capital increase carried out within the framework of the authorised capital, in order to adapt them to the new capital and share situation."

3. CIRCUMSTANCES AND PURPOSES FOR THE USE OF THE AUTHORISED CAPITAL

The Board believes that the renewal of the authorised capital is needed in order to meet the needs of the Company as a listed company. As a general rule, amendments to the share capital must be decided by the Company's general shareholders' meeting. Such resolution by the general shareholders' meeting must satisfy the quorum and majority requirements applicable to an amendment of the articles of association. This entails that a shareholders' resolution to increase the Company's share capital is only passed provided that (i) at least 50% of the share capital of the Company is present or represented at the general shareholders' meeting, and that (ii) the resolution is approved by at least 75% of the votes cast at the meeting. In the event the required attendance quorum of 50% is not present or represented at the first meeting, a second meeting can be convened by means of a new notice, and the second shareholders' meeting may then validly deliberate and decide regardless of the number of shares present or represented. Subject to the same quorum and majority requirements for an increase of the share capital, the Company's general shareholders' meeting may also authorise the Board, within certain limits, to increase the Company's share capital without further approval of the shareholders, which is referred to as authorised capital. The technique of the authorised capital offers the Board a degree of flexibility and expedience that may be necessary to ensure an optimal management of the Company and of the financing of its operations. The prior disclosures, formalities and time windows to convene a general shareholders' meeting and obtain an approval of such meeting to effect a capital increase are elaborate and cumbersome, and often cannot be reconciled with the fluctuations on the capital markets and the speed with which market opportunities arise and disappear again. For instance, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the outstanding shares is not reached at the first meeting) can take around two months for a listed company. During this period, market circumstances can change significantly. Such timings may lead to a delay in the execution in the concerned transaction. Moreover, if the Board is not able to seize potential market opportunities that would arise, this could be to the disadvantage of the Company and its stakeholders. On the other hand, if market circumstances no longer allow for a capital raising at favourable conditions after a general shareholders' meeting has been convened, this could also be to the disadvantage of the Company. The mechanics of the authorised capital allow to a certain extent some flexibility, confidentiality, efficiency, cost cutting and/or speed of implementation.

The Board intends to use the abovementioned powers under the authorised capital in circumstances where, in the interest of the Company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities;
- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders;
- a prior convening of a general shareholders' meeting would lead to an untimely announcement of the transaction, which could be to the disadvantage of the Company;
- the costs related to the convening of a general shareholders' meeting are not in balance with the amount of the proposed capital increase; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the Company.

The Board would be able to use its powers under the authorised capital to issue shares, convertible bonds, subscription rights, or other securities with disapplication of the preferential subscription right to the benefit of the members of the personnel of the Company or of its subsidiaries, or to the benefit of one or more specified persons other than members of the personnel of the Company or of its subsidiaries, and so, in order to be able to quickly respond to certain market opportunities, in particular in order to finance (in whole or in part) strategic alliances, takeovers or acquisitions of companies and/ or assets, or to finance its operations.

The Board would also be able to use the authorised capital within the remuneration policy of the Company, namely to implement stock option plans or any other share-based plans by issuing shares and subscription rights relating to the Company’s shares in favour of all or part of its employees, management and consultants and/ or in favour of all or part of the employees, management and consultants of its subsidiaries, and this with a view to incentivise them.

The Board would be able to use its powers under the authorised capital to raise capital, *inter alia*:

- with a view to strengthening the share capital or net equity of the Company;
- to finance the Company's existing business activities or new business initiatives;
- to finance (in whole or in part) takeovers or acquisitions of companies, businesses or assets, corporate partnerships, in-licensing deals or other types of mergers, partnerships or strategic alliances;
- to increase the level of liquidity of the Company’s stock and/or to attract specialist healthcare investors through equity offerings in selected jurisdictions (including the United States);

- to create share based compensation plans for members of the personnel, consultants and other service providers of the Company and/or its subsidiaries (from time to time); and/or
- for other general working capital purposes.

[*signature page follows*]

Dated 24 August 2023.

On behalf of the Board,

DocuSigned by:
Hilde Windels
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Name: Hilde Windels

Function: Chair of the Board of Director

DocuSigned by:
Dominic Piscitelli
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Name: Dominic Piscitelli

Function: Director