2. Board of Directors' management report on the financial statements for the year ended December 31, 2015, including the Group's management report

Cellnovo Group

French corporation (*société anonyme*) with share capital of €10 788 528
Registered office: 13 rue de Londres
75009 Paris, France
Paris Trade and Companies Register (R.C.S.) no. 808 426 662

Dear Shareholders,

We are pleased to present the management report prepared by your Board of Directors, in accordance with the provisions of Article L. 232-1 of the French Commercial Code (*Code de commerc*e).

Your Board of Directors has convened this General Meeting to inform you of the developments in the Company's and the Group's business during the financial year ended 31 December 2015, present the financial statements and results, and submit them for your approval.

Your Statutory Auditors' reports, your Board of Directors' report, the financial statements for the year and generally all the documents and information listed in Articles L. 225-115 and R. 225-82 of the French Commercial Code have been made available to you within the statutory time limit.

At its meeting of April 26, 2016, your Board of Directors reviewed the individual and consolidated financial statements for the financial year ended December 31, 2015 and approved them. The consolidated financial statements have been prepared in accordance with IFRS.

1. Business report and significant events for the Group and the Company in 2015

Cellnovo Group SA (hereafter "the Company") is a French corporation (*société anonyme*) having its registered office in Paris. The Cellnovo Group comprises the Company and its subsidiaries, hereafter "the Group" or "Cellnovo".

The scope of the Group's consolidated financial statements for the financial year ended December 31, 2015 consists of Cellnovo Group SA and its subsidiaries: Cellnovo France SAS (the subsidiary in France), Cellnovo Ltd. (the subsidiary in the UK) and Cellnovo Inc. (the subsidiary in the US). On November 26, 2015, the Company decided to dissolve Cellnovo France SAS without liquidation, which resulted in the transfer of all Cellnovo France SAS assets and liabilities to the Company as of December 31, 2015.

The Company has been listed on the Euronext stock market since July 2015.

Based in France and in the UK, Cellnovo manufactures and distributes an innovative proprietary diabetes management system that comprises an insulin micro-pump (patch, or tubeless, pump), a touch screen handset with integrated blood glucose monitor (in the current version) and functions (activity, history, nutrition, blood glucose level) as well as a real-time data connection via secure access to a web-based clinical management tool. The Cellnovo system is the only device with such a feature on the market. This system helps to simplify the everyday life of patients. It also enables patients and healthcare professionals to monitor the patients':

- insulin use,
- physical activity,
- diet in real-time, and
- blood glucose level after the analysis of one drop of blood taken from a fingertip.

These four parameters are essential for diabetes management. Although some stages still require an active participation of patients (analysis of blood glucose level and injectable insulin during meal times), to this day, the Cellnovo system is the most automated on the market.

Diabetes is a progressive disease in which the body is unable to regulate the amount of glucose in the blood due to insufficient production or utilization of the hormone insulin. According to the International Diabetes Federation (IDF), 8,3 % of adults - or 382 million people, suffered from diabetes in 2013. By 2035, an expected 592 million people will be affected by the disease.

There are two main variations of the illness, type 1 and type 2. Patients with type 1 diabetes account for 10% of the population that have diabetes. In type 1 diabetes, which is characterized by the lack of insulin secretion by the cells of the pancreas, the injection of insulin - called insulin therapy - is vital throughout the patient's life. For certain type 2 diabetics, in whom insulin secretion by the pancreas has decreased significantly over the years and/or who have developed a strong resistance to insulin, insulin therapy may also become necessary in the advanced phase of the pathology, once the patient has tried all the oral and injectable treatments available without success.

Most type 1 patients use MDI (multiple daily injections) to maintain normal glucose levels in their blood. Another way of delivering the insulin is via an insulin pump. Insulin pumps are small electro mechanical devices that deliver insulin at a programmed frequency.

The insulin pump market penetration is highest in the USA (30 % of patients), while only reaching an average of 10 % in European countries. In 2014, the insulin pump market was estimated at $2,2 billion, for the two market segments of tubed pumps ($1,9 billion, with single digit growth) and patch pumps where Cellnovo focuses its activities ($0,3 billion, double digit growth). The growth of this market is driven by the increase in the number of people with diabetes world-wide, wider use of insulin pumps, and the availability of more user friendly and discreet pumps. Market growth is also expected to be supported by the increasing adoption of pumps by type 2 patients who become insulin-dependent.

Cellnovo targets insulin-dependent patients, prioritizing type 1 patients (10% of diabetes patients) due to their premature and intensive vital treatment.

Based on mobile health, the Cellnovo insulin micro-pump (patch pump) represents a breakthrough in diabetes therapy. The Cellnovo system has three basic components:

- The first component is a set comprising a durable pump and a disposable insulin cartridge. Together, they form a high precision insulin patch pump that is compact and discreet (tubeless). It also has a built-in activity monitor to record and track the patient's physical activity;
- Via a wireless connection, the pump is connected to a mobile handset equipped with a color touch screen, applications and integrated blood glucose monitor; this is the second component, which represents the brain of the system;
- The handset features a mobile data connection (GSM) to the third part of the system, a comprehensive and secure web-based clinical management tool.

Insulin is continuously delivered to the patient, according to a level chosen by the healthcare team and the patient. The patient can easily manage this level through the handset in order to consider their insulin sensitivity depending on periods of the day and hours of rest. The patient can also record their diet at every meal so the handset will be able to recommend an additional specific dose of insulin to be administered.

The blood glucose monitor, integrated in a barely noticeable way in the handset, enables the patient to test their blood glucose level by depositing a drop of blood on a special test strip and inserting it in the slot of the Cellnovo handset. The blood glucose monitor is directly connected to the mobile handset. The latter automatically records the blood glucose level, insulin use, physical activity and diet of the patients. These four functions are executed in real-time and the data is immediately transferred to the patients, their families and health care professionals through a secure mobile internet connection. This system helps to simplify the everyday life of patients.

The Cellnovo system was launched in the UK in August 2014 and in France in early 2015. The Cellnovo systems are now marketed in France, the UK and the Netherlands. In addition, the Company signed its first distribution agreement, with Air Liquide, for commercialization in several European countries (Italy, Benelux, etc.). Other distribution agreements are expected to expand geographic coverage in Europe in 2016, notably in Germany.

Highlights of the financial year

- A contribution agreement dated February 5, 2015, with the condition precedent of the AMF's approval of the prospectus (which occurred on June 26, 2015), enabled the shareholders of Cellnovo Ltd. to contribute all of their shares in this UK company to the Company, in exchange for the issuance by the Company of a number of shares such that the ownership structure for the Company becomes similar to that previously existing for Cellnovo Ltd. Following this transaction, the Company fully acquired Cellnovo Ltd. and became the parent company of the Group.

- Already active in France and the UK, Cellnovo expanded the marketing of its insulin pump to other countries via a network of key distributors. As a first step in its international expansion strategy, Cellnovo signed an agreement with Air Liquide Santé for distribution in several European countries. To further support its expansion and manage growth, the Group has developed an industrial partnership. A public offering provided the means to finance its growth.

- On February 27, 2015, Cellnovo announced the filing of a Registration Document (*Document de Base*) in connection with its planned initial public offering on the Euronext regulated market in Paris.

- On June 17, 2015, Cellnovo announced that it had joined the Diabeloop© artificial pancreas research program. Cellnovo will provide its wireless insulin pump and mobile diabetes management system for the development of an artificial pancreas system. Ten French university hospitals are participating in this project. The artificial pancreas is designed to monitor and automatically regulate the blood glucose levels of people with type 1 diabetes when insulin is administrated.

- On June 29, 2015, Cellnovo launched its initial public offering (IPO) on the Euronext regulated market in Paris. The IPO prospectus was approved by the French Financial Markets Authority (*Autorité des Marchés Financiers - AMF*) on June 26, 2015.

- On July 9, 2015, Cellnovo announced the successful completion of its IPO in compartment C of the Euronext regulated market in Paris, having raised €31,6 million through a capital increase. The price of the Open-Price Offering (public offering intended for individuals, primarily in France) and the Global Placement (private placement intended for institutional investors in France and internationally) was set at €10,63 per share. The number of shares issued totaled 2 969 557, representing a capital increase of €31,56 million. 80 000 additional shares were issued as part of an overallotment option, corresponding to a capital increase of €850 401.

- On September 29, 2015, Cellnovo announced the effective start of its expanded partnership with Flex (formerly Flextronics) for the large scale manufacturing and assembly of its disposable insulin cartridges. A leading provider of end-to-end supply chain solutions, Flex is an excellent partner to help advance Cellnovo's manufacturing to an industrial stage.

- As from December 29, 2015, the Cellnovo shares are eligible for the long-only Deferred Settlement Service (SRD) on Euronext Paris.

Outlook and future prospects for the Group and the Company

Already active in France and the UK, Cellnovo expanded the marketing of its insulin pump to other countries via a network of key distributors. As a first step in its international expansion strategy, Cellnovo signed an agreement with Air Liquide Santé for distribution in several European countries. To further support its expansion and manage growth, the Group has developed an industrial partnership. A public offering provided the means to finance its growth.

One of the next major steps for moving forward would be the commercialization of the Cellnovo products in the USA. To achieve this, a 510K submission will be filed with the FDA at the end of the first half of 2016.

Cellnovo has already defined the various stages of automated assembly of its micro-pump to enable large scale production and optimized manufacturing costs and cost price in the medium term. To this end, an agreement was concluded with Flex (formerly Flextronics), which was announced on September 29, 2015. Its purpose is to transfer the manufacturing of insulin cartridges used in the Cellnovo system to Flex, in order to significantly increase the manufacturing capacity for the cartridges while sharply reducing manufacturing costs. The transfer should become effective in the second half of 2016.

Events after the reporting period

- On February 5, 2016, Cellnovo announced a partnership with the technology company TypeZero to utilize Cellnovo's e-connected insulin patch pump alongside its inControl AP software in an artificial pancreas (AP) development program. This joint system will be trialed as part of the International Diabetes Closed Loop Trial (IDCL), which is funded by the National Institute of Health (NIH), a part of the US Department of Health and Human Services.

- On February 25, 2016, Cellnovo announced that the first milestone for the industrialization of its insulin cartridges with Flex had been reached. This was in line with the manufacturing transfer plan - announced one year earlier - which will bring about an increase in the production capacity of Cellnovo's diabetes management system in the second half of 2016.

- On March 15, 2016, it announced the signing of a commercial agreement with Roche to integrate their blood glucose monitoring (BGM) platforms into the Cellnovo diabetes management system. Cellnovo will incorporate the Accu-Chek® Aviva or Accu-Chek® Performa monitoring platforms into its newly developed, next generation e-connected handset which was CE-marked. The Roche BGM platform will replace the LifeScan OneTouch® Vita BGM currently used.

- On April 11, 2016, Eric Beard, Chairman of the Board of Directors, announced he would resign as a director, for personal reasons. Sophie Baratte, Chief Executive Officer of Cellnovo, was appointed as Interim Chairman of the Board of Directors.

- On April 13, 2016, Cellnovo announced that it had been selected to participate in a project funded by the European Commission's Horizon 2020 program. This program is aimed at investigating new technologies to help improve the lives of people with type 1 diabetes. The project, named PEPPER (Patient Empowerment through Predictive Personalized decision support), has a budget of nearly €4 million and brings together leading UK and European universities and companies to research and develop technology that will help to improve the self-management of people with type 1 diabetes.

Group and Company research and development activities

In 2015, the Group continued its efforts and investments in research and development activities.

In particular during the first half of 2015, it completed two software upgrades to:

- prevent the reuse of a defaulting cartridge;
- activate the alarm and stop the pump more quickly in the event of excessive insulin delivery.

As these improvements did not require a new CE mark certificate, the new version of the Cellnovo pump including them was released on the market on May 13, 2015.

The two improvements make the Cellnovo pumps easier to use by patients and significantly increase system safety by limiting the risks of incidents in the event of a defaulting cartridge and/or misuse of the Cellnovo pump by the patient.

Cellnovo joined the Artificial Pancreas (AP) Development Program: Cellnovo will provide its wireless insulin pump and mobile diabetes management system to the Diabeloop© artificial pancreas research program. Diabeloop© is a partnership between the CERITD (the center for studies and research for diabetes treatment intensification) and CEA-LETI (the research institute for electronics and information technology), which is part of the CEA (France's nuclear and renewable energy commission) and focuses its activities on nanotechnology, particularly nanomedicine. The Company's R&D team will join the Diabeloop©consortium and customize the software used by its pump and handset to enable the development of an artificial pancreas system.

Blood glucose monitor (BGM): new partnership with Roche. Cellnovo signed an agreement with Roche, the leading provider of blood glucose monitors, to integrate their platform into the Company's new BGM thus replacing the Lifescan platform currently used. The new BGM version was launched at the end of the first quarter 2016.

Financing and share capital structure

A number of financing transactions were needed during the year for the Group to meet its obligations and working capital requirements.

All convertible loans entered into in 2015 or in previous years were converted and were no longer included in the statement of financial position as of December 31, 2015.

On June 25, 2015, Cellnovo Ltd. signed a Venture Loan agreement with Kreos to enable the Company to receive funding in the form of non-convertible bonds totaling €4 000 000, to which Kreos may subscribe in two tranches (of €3 000 000 and €1 000 000, respectively). As consideration, the Company will issue warrants enabling Kreos to subscribe for up to 50 279 shares at an exercise price of €8,95 for a total par value of €450 000.

In July 2015, the Company was listed for trading on the Euronext stock market and, after the public offering, it carried out the following capital increases:

- €2 969 557 corresponding to the issuance of 2 969 557 new shares with a par value of €1 each. The corresponding share premium amounted to €28 596 833.
- €1 657 955 corresponding to the issuance of 1 657 955 new shares with a par value of €1 each, following the conversion of the same number of bonds. The corresponding share premium amounted to €15 966 107.
- Following the subscription to the overallotment option, €80 000 corresponding to the issuance of 80 000 new shares with a par value of €1 each. The corresponding share premium amounted to €770 401.

As a result of these transactions, the Group's current financial assets, cash and cash equivalents amounted to €26 452 558 as of December 31, 2015. They will enable the Group to continue its operational existence beyond the first half of 2017.

2. Review of financial statements and results

a. Financial statements of Cellnovo Group SA

The financial statements for the financial year ended December 31, 2015, which we submit for your approval, have been prepared in accordance with the bases of presentation and measurement prescribed by applicable regulations.

Income statement

In 2015, revenues amounted to €37 840.

Operating expenses were €2 753 352, compared with €13 332 for the previous year, and included the following items:

In euros	Year ended Dec. 31, 2015
Purchases of goods for resale	**214,087**
Other purchases and external expenses	**1,740,281**
Taxes and duties	**4,644**
Salaries and wages	**455,445**
Social security contributions	**273,649**
Depreciation and amortization of fixed assets	**265**
Provisions for fixed assets	
Provisions for current assets	
Provisions for contingencies and expenses	**5,990**
Other expenses	**58,991**
Total operating expenses	**2,753,352**

The Company recorded operating loss of -€2 711 334 (-€13 332 for the previous year).

In 2015, financial income amounted to €103 139 and financial expenses to €97 498, resulting in net financial income of €5 641.

The Company posted a recurring loss before income tax of -€2 705 693 (-€13 332 for the previous year).

A loss of -€2 705 693 was recorded for the year (-€13 332 for the previous year).

Statement of financial position

Assets

As of December 31, 2015, intangible assets totaled €494 344 net, reflecting the merger losses from the transfer of all the assets and liabilities of Cellnovo France SAS to Cellnovo Group SA.

Property, plant and equipment amounted to €9 005 net.

Non-current financial assets totaled €70 673 078 net, including investments in subsidiaries for €47 932 716, accrued interest for €22 451 489, the liquidity contract for €238 339 and various deposits for €50 534.

- Current assets were €976 416 net.
- Marketable securities stood at €20 041 250.
- Cash and cash equivalents amounted to €3 388 137.
- Prepaid expenses were €32 789.

As of December 31, 2015, the Company's net assets totaled €95 615 020.

Liabilities and shareholders' equity

Share capital amounted to €10 788 528 as of December 31, 2015, compared with €37 000 as of December 31, 2014. Share premium stood at €83 329 544 as of December 31, 2015.

The Company had accumulated losses of -€13 332 and posted a 2015 loss of -€2 705 693.

Provisions for contingencies and expenses amounted to €5 990 as of December 31, 2015.

As of December 31, 2015, borrowings and other liabilities totaled €4 209 985 and consisted mainly of the following items:

- financial loans and borrowings of €537 167. This item primarily corresponds to intragroup debt;

- other liabilities as detailed below:

In euros	Dec. 31, 2015
Advances and deposits on orders in progress	**3,209,640**
Personnel-related liabilities and other liabilities	**444,809**
Miscellaneous liabilities	**18,369**

As of December 31, 2015, liabilities and shareholders' equity amounted to €95 615 020.

Pursuant to Article L. 441-6-1 of the French Commercial Code, the aging schedule of trade payables totaling €3 209 640 is as follows:

In euros	Dec. 31, 2015
Accruals	110,473
Amounts due within 30 days	3,099,167
Total	3,209,640

b. Group consolidated financial statements

The consolidated financial statements for the financial year ended December 31, 2015, which we submit for your approval, have been prepared in accordance with the bases of presentation and measurement prescribed by IFRS.

Statement of comprehensive income

Revenues: During the 12-month periods ended December 31, 2015 and 2014, Cellnovo posted revenues of €608 508 and €124 730, respectively. The €483 778 increase reflects the sharp growth in revenues in France and the first sales of the Cellnovo diabetes management system in the UK.

Total operating expenses: Total operating expenses for 2015 amounted to €15 780 668, compared with €7 016 862 for the same period in 2014. The 2015 amount includes share-based compensation expenses (non-cash item) of €1 940 002.

Manufacturing costs: In 2015 Cellnovo recorded manufacturing costs of €5 844 640, compared with €1 563 000 for 2014, an increase of €4 281 610. These amounts include personnel expenses for 2015 and 2014 of €2 724 170 and €833 599, respectively, depreciation and amortization expenses of €331 214 and €166 408, respectively, and other purchases and external expenses of €2 789 257 and €563 023, respectively. 2015 was a turning point for the development of the manufacturing processes of the Cellnovo insulin management system. Considerable resources were committed to designing, and developing reliable processes. This resulted in major expenditures for labor, raw materials and fees. Cellnovo aims to transfer its manufacturing to Flex in the second half of 2016 and the development of related processes generated significant non-recurring expenditures. Changes in inventories of raw materials amounted to nearly €700 thousand in 2015. One-third of personnel expenditures related to temporary staff and contractors dedicated to the development of the Cellnovo processes. Fixed costs were also incurred, such as depreciation and amortization expense for €331 thousand and royalty fees amounting to approximately €300 thousand. The amount of manufacturing costs in 2015 was therefore driven, for the most part, by the costs incurred to enable the large scale production of the Cellnovo system.

Research and development expenses: In 2015, Cellnovo recorded R&D expenses of €3 243 929, compared with €1 738 391 for 2014, up by €1 505 538. These amounts include personnel expenses for 2015 and 2014 of €1 853 327 and €744 903, respectively, depreciation and amortization expenses of €685 658 and €359 915, respectively, and other purchases and external expenses of €704 943 and €633 573, respectively. The increased R&D expenses are attributable to Cellnovo's intensified efforts to implement its ambitious R&D program and to share-based compensation expenses (non-cash item) amounting to €1 066 241 in 2015.

Sales and marketing expenses: In 2015, Cellnovo reported sales and marketing expenses of €1 556 723, compared with €1 486 369 for 2014, a €70 354 rise. These amounts include personnel expenses for 2015 and 2014 of €1 008 851 and €797 426, respectively, depreciation and amortization expenses of €7 032 and €10 286, respectively, and other purchases and external expenses of €540 840 and €678 657, respectively. Share-based compensation expenses (non-cash item) amounted to €217 592 in 2015. The rise in sales and marketing expenses is contained, as Cellnovo develops through agreements with distributors and will intensify its sales efforts as soon as the transition to large scale production enables it to meet market demand.

General and administrative expenses: In 2015, Cellnovo posted general and administrative expenses of €5 135 376, compared with €2 229 072 for 2014, an increase of €2 906 304. These amounts include personnel expenses for 2015 and 2014 of €2 617 685 and €612 378, respectively, depreciation and amortization expenses of €5 424 and €66 121, respectively, and other purchases and external expenses of €2 512 267 and €1 550 573, respectively. This growth is mainly due to costs related to the recruitment of key employees, the Company's IPO on Euronext in July 2015 (the portion of transaction costs that could not be deducted from the share premium), and the management of a listed company. Share-based compensation expenses (non-cash item) amounted to €656 169 in 2015.

Other income: Other income recognized in 2015 was €550 616, versus €5 468 in 2014. The €545 148 rise mainly corresponds to the reversal of a provision for the impairment losses on an industrial investment. In 2012, Cellnovo invested in a production line but the project was stopped and the

corresponding asset was deemed fully impaired. This investment has been revived as part of the Flex project and the provision for impairment loss was reversed.

Net financial expense: Cellnovo posted a net financial expense of €968 777 for 2015, versus €179 649 for 2014. Financial expenses include interest paid on outstanding loans. In 2014, Cellnovo recorded financial income of €1 449 692 following the extinguishment of the convertible loan.

Loss attributable to shareholders of Cellnovo: For the financial year 2015, the loss attributable to shareholders of Cellnovo was -€14 464 246, compared with a loss of -€6 677 620 for the previous year. In 2015, the loss includes share-based compensation expenses (non-cash item) for €1 940 002, calculated under IFRS 2.

Statement of financial position

Assets

As of December 31, 2015, intangible assets amounted to €4 933 921 net, compared with €2 019 819 as of December 31, 2014.

Property, plant and equipment amounted to €1 475 914 net, compared with €522 472 as of December 31, 2014.

Current assets totaled €29 884 988, including €20 219 721 in current financial assets (fixed-term accounts) and €6 232 837 in cash and cash equivalents. As of December 31, 2014, current assets were €6 148 528.

Liabilities and shareholders' equity

Share capital and share premium amounted to €30 509 089 as of December 31, 2015.

Group debt

Non-current financial loans and borrowings totaled €2 778 094, versus €9 508 602 for the previous year. They consist exclusively of the debt to Kreos.

Operating liabilities were €3 052 185 as of December 31, 2015, compared with €2 169 146 the previous year.

3. Main risks and uncertainties facing the Group and the Company - Use of financial instruments by the Company

The risks linked to the Company's business, their hedging and the related insurance are described in Appendix 1 of this management report.

4. Employee share ownership

As of the last day of the reporting period and assessed in accordance with Article L. 225-102 of the French Commercial Code, the Company had no employee share ownership scheme.

5. Executive management of the Company

At its meeting of September 3, 2015, the Board of Directors decided to amend the method of exercise of executive management and to segregate the duties of the Chief Executive Officers and the Chairman of the Board of Directors as from October 1, 2015. Eric Beard was appointed Chairman of the Board of Directors as from that date and Sophie Baratte Chief Executive Officer of the Company.

6. Information about corporate officers

Compensation and benefits in kind for each corporate officer

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below on the total compensation and benefits in kind paid during the past financial year to each corporate officer, by the Company or by companies it controls within the meaning of Article L. 233-16 of the French Commercial Code:

Director	Compensation	Fees (incl. tax)	Reimbursement of expenses[1]	Stock options granted in 2015	Stock options held as of Dec. 31, 2015
		In euros		*Number*	
Executive directors					
E. Beard Sep. 3, 2015	214,778	25,000	29,187	-	15,119
S. Baratte Sep. 3, 2015	206,250	-	32,719	150,000	150,000
Independent non-executive directors					
Marie Landel July 9, 2015	-	15,000	11,454	-	-
John Garibotto July 9, 2015	-	29,318	1,529	25,714	25,714

This information has been prepared based on the Corporate Governance Code and the supplementary recommendations on the disclosure of the compensation awarded to the executive corporate officers of listed companies issued by the AFEP-MEDEF:

Executive compensation in euros	Dec. 31, 2015	Dec. 31, 2014
Fixed gross compensation paid	206 250	26 250
Variable gross compensation paid	214 778	192 529
Benefits in kind		
Attendance fees	30 000	
Share-based payments	131 745	
Consultancy fees	25 000	33 763
TOTAL	**669 679**	**252 542**

You are hereby informed that the Company did not set up any termination benefits or supplementary pension schemes for its corporate officers.

List of corporate officers

As of the date of this report, the Company had the following corporate officers:

Name	Corporate office	Date of first appointment, reappointment and expiration of term of office
Members of the Board of Directors		
Sophie Baratte	Chief Executive Officer and Director Interim Chairman of the Board of Directors	Appointed as Chief Executive Officer on September 3, 2015 for an indefinite term. Appointed as a director through co-optation by the Board of Directors on December 3, 2015, subject to ratification by the General Meeting Appointed as Interim Chairman on April 8, 2016
Edmond de Rothschild Investment Partners (represented by Raphaël Wisniewski)	Director	Reappointed as a director by the General Meeting of February 13, 2015 for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017
NBGI Private Equity Ltd.	Director	Appointed as a director by the General

Name	Corporate office	Date of first appointment, reappointment and expiration of term of office
(represented by Aris Constandinides)		Meeting of February 13, 2015, subject to the condition precedent of obtaining the AMF's approval of the prospectus, for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017 The appointment was confirmed on July 9, 2015.
Forbion International Management BV (represented by Holger Reithinger)	Director	Appointed as a director by the General Meeting of February 13, 2015, subject to the condition precedent of obtaining the AMF's approval of the prospectus, for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017 The appointment was confirmed on July 9, 2015.
HealthCare Ventures (represented by John Littlechild)	Director	Appointed as a director by the General Meeting of February 13, 2015, subject to the condition precedent of obtaining the AMF's approval of the prospectus, for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017 The appointment was confirmed on July 9, 2015.

Name	Corporate office	Date of first appointment, reappointment and expiration of term of office
Advent Venture Partners (represented by Raj Parekh)	Director	Appointed as a director by the General Meeting of February 13, 2015, subject to the condition precedent of obtaining the AMF's approval of the prospectus, for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017 The appointment was confirmed on July 9, 2015.
ALIAD (represented by Julie Drapier)	Director	Appointed as a director by the General Meeting of June 22, 2015 for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017
Marie-Yvonne Landel Meunier	Independent director	Appointed as a director by the General Meeting of February 13, 2015, subject to the condition precedent of obtaining the AMF's approval of the prospectus, for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017 The appointment was confirmed on July 9, 2015.
Non-voting Directors		
Edmond de Rothschild Investment Partners (represented by Sofia Ioannidou)	Non-voting director	Appointed as a non-voting director by the General Meeting of February 13, 2015, subject to the condition precedent of obtaining the AMF's approval of the prospectus, for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the year ended December 31, 2017 The appointment was confirmed on July 9, 2015.

List of other current offices and positions held by corporate officers

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we present a list of all the offices and positions held in any company by each corporate officer during the financial year ended December 31, 2015:

Name	Company	Corporate office/position
Sophie Baratte	None	N/A
Eric Beard	Cellnovo Ltd. Plan Bea SPRL EOS Imaging	Chairman of the Board of Directors General Manager Member of the Board of Directors
ALIAD Permanent representative: Julie Drapier	None	N/A
Forbion Capital Partners Permanent representative: Holger Reithinger	None	N/A
Edmond de Rothschild Investment Partners Permanent representative: Raphaël Wisniewski	Implanet Genticel Poxel	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors
NBGI Private Equity Limited Permanent representative: Aris Constandinides	2010 Perfect Vision Advanced Cardiac Therapeutics EOS Imaging	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors

Name	Company	Corporate office/position
	Quanta Fluid Solutions Limited	Member of the Board of Directors
	SuperSonic Imagine	Member of the Board of Directors
	Symetis	Member of the Board of Directors
	Dysis Ledical Limited	Member of the Board of Directors
HealthCare Ventures Permanent representative: John Littlechild	Senseonics	Member of the Board of Directors
Advent Venture Partners Permanent representative: Raj Parekh	Biocartis	Member of the Board of Directors
Auriga Partners Permanent representative: Bernard Daugeras	AMOEBA	Member of the Supervisory Board
	Availpro (formerly Siriona)	Member of the Supervisory Board
	AVENI (formerly Alchimer)	Member of the Supervisory Board
	BONITA SOFT	Member of the Board of Directors
	CODENVY	Non-voting director
	CONVERTIGO	Member of the Board of Directors
	CYTOO	Member of the Supervisory Board
	DOMAIN THERAPEUTICS	Member of the Board of Directors
	EXO PLATFORM	Member of the Board of Directors

Name	Company	Corporate office/position
	FABENTECH	Member of the Supervisory Board
	FIRALIS	Member of the Supervisory Board
	ISOCELL	Member of the Board of Directors
	MEDIAN TECHNOLOGIES	Member of the Board of Directors
	MILIBOO (AGL IMPORT)	Member of the Board of Directors
	PHERECYDES PHARMA	Member of the Supervisory Board
	PYLOTE SAS	Member of the Supervisory Board
	THERANEXUS	Member of the Supervisory Board
	TXCELL	Member of the Supervisory Board
	WALLIX GROUP	Member of the Supervisory Board
Omnes Capital Permanent representative: Alexia Perouse	Amakem	Member of the Board of Directors
	Eye Tech Care	Member of the Board of Directors
	Spineguard	Member of the Board of Directors
	Super Sonic Imagine	Member of the Supervisory Board
	Pixium Vision	Member of the Board of Directors

Name	Company	Corporate office/position
	Enterome Ophthakhem Gecko Biomedical	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors
John Garibotto	Maguro Inc.	Chairman
Marie-Yvonne Landel Meunier	Hepatochem	Corporate Secretary

Ratification of co-optation

Sophie Baratte was co-opted as a director by the Board of Directors at its meeting of December 3, 2015. We will ask you to ratify this appointment.

7. Significant acquisitions of interests in companies headquartered in France, acquisitions of control of such companies, disposals of such interests

Pursuant to Article L. 233-6 of the French Commercial Code, you are hereby informed that the Company acquired all of the Cellnovo France SAS shares from Cellnovo Ltd. on November 25, 2015. After that, on November 26, 2015, the Company decided to dissolve Cellnovo France SAS without liquidation, which resulted in the transfer of all Cellnovo France SAS assets and liabilities to the Company as of December 31, 2015.

Pursuant to Article L. 233-6 of the French Commercial Code, you are hereby informed that the Company did not dispose of any holdings during the financial year.

8. Activities of subsidiaries and controlled companies

- **Cellnovo France SAS,** a subsidiary fully owned directly by Cellnovo Ltd. then by Cellnovo Group SA (see above), was formed in February 2014. On November 26, 2015, Cellnovo Group decided to dissolve Cellnovo France SAS without liquidation, which resulted in the transfer of all Cellnovo France SAS assets and liabilities to Cellnovo Group as of December 31, 2015. For 2015, it had revenues of €666 781 and posted a loss of -€110 858.

- **Cellnovo Ltd.**, a wholly owned subsidiary of Cellnovo Group SA, was formed in 2002 and is located in Swansea, Wales. For the financial year ended December 31, 2015, Cellnovo Ltd**.** posted revenues of €548 552 and a loss of €9 548 727.

- **Cellnovo Inc.**, a wholly owned subsidiary of Cellnovo Group SA (through Cellnovo Ltd.), was formed in 2014 and is located in Delaware, the USA.For 2015, Cellnovo Inc. generated no revenues and recorded a loss of €131 455.

The Company has no foreign branches.

9. Information about ownership structure and treasury stock - Share buyback program

Share buyback program

By decision of February 13, 2015, the General Meeting authorized the Board of Directors, subject to the condition precedent of the first listing of the Company's shares on the Euronext Paris regulated market, to acquire a number of Company shares up to 10% of the total number of shares in the share capital at the date of purchase.

In 2015, the Company signed a liquidity contract with CM-CIC to limit the volatility of the Cellnovo shares.

Under the liquidity contract, as of December 31, 2015 Cellnovo held 8 036 own shares, representing 0,07% of its share capital. These shares were valued at a par value of €7,45 per share, for a total value of € 59 868. During 2015, under this liquidity contract, 115 240 shares were purchased on the stock market at an average price of €9,30 and 107 204 were sold at an average price of €8,86.

Transfer or disposal of shares undertaken to regularize cross shareholdings

You are hereby informed that the Company did not have to transfer or dispose of any shares in order to end cross shareholdings prohibited by Articles L. 233-29 and L. 233-30 of the French Commercial Code.

Changes in share capital during the financial year	Number of shares	Par value (€)	Share capital (€)
Shares in the share capital as of January 1	**3 700**	10	**37 000**

Changes in share capital during the financial year	Number of shares	Par value (€)	Share capital (€)
Number of shares issued during the year **Combined GM of February 13, 2015:** 10-for-1 split of the par value of the Company's shares, reduced from €10 to €1.	33 000	1	37 000
Combined GM of February 13, 2015: contribution of 211 975 030 Cellnovo Ltd. shares to the Company This contribution represented a capital increase with a par value of €6 019 361, resulting from the issue of 6 019 361 shares with a par value of €1 each and a price of €7,9631 each. The corresponding share premium amounted to €41 913 355, under the condition precedent of obtaining the AMF's approval of the prospectus.	6 019 361	1	6 056 361
Board of Directors meeting of September 3, 2015: Following the first listing on the Euronext stock market, capital increase of €2 969 557 corresponding to the issuance of 2 969 557 new shares with a par value of €1 each. The corresponding share premium amounted to €28 596 833.	2 969 557	1	9 025 918
Capital increase of €1 657 955 corresponding to the issuance of 1 657 955 new shares with a par value of €1 each, following the conversion of the same number of bonds. The corresponding share premium amounted to €15 966 107.	1 657 955	1	10 683 873

Changes in share capital during the financial year	Number of shares	Par value (€)	Share capital (€)
Exercise of the overallotment option: Capital increase of €800 000 corresponding to the issuance of 800 000 new shares with a par value of €1 each. The corresponding share premium amounted to €770 401.	80 000	1	10 763 873
Exercise of stock options by some employees: Capital increase of €24 655 corresponding to the issuance of 24 655 new shares with a par value of €1 each. The corresponding share premium amounted to -€24 621.	24 655	1	10 788 528
Shares in the share capital as of December 31	**10 788 528**	**1**	**10 788 528**

10. Shareholding structure and shareholders holding more than 5% of the share capital

To the Company's knowledge and pursuant to Article L. 233-13 of the French Commercial Code, the ownership structure and the identity of the shareholders directly or indirectly holding more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital or voting rights at general meetings were as follows:

Shareholders	Total shares	Voting rights	% Share capital
Funds managed by Advent Venture Partners	1 111 347	1 111 347	10,3%
Funds managed by HealthCare Ventures V	1 122 933	1 122 933	10,4%
Funds managed by Edmond de Rothschild Investment Partners	1 303 377	1 303 377	12,1%
Funds managed by Auriga Partners	786 631	786 631	7,3%
Funds managed by NBGI Private Equity Limited	660 770	660 770	6,1%
Funds managed by Forbion Management BV	1 786 308	1 786 308	16,6%
Subtotal of shareholders holding more than 5% of the share capital	**6 771 366**	**6 771 366**	**62,8%**

To the best of the Company's knowledge, no shareholder, other than those indicated above, held directly or indirectly, individually or in concert, more than 5% of the Company's share capital or voting rights.

11. Share price performance - Risk of share price fluctuations

The Company's shares were initially listed on July 9, 2015 and the IPO price was set at €10,63 per share. The share price peaked at €15,40 on July 16 and fell to a low of €5,30 on December 10. The 2015 closing price was €7,45.

During the year, an average of 19 395 shares were traded daily.

12. Summary of trading in the Company's shares by executives and persons referred to in Article L. 621-18-2 of the French Monetary and Financial Code during the financial year

Executive management did not sell or purchase Company shares during the year.

13. Allocation of loss for the year

We recommend that you approve the financial statements (statement of financial position, income statement and notes) as presented, showing a loss of -€2,705,693 euros which we propose to allocate as follows:

- Loss for the year -€2 705 693

in its entirety to accumulated losses, which would thus be increased to -€2 719 025.

14. Dividends paid

Pursuant to Article 243 bis of the French Tax Code, you are reminded that the Company has paid no dividends since its formation.

15. Non-tax deductible expenses

In 2015, the Company recognized no luxury or other non-deductible expenses referred to in Article 39-4 of the General Tax Code.

16. Regulated agreements and commitments with related parties

The agreements referred to in Article L. 225-38 of the French Commercial Code and entered into during the financial year will be submitted to shareholders for approval, with the understanding that the Statutory Auditors were duly notified to prepare their special report thereon.

In accordance with the provisions of Article L. 225-40-1 of the French Commercial Code, at its meeting of April 26, 2016 the Board of Directors reviewed the regulated agreements and commitments with related parties entered into and authorized during previous years that remained in effect during the year 2015.

17. Five-year financial summary

This report is accompanied in Appendix 2 by the table referred to in Article R. 225-102 of the French Commercial Code, which summarizes the Company's results over the past five years.

18. Delegations of authority for capital increases

Pursuant to Article L. 225-100, paragraph 4 of the French Commercial Code, you will find attached to this report as Appendix 3 a table summarizing the delegations of authority granted by the General Meeting to the Board of Directors regarding capital increases under the provisions of Articles L. 225-129-1 and L. 225-129-2 of said Code.

The supplementary reports, prepared by the Board of Directors and the Statutory Auditors under the delegations of authorization granted to the Board, have been made available to you pursuant to legal requirements.

19. Information about factors likely to have an impact in the event of a public offer (Article L.225-100-3 of the French Commercial Code)

Structure of the Company's share capital

The relevant information is included in chapters 10 and 11 of this report.

Statutory restrictions on the exercise of voting rights and share transfers or clauses brought to the attention of the Company (Article L. 233-11 of the French Commercial Code)

None.

Direct or indirect interests in the Company's share capital that are known to the Company (Articles L. 233-7 and L. 233-12 of the French Commercial Code)

The relevant information is included in chapter 11 of this report.

List of holders of any securities carrying special control rights and description thereof

To the best of the Company's knowledge, there were no special control rights. Since the first listing of its shares on Euronext Paris, the Company has had no preferred shares.

Control mechanisms planned for an employee shareholding system when the control rights are not exercised by the employee

The Company did not set up any employee shareholding system likely to contain control mechanisms when the control rights are not exercised by the employee.

Shareholder agreements known to the Company that may lead to restrictions on share transfers or on the exercise of voting rights

Lock-up agreements by the financial shareholders of the Company

The Company's financial shareholders (collectively holding 91.8% of the share capital before the IPO on an undiluted basis) and Kreos each irrevocably undertook to Société Générale, CM-CIC Securities and Canaccord Genuity Limited that, without the prior and jointly written consent of Société Générale, CM-CIC Securities and Canaccord Genuity Limited, as of the date of signing the lock-up agreement and during each period referred to below, they would not:

1) offer, pledge, grant a lien, preferential right, security interest or other rights of any kind to shares, lend (excluding share loans set up for the overallotment option), sell, transfer, undertake to sell or transfer, acquire, grant an option or right to sell or otherwise transfer or dispose, in any capacity and in any manner whatsoever, directly or indirectly, of any share or financial security or right carrying immediate or future rights to shares through its exercise, conversion, exchange, redemption or in any other manner; or

2) perform any short sales, enter into any financial or other agreement designed to, or that may reasonably likely result in or trigger the sale or transfer of any share or financial instrument carrying immediate or future rights to shares through its exercise, conversion, exchange, redemption or in any other manner; or

3) enter into any financial or other agreement with the purpose of or resulting in the transfer to any party of all or some of the characteristics of the ownership of shares or of any financial instrument or right carrying immediate or future rights to shares through its exercise, conversion, exchange, redemption or in any other manner; or

4) publicly announce their intention to carry out any of the transactions described in paragraphs 1), 2) or 3) above,

that said transaction would be carried out or entered into for a price paid in shares, in cash or otherwise, with the understanding that said lock-up agreements would cover:

- 100% of the shares held until the expiration of a period of six months following the Offering's settlement-delivery date;
- 66% of the shares held until the expiration of a period of three months following the above period of six months; and
- 33% of the shares held until the expiration of a period of three months following the above period of three months,

including (i) any share held, if the case may be, at the execution date of said lock-up agreements and any share, if the case may be, acquired prior to the Company's IPO, (ii) any share issued by exercise of the stock options held at the date of execution of said lock-up agreements and (iii) any share resulting from the automatic conversion of convertible bonds at the first listing of the Company shares on Euronext Paris, i.e. July 9, 2015.

Notwithstanding the foregoing, each financial shareholder may freely:

- contribute the shares they own as part of a public offer for the Company's shares;
- sell any new share that they may subscribe to as part of the IPO or acquire on the market after the Offering's settlement-delivery date;
- transfer any share or any security or right carrying immediate or future rights to shares to an investment fund managed by the same management company as the transferor, provided that said fund signs and sends to Société Générale, CM-CIC Securities and Canaccord Genuity Limited, prior to such transfer, a letter in which it undertakes to observe the lockup agreement for the remaining term of the agreement.

As of the date of this report, the lock-up agreement of the financial shareholders of the Company only covered 33% of shares and will expire on July 13, 2016.

Lock-up agreements by the Company's founders, principal executives/employees and/or directors

All of the Company's founders, principal executives/employees and/or directors (collectively holding approximately 8% of the share capital before the IPO) who own shares and/or stock options or convertible bonds irrevocably undertook to Société Générale, CM-CIC Limited and Canaccord Genuity that, without the prior and jointly written consent of the latter, they would not:

1) offer, pledge, grant a lien, preferential right, security interest or other rights of any kind to shares, lend, sell, transfer, undertake to sell or transfer, acquire, grant an option or right to sell or otherwise transfer or dispose, in any capacity and in any manner whatsoever, directly or indirectly, of

any share or financial security or right carrying immediate or future rights to shares through its exercise, conversion, exchange, redemption or in any other manner; or

2) perform any short sales, enter into any financial or other agreement designed to, or that may reasonably likely result in or trigger the sale or transfer of any share or financial instrument carrying immediate or future rights to shares through its exercise, conversion, exchange, redemption or in any other manner; or

3) enter into any financial or other agreement with the purpose of or resulting in the transfer to any party of all or some of the characteristics of the ownership of shares or of any financial instrument or right carrying immediate or future rights to shares through its exercise, conversion, exchange, redemption or in any other manner; or

4) publicly announce their intention to carry out any of the transactions described in paragraphs 1), 2) or 3) above,

until the expiration of a period of 360 calendar days following the date of the settlement-delivery of the Company's shares for 100% of the shares they held, or approximately 450 000 shares at the date of obtaining the AMF's approval of the prospectus; including in each case (i) any share held, if the case may be, at the execution date of said lock-up agreements and any share, if the case may be, acquired prior to the Company's IPO, (ii) any share issued by exercise of the stock options held at the date of execution of said lock-up agreements or granted prior to the Offering's settlement-delivery date in exchange for Cellnovo Ltd. stock options, (iii) any share, if the case may be, received upon exercise of Cellnovo Ltd. stock options in accordance with Cellnovo Ltd.'s articles of incorporation and (iv) any share resulting from the automatic conversion of convertible bonds at the first listing of Company shares on Euronext Paris, i.e. July 9, 2015. Notwithstanding the foregoing, each founder and principal executive/employee and/or director of the Company may freely:

- contribute the shares they own as part of a public offer for the Company's shares;
- sell any new share that they may subscribe to as part of the Offering or acquire on the market after the Offering's settlement-delivery date;

Rules governing the appointment and replacement of members of the Board of Directors as well as amendments to the Company's articles of incorporation

The applicable rules are statutory rules which comply with the prevailing law and regulations.

Powers of the Board of Directors, regarding in particular the issuance or repurchase of shares

The information about delegations of authority is included in Appendix 3 to this report.

By decision of February 13, 2015, the General Meeting authorized the Board of Directors, subject to the condition precedent of the first listing of the Company's shares on the Euronext Paris regulated market, to acquire a number of Company shares up to 10 % of the total number of shares in the share capital at the date of purchase.

Under the liquidity contract entered into with CM-CIC in 2015, as of December 31, 2015 Cellnovo held 8 036 own shares, representing 0,07% of its share capital.

Your Board of Directors asks you, after reading the Statutory Auditors' reports, to adopt the resolutions submitted for your approval.

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The Board of Directors

APPENDIX 1

Description of main risks and uncertainties

1. Legal and regulatory risks

a. Risks related to intellectual property

Protection of intellectual property rights that is necessarily limited

The exclusive character of the intellectual property and expertise of the Group represents a fundamental element of its commercial success. However, the Group may be in the situation of not being able to maintain or obtain adequate protection and thereby preserve its technological and competitive advantage. The Group relies upon the protection of intellectual property rights, such as patents and copyrights, as well as its industrial secrets and know-how, protected by confidentiality agreements and other contracts to protect its products and technology (pump mechanism, patch equipped with wireless technology, diabetes management software, etc.). However, these measures offer only a limited protection and may not prevent illicit use or counterfeiting of the Group's products or technology.

The pioneering technology on which the Group's business is based is mainly protected by a number of patents and patent applications and by the copyright covering both the hardware and software aspects of the product, as well as by the Group's know-how, in particular in terms of manufacturing methods and the choice of certain critical components.

However, the issuing of a patent does not guarantee its validity or enforceability, which can be contested by third parties.

The Group cannot be certain that:

- the Group's future patent applications will result in the actual issuing of patents and therefore in protection of the inventions concerned by patent applications in all the countries in which the patent applications have been filed;
- patents issued to the Group will not be challenged, invalidated or bypassed;
- the scope of the protection offered by the patents will be sufficient to protect against the competition and against third party patents covering similar products or devices;
- the Group's competitors are not developing technology or products similar to those of the Group; and
- the Cellnovo technology does not contravene patents belonging to third parties.

The Group's competitors could thus successfully contest the validity of its patents, which, depending on the outcome of such actions, could reduce their scope, could result in their invalidity or enable them to be bypassed by competitors. Consequently, the rights that the Group has over its patents may not offer the required protection against the competition.

In addition, the Group cannot guarantee that its technology, know-how and industrial secrets are adequately protected against its competitors and cannot be usurped or bypassed by the latter. The collaboration contracts entered into by the Group stipulate that it must frequently provide its co-contractors with certain elements of its know-how, in various forms, protected by patents or otherwise, and notably information or data concerning the research, development, manufacture and commercialization of the Cellnovo technology.

The Group is constantly seeking to limit the communication of key elements of its know-how to third parties to the minimum information strictly necessary for the collaboration between them, and is ensuring on contractual basis that these third parties undertake not to misappropriate, use or disclose this information, notably via confidentiality clauses. The Group cannot, however, guarantee that these third parties respect these agreements, that the Group would be informed of the violation of these clauses, or even that any damages it may obtain would be sufficient to compensate the prejudice suffered.

These collaboration agreements signed by the Group may represent a risk to the extent that its co-contractors may claim the benefits of intellectual property rights over the inventions, knowledge or results of the Group. Lastly, these agreements could result in intellectual property rights held jointly or under exclusive operating concessions under conditions that are unfavorable to the Group.

The Group's brand names are important elements of its identity and products. Although the Cellnovo brand has been registered in the European Union, opposition has been filed against the brand name “Cellnovo” by Novo Nordisk. Furthermore, third parties could use or attempt to use this brand name, which would be damaging both commercially and in terms of image to the Group.

Similarly, it is difficult to monitor unauthorized use of the Cellnovo brand name and technology, and the Group, although having set up a system for monitoring this brand name, cannot be certain that it will be able to avoid bypassing or unauthorized use of its product and technology, notably in foreign countries where its rights are not as well protected.

Very costly protection of intellectual property rights

The Group's protection of its intellectual property rights represents a significant cost related notably to the costs of registering and maintaining patents and managing its other intellectual property rights; this cost could increase, particularly if legal action is required by the Group to assert its rights. Aside from these costs, if legal action should be necessary to ensure respect of the Group's intellectual property rights, protection of its industrial secrets or know-how or to determine the validity and scope of its intellectual property rights, this could have an adverse effect on the Group's results and financial position without providing the protection desired.

Risk of counterfeit actions

It is important for the success of its business that the Group is able to exploit its products and technology freely with respect to third party patents or intellectual property rights.

The Group cannot guarantee that there are no third party patents or intellectual property rights covering certain of the Group's activities, products or technologies that would enable these third

parties to take legal action based on counterfeit or similar allegations against the Group in order to obtain compensation or to prevent the use of the product or process in question.

If these legal actions were completed and acknowledged as being totally or partially justified, the Group could be required to stop or delay the research, development, manufacture or sale of the products or processes concerned by said actions, which would have a material adverse effect on its business.

In particular and in addition to the payment of financial compensation, the Group may be required:

- to stop the manufacture, sale and use of the products or technology in question in one or more given geographic areas, which could reduce its income;
- to obtain a license, under conditions unfavorable to the Group, to use third party intellectual property rights; and
- to find alternative solutions in order to avoid violating third party intellectual property rights, which could, in certain cases, prove to be impossible or financially costly or time-consuming and may thus hinder its commercialization efforts.

Action taken against the Group, regardless of its outcome, could also generate substantial costs, disrupt Company operation, compromise all or part of its business, image and reputation.

If any of these risks were to occur, this could have a material adverse effect on the Group's business, results, financial position, development and outlook.

Risk related to the pledging of intellectual property rights

Under the Venture Loan, the Group pledged to Kreos its key patents registered in certain specific countries (with the option for Kreos to extend the country list to additional countries) to guarantee compliance with its obligations.

In case of non-repayment of the loan by Cellnovo Ltd. or any other default event under the terms of the Venture Loan, the pledged intellectual property rights will be transferred to Kreos. In the event of such a transfer, the Group's ability to license and develop its products could be affected or delayed which, therefore, would have a material adverse effect on the Group and its business, outlook, ability to achieve its targets, financial position, cash or operating profit.

b. Risks related to product liability

Aside from the legal guarantees, the Group could be exposed to risks by engaging its liability during the clinical development or commercial exploitation of its micro-pump, particularly with respect to product liability.

Various incidents involving the pump, cartridge, mobile terminal or software could, if they occurred, cause cases of hypoglycemia or hyperglycemia, which can cause complications of degrees more or less severe: hospitalization, hyperglycemic coma and even death.

Criminal complaints or legal action could be made or taken against the Group by users (patients participating in clinical trials or user patients, physicians, researchers and other healthcare or

research professionals), the regulatory authorities, distributors and any other third party using or commercializing the Cellnovo system.

During 2015, the Group was not concerned by any complaint or legal action in this regard.

The Group cannot guarantee that its current insurance cover would be sufficient to meet the needs of such liability actions. If its liability were to be engaged and the Group was not able to obtain and maintain appropriate insurance coverage at a reasonable cost, or to protect itself in any other way against product liability actions, this would have a serious adverse effect on the commercialization of the Group's products and, more generally, be detrimental to the business, results, financial position, development and outlook of the Group.

c. Risks related to the various regulatory frameworks

Risk related to the collection and use of personal data

The Group collects and stores personal data concerning the users of the Cellnovo technology but this data is not exploited. At present, the data are stored on servers operated directly by the Group in the UK. The Group ultimately plans to locate a server in some of the countries in which its micro-pump is commercialized and to have it operated, like in France, by a data storage provider who would be responsible for server maintenance and security, in compliance with local regulations relevant to the protection of personal and medical information.

In the USA, there are a certain number of federal and local laws protecting the confidentiality of information related to the state of health of certain patients, particularly medical files, and limiting the use and disclosure of this protected information. Notably, the US Department of Health and Human Services has enacted rules concerning the private lives of patients under the 1996 Health Insurance Portability and Accountability Act (HIPAA) - US Department of Health and Human Services. These rules protect the medical files and other health information by limiting their use and disclosure, by giving private individuals the right to access, rectify and monitor their own medical information and by limiting cases of use and disclosure of health information to the minimum reasonably necessary to fulfill the desired objective. Violation of the patient confidentiality and security rules under the HIPAA law or violation of the Group's protective measures regarding the personal data covered by the HIPAA law could result in civil or criminal sanctions.

The Group cannot, however, guarantee that it will always be able to comply with local regulations applicable to the protection of personal and medical data.

Furthermore, although the Group has set up measures to ensure the protection and security of the personal data collected via its technology, the possibility of the databases and data collected and used by the Group being the target of possible hacking, computer virus, theft, fraudulent use or destruction cannot be excluded. Insulin pumps could possibly be hacked. The Group's liability could be engaged and its public image severely affected by such cases, which would have a material adverse effect on the Group, its business, financial position, results, development and outlook.

Risk related to the industrial regulatory framework

The Group's products are classified as medical devices (class 2B) and, as such, are subject to specific regulations in all the countries of manufacture, testing and commercialization. These regulations impose obligations in various fields, notably:

- design;
- preclinical tests and clinical trials of products;
- product manufacture, inspection and quality assurance;
- product labeling, including user instructions;
- product storage;
- product identification and traceability;
- data retention procedures; and
- monitoring following market launch and notification of any incidents related to product use.

These regulations apply to the Group as the designer of the Cellnovo device.

The notified body, during a certification or monitoring audit, or the regulatory authorities, during an inspection or any other regulatory process, could identify breaches of the applicable regulations or standards and request immediate implementation of corrective actions, which may interrupt the manufacture and supply of the Group's products. Suspension, total shut-down or a total or partial ban on the activities of the Group's suppliers could also have a material adverse effect on the Group's business, financial position, results and reputation.

However, the Group cannot guarantee that its suppliers or sub-contractors comply or will comply with the applicable regulations at any time.

Risk related to the regulations applicable to the medical devices developed by the Group and possible modifications

Commercialization of the Group's products is subject to regulations that are not only strict but constantly changing. These regulatory constraints have a serious impact on all the Group's activities, particularly the development, inspection, manufacture and sale of the Group's products.

Respect of this regulatory process can be long and expensive and no guarantee can be given regarding the granting of authorizations, nor how long it may take to obtain such authorizations and how long they will be maintained. If the certification or authorization to commercialize the Group's products were to be refused, suspended or canceled, commercialization could be delayed or banned in the countries concerned.

If such a situation were to arise, it would have a material adverse effect on the Group, its business, financial position, results, development and outlook.

Although the Group, as part of its business, takes into account potential changes to the legislation, regulations and standards applicable in the countries in which it commercializes or plans to commercialize its products, new regulatory constraints could, in the event of cancellation, suspension or non-renewal of the marketing authorizations, prevent or slow down commercialization of the Cellnovo device, thereby increasing manufacturing and development costs.

If such a situation were to arise, it would have a material adverse effect on the Group, its business, financial position, results, development and outlook.

Risk related to the regulatory environment in Europe - CE label

Although the Cellnovo system obtained its CE label in 2011 (updated in 2012 and 2013), CE label certificate renewal requests require that quality system compliance be maintained, consideration of regulatory changes, updating of the risk management process and compliance with the essential requirements of applicable European directives.

If the Group fails to obtain the timely renewal of the certificates necessary for the CE label of its device, the commercialization of its products could be interrupted until the authorizations are obtained.

If such a situation were to arise, it would have a material adverse effect on the Group, its business, financial position, results, development and outlook.

Risk related to the regulatory environment in the USA

- Market launch of the micro-pump in the USA is planned for 2017. In the USA, medical devices are regulated by the Food and Drug Administration (FDA). The FDA generally classes insulin pumps in the most general infusion pump category, described as Class 2. Class 2 devices generally require premarket approval that manufacturers can obtain via the 510K approval process, after which the FDA decides whether the device is "substantially equivalent" (SE) to a legally marketed device (predicate device). If the FDA decides that the device is SE, it can be commercialized in the USA, subject to regulatory requirements concerning 21 CFR 820 quality systems in particular. As well as the post-commercialization regulations generally applicable to medical devices, the FDA has specific requirements for insulin pumps and software for medical devices.

- The preparation of a 510K approval application may take a long time. Once the application has been submitted, the FDA aims to return its decision within 90 days, but the process often takes much longer because of the questions asked by the FDA as part of its evaluation process. If the 510K application is rejected because of a lack of information, the 90-day period is restarted from zero after the FDA receives the additional information requested.

- If FDA approval for the Cellnovo device is not obtained in time or if the device is rejected by the FDA, the Group could not market the device in the USA or should initiate other more lengthy and costly procedures to obtain marketing approval.

- If such a situation were to arise, it would have a material adverse effect on the Group, its business, financial position, results, development and outlook.

Risk related to the regulatory environment in other countries

As well as the rules specific to Europe and the USA, the marketing of medical products in other countries requires specific procedures to obtain the necessary authorizations (particularly in Japan, China and Brazil).

However, certification equivalences and recognitions apply in some countries (notably in Canada, Singapore and Australia). These equivalences or recognitions are important elements in the decision to commercialize the Cellnovo system in another country.

The Group's inability to obtain the necessary authorizations for the Cellnovo system could have a material adverse effect on the Group, its business, financial position, results, development or outlook.

2. Environmental risks

The Group's activities are subject to certain environmental regulations concerning the use of certain hazardous substances and the processing of waste, as well as the RoHS (Restriction of the use of certain hazardous substances in electrical and electronic equipment) Directive (2002/95/EC). The revised RoHS Directive 2011/65/EU includes medical devices.

The WEEE Directive on waste electric and electronic equipment (2002/96/EC) requires producers to organize and pay for the collection, processing and recycling of their products at the end of their life. In order to prevent related pollution problems, all equipment and product waste must be re-processed.

Compliance with these regulations is costly and any tightening of these requirements would result in further costs for the Group. The regulations are also complex and any violation by the Group could result in fines, penalties or engage its liability. These circumstances would have an adverse effect on the Group's financial position, development and outlook.

3. Financial risks

a. Liquidity risk

Since its formation, the Group has funded its growth largely through issues of equity to shareholders, with additional funds provided by research collaborations and research tax credits. In 2015, Cellnovo took out a loan. As the loan agreement does not provide for an acceleration clause, Cellnovo is not exposed to a liquidity risk generated by the application of such a clause.

Significant R&D expenses have been incurred from the beginning of the Group's activities, resulting in net cash outflows from operating activities since then.

Net cash used in operating activities amounted to €11 243 722 and €5 719 727 for the financial years ended December 31, 2015 and 2014, respectively.

As of December 31, 2015, the Group’s current financial assets (fixed-term accounts), cash and cash equivalents amounted to €26 452 558. Cellnovo has sufficient funds to cover its cash consumption for at least the next twelve months.

The Group will continue to have major financing needs in the future as it pursues research and development of current and new potential products. The precise extent of financing required is difficult to predict accurately, and will depend in part on factors outside the Group's control. Areas subject to significant uncertainty include but are not limited to:

- costs and time required for R&D programs to yield products that are ready to be marketed or licensed to provide revenues;
- costs and time needed to obtain regulatory authorizations and marketing approvals and access to reimbursement schemes;
- the extent of cost sharing with and revenues derived from any partner companies;
- costs of preparing, filing, defending and maintaining patents and other intellectual property rights;
- costs associated with the manufacture of products;
- costs associated with the expansion of the Group's capacities and product pipeline.

Should the Group find itself unable to finance its own growth, it would be compelled to find other sources of financing, in particular through further capital increases.

b. Foreign exchange risk

A portion of the Group's revenue is generated in currencies other than the euro. Due to the Group's geographic location, the same applies to its expenses, a significant proportion of which are denominated in foreign currencies, in particular the pound sterling. As of December 31, 2015, 99% of Cellnovo's cash and other short-term financial assets were denominated in euros.

At this time, Cellnovo's policy is not to use foreign currency hedging instruments and it is therefore exposed to fluctuations in the euro/pound exchange rate.

c. Credit and cash management risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

d. Interest rate risk

The only exposure to interest rate risk relates to cash and cash equivalents being exclusively short term accounts.

The Group has no floating-rate debt. The debt repayments are not subject to interest rate risk.

In view of the currently low level of interest rates for this type of investment, the Group considers that a change of +/- 1% would not have a material impact on its results in view of the losses generated by its operational activity.

e. Risk of dilution

The full exercise of all stock options granted and outstanding as of December 31, 2015 would enable the subscription for 434,876 new ordinary Company shares, thereby generating a potential dilution of 3,9% based on the diluted share capital as of December 31, 2015.

As part of its incentive policy for executives and employees, the Company may in the future issue or grant financial instruments giving access to the share capital of the Company or other rights that may result in further dilution, potentially material to the current and future shareholders of the Company.

Lastly, as consideration for the Venture Loan signed by Cellnovo Ltd. on June 25, 2015, the Company issued share purchase warrants (BSA) to Kreos (the "BSA Kreos") which would enable the latter to subscribe for up to 50 279 shares at an exercise price of €8,95 (37 709 under Tranche A and 12 569 under Tranche B), for a total par value of €450 000 (€337 500 under Tranche A and €112 500 under Tranche B, if applicable). The BSA Kreos allocated under Tranche A of the Venture Loan correspond to a dilution of 0,5%, on top of the dilution resulting from the granting of stock options to the Company's executives and employees which in turn may generate a maximum dilution of 3,9% based on the diluted share capital as of December 31, 2015.

The maximum potential dilution is therefore 4,4%.

f. Risk related to a guarantee granted by the Company under the Venture Loan

Under the Venture Loan, the Company guaranteed Cellnovo Ltd.'s commitments. In case of non-repayment of the loan by Cellnovo Ltd. or any other default event under the terms of the Venture Loan, the guarantee could be called upon which, therefore, would have a material adverse effect on the Group, its business, outlook, ability to achieve its targets, financial situation, cash or operating profit.

APPENDIX 2

Five-year financial summary

Reporting period ended Duration of the reporting period	Dec. 31, 2015 12 months	Dec. 31, 2014 1 month	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
I - Financial position as of the reporting date					
a) Share capital	10,788,528	37,000			
b) Number of shares issued					
c) Number of convertible bonds					
II - Results of operations					
a) Revenues excl. tax	37,840				
b) Loss before income tax, depreciation, amortization and impairment	-2,637,777	-13,332			
c) Income tax					
d) Loss after income tax, but before depreciation, amortization and imp	-2,637,777	-13,332			
e) Loss after income tax, depreciation, amortization and impairment	-2,705,693	-13,332			
f) Profit distributed					
g) Employee profit-sharing					
III - Earnings (loss) per share					
a) Loss per share after income tax, but before depreciation, amortization and impairment					
b) Loss per share after income tax, depreciation, amortization and impairment					
c) Dividend per share					
IV- Employees					
a) Number of employees	4				
b) Payroll expenses	455,445				
c) Employee benefits (social security, social services, etc.)	273,649				

APPENDIX 3

Table of currently valid delegations of authority granted by the General Meeting to the Board of Directors regarding capital increases

Date of General Meeting of Shareholders	Purpose of delegation	Term of validity	Maximum par value	Date and modalities of use by the Board of Directors
February 13, 2015	Delegation of authority granted to the Board of Directors to issue securities as consideration for contributions in kind granted to the Company, subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (41st resolution).	26 months from the General Meeting of February 13, 2015, until April 13, 2017	10% of the share capital	June 25, 2015
February 13, 2015	Delegation of authority to be granted to the Board of Directors to award 9 026 773 ESOP share subscription options ("Options 1") without preemptive subscription rights to the benefit of a certain category of persons, subject to the non-retroactive condition precedent of obtaining the AMF's approval of the prospectus (42nd resolution).	38 months from the General Meeting of February 13, 2015, until April 13, 2018	€257 897	February 26, 2015
February 13, 2015	Delegation of authority to be granted to the Board of Directors to award 800 000 ordinary share subscription options ("Options 2") without preemptive subscription rights to the benefit of a certain category of persons, subject to	38 months from the General Meeting of February 13, 2015, until April 13, 2018	€800 000	December 3, 2015

Date of General Meeting of Shareholders	**Purpose of delegation**	**Term of validity**	**Maximum par value**	**Date and modalities of use by the Board of Directors**
	the non-retroactive condition precedent of obtaining the AMF's approval of the prospectus (43rd resolution).			
February 13, 2015	Delegation of authority to be granted to the Board of Directors to award, on one or more occasions, free shares, issued or to be issued (44th resolution).	38 months from the General Meeting of February 13, 2015, until April 13, 2018	€800 000 limited to 10% of the number of shares in the share capital as of the date the Board of Directors will implement this delegation	--
February 13, 2015	Delegation of authority granted to the Board of Directors to reduce the share capital by canceling treasury shares, subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (46th resolution).	18 months from the General Meeting of February 13, 2015, until August 13, 2016	Limited to 10% of the share capital per 24-month period	--
June 22, 2015	Delegation of authority granted to the Board of Directors to increase the Company's capital, on one or more occasions, up to a maximum par value of €10 000 000, by issuing 10 000 000 shares and/or securities giving access to its capital, and/or to issue securities giving rights to the allocation of debt securities, without preemptive subscription rights, through a	26 months from the General Meeting of June 22, 2015, until August 22, 2017	€10 000 000	July 9, 2015

Date of General Meeting of Shareholders	**Purpose of delegation**	**Term of validity**	**Maximum par value**	**Date and modalities of use by the Board of Directors**
	public offering (2nd resolution).			
June 22, 2015	Delegation of authority granted to the Board of Directors to increase the Company's capital, on one or more occasions, up to a maximum par value of €10 000 000, by issuing shares and/or securities giving access to its capital, and/or to issue securities giving rights to the allocation of debt securities, with preemptive subscription rights, subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (3rd resolution).	26 months from the General Meeting of June 22, 2015, until August 22, 2017	€10 000 000	July 9, 2015
June 22, 2015	Delegation of authority granted to the Board of Directors to increase the Company's capital, on one or more occasions, by capitalizing share premiums, reserves, profits or other items, subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (4th resolution).	26 months from the General Meeting of June 22, 2015, until August 22, 2017	€10 000 000 and limited to 10% of the share capital per year	July 9, 2015
June 22, 2015	Delegation of authority granted to the Board of Directors to increase the Company's capital, on one or more occasions, by a par value of €10 000 000, by issuing shares and/or securities giving rights to the allocation of debt	18 months from the General Meeting of June 22, 2015, until December	€10 000 000	July 9, 2015

Date of General Meeting of Shareholders	**Purpose of delegation**	**Term of validity**	**Maximum par value**	**Date and modalities of use by the Board of Directors**
	securities, without preemptive subscription rights to the benefit of a certain category of persons, subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (5th resolution).	22, 2016		
June 22, 2015	Delegation of authority to be granted to the Board of Directors to set the price of the securities to be issued without preemptive subscription rights, subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (6th resolution).	26 months from the General Meeting of June 22, 2015, until August 22, 2017	10% of the share capital	June 25, 2015

Date of General Meeting of Shareholders	**Purpose of delegation**	**Term of validity**	**Maximum par value**	**Date and modalities of use by the Board of Directors**
June 22, 2015	Delegation of authority granted to the Board of Directors to increase the Company's capital, on one or more occasions, up to a maximum par value of €10 000 000, limited to 20% of the share capital per year, by issuing shares and/or securities giving access to its capital, and/or to issue securities giving rights to the allocation of debt securities, without preemptive subscription rights, through an offering to qualified investors or a small group of investors within the meaning of Article L. 411-2 of the French Monetary and Financial Code, paragraph II (private placement), subject to the non-retroactive condition precedent of the completion of the Initial Public Offering (7th resolution).	26 months from the General Meeting of June 22, 2015, until August 22, 2017	€10 000 000 and limited to 20% of the share capital per year	July 9, 2015
June 22, 2015	Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase with or without preemptive subscription rights (8th resolution).	26 months from the General Meeting of June 22, 2015, until August 22, 2017	15% of the initial issue	July 9, 2015
June 22, 2015	Delegation of authority granted to the Board of Directors to issue 20 000 000 bonds convertible into new	18 months from the General Meeting of	€20 000 000	June 25, 2015

Date of General Meeting of Shareholders	**Purpose of delegation**	**Term of validity**	**Maximum par value**	**Date and modalities of use by the Board of Directors**
	ordinary shares for a maximum par value of the convertible loan of €20 000 000, without preemptive subscription rights to the benefit of a specified person, subject to the non-retroactive condition precedent of obtaining the AMF's approval of the prospectus (9th resolution).	June 22, 2015, until December 22, 2016		
June 22, 2015	Delegation of authority granted to the Board of Directors to issue, on one or more occasions, ordinary share purchase warrants without preemptive subscription rights to the benefit of a specified person (10th resolution).	18 months from the General Meeting of June 22, 2015, until December 22, 2016	€450 000	June 25, 2015