REFERENCE DOCUMENT

2017

BOIRON®

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This is a free translation into English of the BOIRON 2017 Reference document issued of the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy, the French version prevails.

A few words from Christian Boiron

A few words from Christian Boiron

Ever since the company's origin, our objective remains the worldwide development of Homeopathy.

The short and medium-term development of our company, and the specific development of Homeopathy, enable us to consider a variety of approaches:

1 - Growth balanced between medical prescriptions, pharmaceutical advice and self-medication;

2 - This should lead to an increase in both generic medicines and specialty products, as has been the case in the past;

3 - It is highly probable that, as in the field of allopathic medicine, compounded product prescription may be gradually restricted. This will necessarily lead to change within our organization, especially and mainly in France;

4 - Regarding production, we will have to face several developments:
- the gradual reduction in compounded products;
- an increase in the number of international subsidiaries;
- an increased portion of the industrial activities consolidated at the new site in Messimy which will require an increase in production investments;
- the creation of a logistics platform in the commune of Les Olmes (Rhône department).

5 - With regard to business development, every subsidiary is faced with growth opportunities and regulatory issues, as well as differing and changing competitive realities. The multinational development of our company will inevitably lead to contrasting short-term and medium-term changes in the development of subsidiaries.

6 - Finally, with respect to research, the ongoing re-evaluation of its objectives and its organization should gradually result in an increase in related expenditure.

Christian Boiron
General Manager

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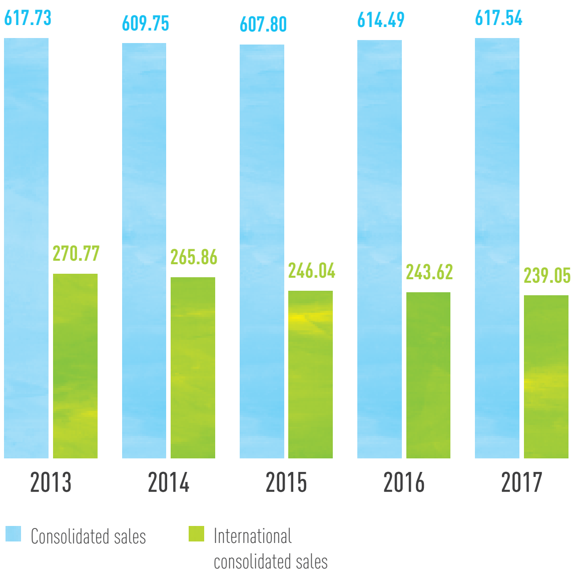
Presentation of BOIRON group and its businesses

1.1 Indicators and key figures

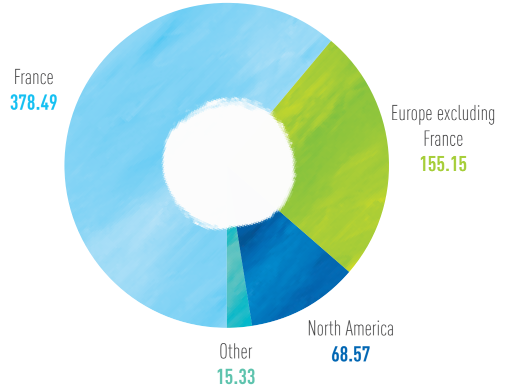
Change in sales
(in millions of euros)



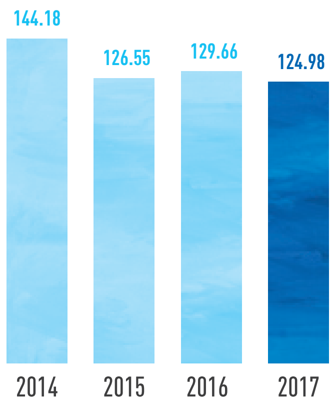
In 2017, group sales were stable compared to 2016 (+0.5% at current exchange rates and +0.1% at constant exchange rates).

Distribution of sales by product category

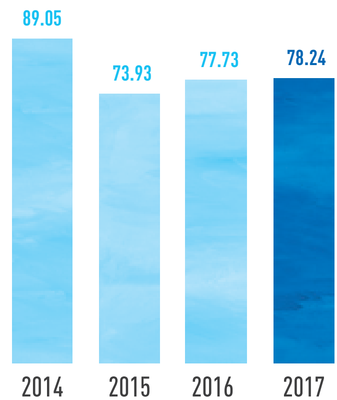
Distribution of sales by geographic area
(in millions of euros)



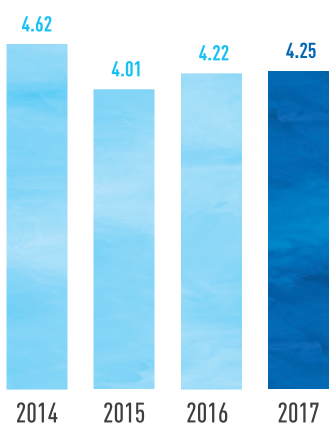
Change in operating income
(in millions of euros)



Change in net income
(in millions of euros)

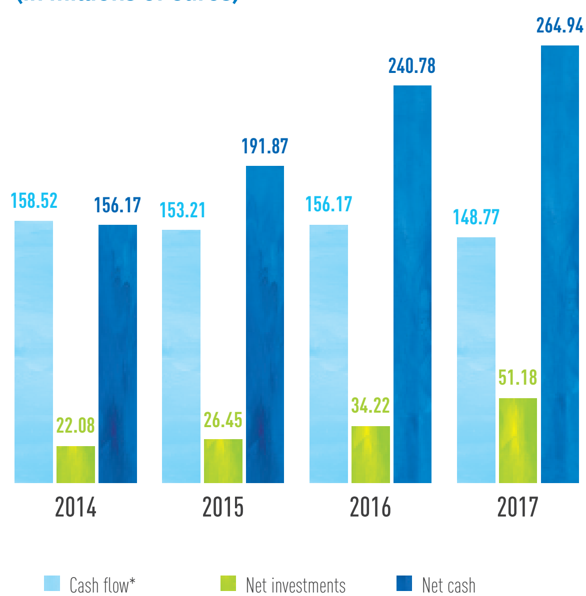


Change in earnings per share
(in euros)



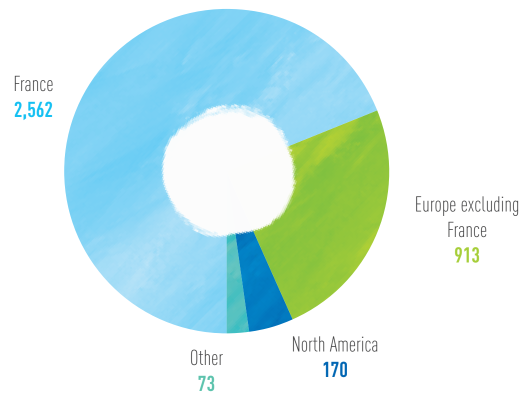
Earnings per share are determined after deducting the number of shares held by the company over the year.

Investments, cash flow and net cash
(in millions of euros)

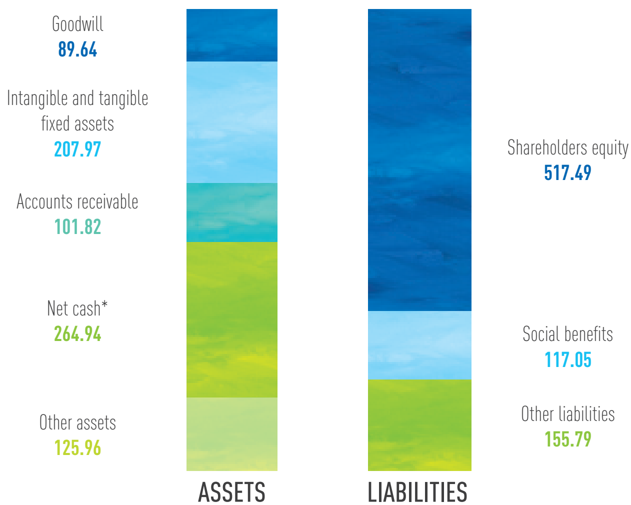


* Before investment income, financing expenses and taxes.

Distribution of headcount by geographic area: 3,718 employees at December 31, 2017



Simplified balance sheet
(in millions of euros)



* Net cash corresponds to the line item "Cash and cash equivalents" less cash liabilities (included in current borrowings and financial debts). See note 31 in the notes to the consolidated financial statements.

Change in dividend per share
(in euros)

1.2 Presentation of BOIRON group and its development

1.2.1 BOIRON, AN EXPERT IN HOMEOPATHY FOR 80 YEARS

Laboratoires BOIRON was founded in France nearly a century ago under the impetus of homeopathic doctors wishing to benefit from the most reliable medication possible. They naturally turned to pharmacists to provide them with this guarantee.

Behind every BOIRON medicine lies the high-standards and commitment made by each of our employees on a daily basis. This is the backbone of our know-how and our profession.
Behind every BOIRON medicine lies a patient and healthcare professionals who place their trust in us. Of this, we are immensely proud.

Homeopathic medicines offer numerous advantages for first-line prescriptions and treatment whenever appropriate, in both general practice and hospital healthcare.
All of our actions aim to contribute to the major challenges presented by public health.

1.2.1.1 TWO FAMILIES OF MEDICINES

Homeopathic medicines are obtained from substances known as homeopathic stocks using a production process described in the pharmacopoeia. These stocks may be of plant, animal, mineral or chemical origin.

There are two large families of homeopathic medicines:
- non-proprietary homeopathic medicines;
- proprietary, branded homeopathic medicines (specialties).

1.2.1.1.1 Non-proprietary homeopathic medicines

Non-proprietary homeopathic medicines are generally presented in the form of tubes of granules or doses of globules.

Generally, there is no therapeutic indication or dosage stated on the packaging because it is the healthcare professional who determines the indication and dosage for the medicine depending on the individual patient.
Any laboratory may sell non-proprietary homeopathic medicines. Their names cannot be protected as trademarks, as these are non-proprietary names.

These medicines include:
- Simple non-proprietary medicines produced industrially. These medicines consist of a single stock which has undergone one or more homeopathic dilutions. This type of medicine is defined by the name of its stock, its degree of dilution, its form, and its presentation. For example: Arnica 9CH granules, 4 gram tube;
- Commonly Prescribed Formulae. These medicines consist of a combination of several homeopathic stocks produced in small runs by a laboratory. These formulae are standardized. For example: Passiflora compound, granules, 4 gram tube;

- Compounded homeopathic products. These medicines are prepared according to a medical prescription, and intended for a given patient. Compounded homeopathic products may consist of a single stock (simple compounded product) or of several (complex compounded products).

Non-proprietary homeopathic medicines represent half of BOIRON group's sales: they are the dominant products sold in France, where they represent almost 70% of sales.
The group's goal is to develop sales outside France, where they constitute less than 30% of sales.

1.2.1.1.2 Proprietary, branded homeopathic medicines (specialties)

Each laboratory may also develop its own specific "specialties". These branded homeopathic medicines are developed to treat a particular infection (colds, coughs, hot flushes, for instance) and generally come with a therapeutic indication and a dosage. Detailed instructions are contained in each packet to facilitate their use and self-medication.

Unlike non-proprietary homeopathic medicines, these brands can be protected, as they are invented names.

BOIRON's homeopathic specialties are sold in almost fifty countries. Our main specialties are stated below:

Oscillococcinum®	Traditionally used in the treatment of influenza symptoms: fever, chills, headaches, aches.
Stodal® and Stodaline®	Traditionally used in the treatment of coughs.
Arnigel®	Traditionally used in the adjunctive local treatment of benign trauma in the absence of open wounds (bruising, contusions, muscle fatigue, etc.) for adults and children over one year of age.
Camilia®, a drinkable solution in a single dose container	Traditionally used in the treatment of teething problems for nursing babies.
Sédatif PC®	Traditionally used in the treatment of anxiety and emotional disorders, and minor sleep disorders.
Coryzalia® orodispersible tablets	Traditionally used in the treatment of cold symptoms and rhinitis.
Homéoptic®, eyedrops in a single dose container	Traditionally used in the treatment of adults and children over one year of age for ocular discomfort and irritation due to various causes (eye strain, swimming in the sea or a pool, ocular fatigue, smoky atmospheres, etc.)
Homéovox®	Traditionally used in the treatment of vocal disorders: lost voice, hoarseness, fatigue of the vocal chords.

The distribution of sales by geographic area, between non-proprietary homeopathic medicines and specialties, is presented in paragraph 1.4.2 of this document.

1.2.1.2 DEVELOPMENT OF BOIRON PRODUCTS

The development of new products is generally intended to provide patients with innovative homeopathic medicines that are easy to use and can be sold with information on the disorders they treat and directions for their use.
There will therefore be a combination of stocks and dilutions in a single pharmaceutical specialty. For example, Camilia® combines Chamomilla vulgaris 9CH, Phytolacca decandra 5CH and Rheum 5CH, and is presented in the form of a sterile, single dose oral solution, which is easy to administer to a baby.
Similarly, Homéoptic®, eyedrops in a single dose container, or Coryzalia®, orodispersible tablets, are easy to use when traveling.

BOIRON thus has a very broad portfolio of products that gives doctors, healthcare professionals and patients therapeutic solutions for a very large number of pathologies.

In 2005, Christian Boiron led the company's reflection on the role of homeopathic medicines in hospitals and in support of patients suffering from serious pathologies.

This forward-looking work resulted in:
• the creation of different working groups comprising experts from the therapeutic field concerned and homeopathic experts,
• the completion of qualitative and quantitative studies,
in order to develop a strategy suited to the realities of homeopathy and the needs of the various healthcare professionals involved in these areas.

In 2017, BOIRON continued its development in this area via three major projects:

- **The "Hospital" project,** the objective of which is to integrate homeopathic medicines into the hospital setting, including in the area of gynecology-obstetrics, in order to support pregnant women during pregnancy, childbirth and the postpartum phase. Midwives, who have had the right to prescribe homeopathic medicines since 2011, are strongly involved in this project.
- **The "Cancer Support Care" project,** the objective of which is to develop the homeopathic management of side-effects caused by cancer treatments. We would stress the fact that this strictly refers to supportive care, i.e. helping a patient in handling and continuing their primary treatment for a better quality and "quantity" of life.
- **The "Live Better" project,** launched in 2017, the objective of which is to include homeopathy in the management of risk factors relating to the loss of independence among the elderly.

1.2.1.3 PRODUCTION OF THE MEDICINES

Having a production facility specifically dedicated to homeopathic medicines, and the fact that we produce all of our own medicines and products, is proof of our determination to control all of the industrial processes and product quality.

1.2.1.3.1 Industrial production

By choice, we produce our medicines mainly in France, in Sainte-Foy-lès-Lyon and Messimy (Rhône), Montrichard (Loir et Cher) and Montévrain (Seine et Marne).

The principal steps in production are as follows:
- Production of granules and globules, specific media for homeopathic medicines.
- Identification, collection and inspection of raw materials.
- Production of mother tinctures from plants, raw materials of animal origin and triturations, from chemical and mineral raw materials.
- Homeopathic dilution of the mother tinctures in successive steps of dilution, either to a hundredth or a tenth, accompanied by potentization.
- Triple impregnation in order to ensure a uniform impregnation of the dilution into the core of the granules and globules. This process was developed and patented by Jean Boiron in 1961.

Pharmaceutical controls are conducted throughout the production process.

1.2.1.3.2 Production of compounded products

Compounded homeopathic products are "made-to-measure" and to order by qualified preparers in our distribution outlets, mainly in France.

1.2.1.4 RESEARCH

BOIRON's aim is to provide healthcare professionals and patients with homeopathic medicines which are effective, safe and useful for public health.

Christian Boiron has defined the objectives and strategies to achieve this. We wish to further strengthen the effectiveness of homeopathy every day, so that it is better understood and better prescribed.

In 2017, BOIRON continued its investigations in the following areas:

- the highlighting of specific properties of homeopathic medicines and the understanding of their pharmacological actions at different dilution levels and in various living organisms, in areas such as inflammation, the central nervous system or oncology;
- the comprehension of the physicochemical properties of infinitesimal dilutions;
- the development of cellular and animal models to evaluate the impact of production and storage processes on the effectiveness of our medicines;
- the confirmation of the therapeutic value of homeopathy and homeopathic medicines, through the implementation of cutting-edge investigative methods. Such is the case for the EPI3 study which we conducted with one of the top scientific teams in the field of pharmacoepidemiology. The study produced some very satisfactory results concerning the usefulness of the medical practice of homeopathy in three groups of the most commonplace pathologies in general medicine: sleep disorders and anxio-depressive symptoms, infections of the upper respiratory tracts and musculo-skeletal pains.

1.2.1.5 STATUS OF HOMEOPATHIC MEDICINES

Various regulations have been developed around the world for homeopathic medicines.

In 1992, a European Directive(1) established the regulatory framework for the industrially-produced homeopathic medicines market:
- Homeopathic Registration (HR) sets out the rules for homeopathic medicines that meet the following criteria: the absence of any therapeutic indication, a controlled level of dilution, oral or external administration.
- Marketing Authorization (MA) concerns homeopathic specialties which claim a traditional homeopathic self-medication therapeutic indication or which cannot fulfill the three criteria provided above for Registration.

1.2.1.5.1 Situation in France

The European Directive, transposed into French law, concerns all homeopathic laboratories, which must submit a filing by stock and by specialty with the French agency for drug safety (ANSM). The filing documenting the quality, safety and homeopathic use of the medicine. After evaluating the filing, and if the medicine presents the required guarantees, the ANSM may, depending on each case, issue the MA or register the homeopathic medicine.

BOIRON made most of its filings for reregistration between 2001 and 2015, in accordance with the timetable set by the ANSM.

At the end of December 2017, of the 1,163 stocks authorized by the French health authorities, 359 HRs had already been granted and 163 were repealed. The other filings are currently under review. The schedule of the response times for the registration of homeopathic medicines is not defined and will depend on the French agency for drug safety (ANSM).

1.2.1.5.2 Situation in the rest of Europe

In some European countries, the transposition of the European Directive is still pending:

- **In Italy**, all filings for homeopathic medicines currently on sale were made by the end of June 2017 with the Italian drug agency (AIFA). The agency must provide its opinion prior to December 31, 2018.
- **In Spain**, a preliminary Ministerial Order disclosed on December 3, 2013 is still awaiting publication. A petition lodged at European level requires Spain to publish this transposition as soon as possible. Regarding its drafting, homeopathic laboratories must submit their filing according to a defined timetable.
- **In Belgium**, the evaluation of homeopathic drugs by the Belgian drug agency (AFMPS) is pending. The filing of the registrations is carried out according to a timetable specific to each laboratory, and created together with the AFMPS which for the moment has not set a deadline.

(1) Directive No. 92/73/EEC transposed into French law by Law No. 94-43 of January 18, 1994 and its Implementing Decree No. 98-52 of January 28, 1998.

1.2.1.5.3 Situation outside the European Union

In Russia, clinical trials are required in order to maintain marketing authorization (MA) for specialties. Since 2017, an inspection of our production sites by the Ministry of Industry of the Russian Federation is a prerequisite for any application for a marketing authorization or a modification of an existing MA.

In the USA, the Food and Drug Administration (FDA) policy guidelines, "Conditions under which homeopathic drugs may be marketed", was published on May 31, 1988. It stipulates that products other than those intended for the treatment of serious diseases, dispensed under the responsibility of an approved practitioner, may be marketed with a status of self-medication, providing that the consumer is given a sufficient level of information. Homeopathic medicines are therefore marketed under the status of self-medication with indication, after notification of the authorities. Public consultation is underway in order to re-assess these policy guidelines.

In Canada, homeopathic medicines fall under the category of health products dependent on the regulations of the Department of Natural Health Products, which came into effect in January 2004. Medicines consisting of a single stock may not bear a therapeutic indication, whereas those consisting of several stocks may do so.

In Brazil, homeopathic medicines fall under the category of potentized medicines for which there are two procedures, namely notification and registration:
- medicines subject to notification may not carry a therapeutic indication. They are named in accordance with scientific nomenclature;
- medicines subject to registration may carry a therapeutic indication.

The regulation system for homeopathic medicines was the subject of public consultation in 2017, in order to be modified. Updates to this regulation are expected to be published in 2018.

In India, the importation, production, sale and distribution of medicines is governed by the laws on drugs and cosmetics from 1940 and 1945. The Indian regulations are based on an ancient and well-established tradition of homeopathic medicines that must be prepared using techniques from the homeopathic pharmacopoeia.

1.2.1.6 REIMBURSEMENT BY HEALTH AUTHORITIES

1.2.1.6.1 In France

In France, non-proprietary homeopathic medicines produced industrially are reimbursed by the health insurance scheme at a rate of 30%, in accordance with the Decree of September 12, 1984 (list of 1,163 authorized and reimbursable stocks).
Compounded homeopathic products may be reimbursed (stocks included in the pharmacopoeia).
These medicines are subject to a ceiling just like all other reimbursed medicines.
The prices and margins of medicines reimbursed by the social security system are regulated.

Branded medicines are not reimbursed, but may be covered by certain supplementary health insurance companies. Their prices and margins are deregulated and they may be actively marketed.

1.2.1.6.2 Outside France

The reimbursement by public health bodies is possible only in Belgium and Switzerland, among the countries in which BOIRON medicines are sold.
Private healthcare insurance providers which cover homeopathic medication exist in many countries.

1.2.2 A LABORATORY PRESENT IN ALMOST 50 COUNTRIES

1.2.2.1 DISTRIBUTION OF MEDICINES

BOIRON operates in almost fifty countries and has twenty operating subsidiaries.

In France, BOIRON medications are distributed to 21,000 pharmacies by twenty-nine local distribution centers spread across the country.

In Western Europe, the marketing of BOIRON medications is carried out directly by pharmacies, pharmacy chains and wholesalers. The latter are BOIRON group's main customers in Eastern Europe and Russia.

In North America, a significant portion of the customers are mass-market retailers (supermarkets and drugstores) and health food stores. The e-commerce channel is developing.

The sales are made by distributors in those countries where BOIRON does not have a subsidiary.

1.2.2.2 MARKET AND STRATEGY

In 2016, worldwide medicine market sales were valued at around $941 billion (around €882 billion), up 3% compared to 2015[(1)].

BOIRON group achieved 2016 sales of €614.5 million (€617.5 million in 2017). Its 2016 market share was therefore less than 0.1% of the worldwide pharmaceutical market.

The group's strategy has been described in the introduction of this Reference document.

(1) http://www.leem.org/article/marche-mondial-1

1.2.3 A DIFFERENT WAY TO WORK FOR A LIVING

Christian Boiron is convinced that a company can only be successful thanks to its employees. A source of motivation and creativity, their self-fulfillment is the key to the company's performance and growth.

Christian Boiron has always believed that it is possible to lead the company and work differently by overcoming the divisions between management and staff. Therefore, in 1974, he shared with BOIRON his unique vision for human relations, based on the development of life skills as a source of motivation and innovation, in the interests of the economy. "Managers are at the disposal of the other employees and not the other way round." This original approach still applies throughout the company on an everyday basis.

The social philosophy at BOIRON grew out of the conviction that social and economic concerns are two dimensions of a company that cannot be dissociated or prioritized:

- the social dimension, because to progress the company needs every employee to contribute their know-how, life skills, abilities, and motivation; this was the basis for a number of agreements encouraging self-fulfillment;

- the economic dimension, because any social innovation must find a sustainable source of funding.

At December 31, 2017, BOIRON group had 3,718 employees, including 2,562 in France.

1.3 Other information about BOIRON group

1.3.1 ORGANIZATIONAL STRUCTURE OF THE GROUP AT DECEMBER 31, 2017

BOIRON(*)

France

Mainland France

- 100.00% → CEDH (1)
- 100.00% → CDFH (2)
- 97.52% → LES ÉDITIONS SIMILIA

Martinique

- 99.04% → BOIRON CARAÏBES (**)

La Réunion

- 100.00% → BOIRON (**)

Western Europe

Italy

- 99.91% → LABORATOIRES BOIRON (**)
- 100.00% → LABORATOIRES DOLISOS ITALIA (5)

Spain

- 99.99% → BOIRON SOCIEDAD IBERICA DE HOMEOPATIA (**)

Belgium

- 100.00% → BOIRON BELGIUM (3)
- 98.38% → UNDA (4) (*)
- 100.00% → BOIRON (*)

Switzerland

- 100.00% → BOIRON (**)

Germany

- 100.00% → BOIRON (6)

Portugal

- 100.00% → BOIRON (**)

Central Eastern

- 100.00%
- 100.00%
- 100.00%
- 100.00%
- 100.00%
- 100.00%
- 100.00%

parent company

and Europe

Czech Republic
BOIRON CZ (**)

Slovakia
BOIRON SK (**)

Romania
BOIRON RO (**)

Hungary
BOIRON HUNGARIA (**)

Poland
BOIRON (**)

Bulgaria
BOIRON BG (***)

Russia
BOIRON (**)

North America

USA
100.00% → BOIRON USA (3)
100.00% → BOIRON (*)

Canada
100.00% → BOIRON CANADA (*)

Other

Tunisia
99.90% → BOIRON TN (***)

Brazil
99.99% → BOIRON MEDICAMENTOS HOMEOPATICOS (**)

India
99.99% → BOIRON LABORATORIES (**)

(*) production, promotion, distribution
(**) promotion, distribution
(**) promotion

(1) CEDH = Centre d'Enseignement et de Développement de l'Homéopathie.
(2) CDFH = Centre De Formation en Homéopathie.
(3) Holding.
(4) Direct and indirect holding via BOIRON FRANCE (parent company) and BOIRON BELGIUM.
(5) Company in liquidation.
(6) No activity.
Companies with no activity BOIRON RUS in Russia and BOIRON in the Netherlands were respectively disposed of on 09/01/2017 and delisted on 08/08/2017.

1.3.2 PROPERTY, PLANT AND EQUIPMENT

1.3.2.1 SIGNIFICANT EXISTING OR PLANNED TANGIBLE FIXED ASSETS

BOIRON group operates at five production sites, four of which are located in France. Works to extend the site in Messimy following the acquisition of more land are ongoing. BOIRON group also owns or rents twenty-nine distribution laboratories in France as well as various facilities in countries where it has subsidiaries.
The details of the tangible fixed asset values are included in note 8 to the consolidated financial statements, and the list of distribution sites in France in paragraph 6.5 of this Reference document.

1.3.2.2 ENVIRONMENTAL QUESTIONS THAT COULD INFLUENCE THE USE OF ITS TANGIBLE CAPITAL ASSETS

For more information on environmental issues capable of influencing the use of BOIRON group's sites, see paragraph 3.3.

1.3.3 INVESTMENT POLICY

Each year investments are made by BOIRON group on one or more of its production sites to ensure a high quality level, meet regulatory requirements or also sustain the growth of business.

The site in Messimy, which has been extended by 17 hectares, has new buildings intended to house a quality assurance laboratory, the development of pharmaceuticals and the research function, the production of tablets, the production and packaging of tubes and doses, an energy unit and a waste water treatment plant.
Furthermore, on June 10, 2017, the company acquired 16.5 hectares of land in the commune of Les Olmes, near Tarare (Rhône), for the building of BOIRON group's logistics platform. Site preparation, groundworks and fencing have been carried out. Construction works began at the beginning of 2018 and are scheduled for completion by the end of the year.

Another significant portion of the investments relates to the information system, with the goal of simplifying, modernizing and centralizing it while optimizing costs, in order to facilitate and support the company's development.

1.3.4 MAJOR CONTRACTS

BOIRON group's customer structure is fragmented, and the group has numerous suppliers. There is no significant contract between BOIRON and a supplier or customer which merits mentioning in this Reference document.

1.4 Analysis and comments on activities over the period

1.4.1 HIGHLIGHTS IN 2017

The year 2017 was marked by the **launch** of the following products:
• Sporténine® in 33 tablet format in France,
• Children's Stodal® Multi-Symptom in Canada,
• Children's Stodal® in Spain.

In Russia, the Academy of Science published, in early February 2017, a memorandum calling for homeopathy to be declared "anti-scientific", and a Russian deputy prepared a bill aiming to ban the advertising of homeopathic medicines and to add to products' packaging a statement of the absence of any proof of effectiveness. These two endeavors, although subsequently blocked by the lower house of the Russian Federal Assembly (DUMA), undermined market confidence, impacting our business.

In Switzerland, as from August 1, 2017, homeopathy (amongst other therapies) is classed under the same regulatory category as other medical disciplines, enabling it to benefit from reimbursements from the Swiss Compulsory Healthcare Insurance scheme. This decision is expected to give weight to the relevance of homeopathy, once integrated into a country's healthcare system.

On January 4, 2017, **the preparation and distribution site located in the 8th district of Lyon was sold**, generating a capital gain of €3,293 thousand. This site was closed in 2014 following the consolidation of the two sites in the Lyon area on the Francheville site.

The **deployment of the new organization of sites in France** has entered the implementation phase, in total cooperation with the persons concerned and staff representative bodies. The first stage, comprising five preparation department transfers to other sites and one site transfer, was finalized in January 2018. Six people refused the proposed location transfer of their employment contracts. Expenses of €914 thousand (compensation and reassignment support measures) were recorded in 2017, partially offset by a write-back of employee benefit provisions of €447 thousand. The impact on group operating income therefore amounted to €467 thousand.
The second stage, involving the consolidation of sites at three new locations, and the transfer of two preparation departments, will be carried out over 2018 and 2019.

As part of this new organization, **the Levallois site**, following its consolidation with the Pantin site, was closed on July 1, 2017 and made available for sale.

On April 7, 2017, **BOIRON acquired the entire equity capital of Laboratoire FERRIER**, previously held by Laboratoires ARKOPHARMA. The purchase price for the acquisition amounted to €1,826 thousand, in addition to net cash of €1,134 thousand, all financed by shareholders' equity. Laboratoire FERRIER was the subject of a universal transfer of assets and liabilities in favor of BOIRON parent company as from August 1, 2017.

The acquisition of land intended to house the **group's future logistics platform in Les Olmes** (in the Lyon area) was completed on June 10, 2017 for €2,260 thousand. Groundwork and fencing of the land have begun.

Works to extend the Messimy site are ongoing. 2017 was marked by the commissioning of a new research and control laboratory, and the construction of a production building dedicated to tubes and doses.

On October 18, 2017, BOIRON opened a representative office in **Hong-Kong**, aiming to develop its business in Asia.

On November 16, 2017, BOIRON acquired from the Swiss company **ALKANTIS** the trademarks and patents relating to its medical device for analgesic, anti-inflammatory and anti-oedematous purposes called ALKANTIS (ICE STERILE), which consists of a sterile compress with cooling effect.
The price of said acquisition financed with own funds amounts €2,495 thousand. This price can be completed as follows:
- in 2023, if net sales generated by this product in 2022 exceed €10 million, the earnout amount shall equal 10% of 2022 net sales in excess of €10 million. This amount is capped at €2 million;
- in 2028, if net sales generated by this product in 2027 exceed €20 million, the earnout amount shall equal 10% of 2027 net sales in excess of €20 million. This amount is capped at €4 million.

In the United States, Amazon acquired Whole Foods Market: these two customers represented 17% of the subsidiary's 2016 sales and almost 19% in 2017.

In Canada, the Supreme Court dismissed the appeal submitted by our Canadian subsidiary against the judgment of the Quebec Court of Appeal dated October 26, 2016 authorizing the initiation of class action proceedings. These proceedings on the merits are ongoing before the Quebec Supreme Court. No amount has been provisioned in relation to this dispute.

1.4.2 CHANGE IN GROUP SALES

The criterion used for the allocation of sales, shown below, is sales by destination, as reported in the financial disclosures and press releases related to sales. The criteria used to allocate assets employed to achieve sales are used for segment reporting in the notes to the consolidated financial statements.

Sales (in thousands of euros)	2017	2016	Change at current rates	Change at constant rates
France	**378,487**	**370,870**	**+2.1%**	**+2.1%**
Mainland France	367,713	360,183	+2.1%	
Caribbean	5,401	5,555	-2.8%	
Reunion	3,948	3,816	+3.5%	
Other in France	1,425	1,316	+8.3%	
Europe excluding France	**155,151**	**163,849**	**-5.3%**	**-7.3%**
Italy	47,544	49,405	-3.8%	
Russia	28,201	31,860	-11.5%	-21.4%
Spain	17,832	20,549	-13.2%	
Belgium	16,767	17,629	-4.9%	
Romania	8,473	10,022	-15.5%	-14.0%
Poland	7,332	6,825	+7.4%	+4.8%
Czech Republic	6,420	5,394	+19.0%	+15.9%
Bulgaria	5,524	5,165	+7.0%	
Portugal	4,025	3,630	+10.9%	
Switzerland	3,685	3,370	+9.3%	+11.5%
Hungary	3,112	3,280	-5.1%	-5.8%
Slovakia	2,319	2,820	-17.8%	
Other in Europe	3,917	3,900	+0.4%	
North America	**68,572**	**64,916**	**+5.6%**	**+7.4%**
USA	57,786	54,757	+5.5%	+7.7%
Canada	10,786	10,159	+6.2%	+6.0%
Other countries	**15,330**	**14,854**	**+3.2%**	**+1.5%**
Tunisia	6,696	6,095	+9.9%	
Brazil	3,863	3,108	+24.3%	+16.0%
Other	4,771	5,651	-15.6%	
BOIRON GROUP	**617,540**	**614,489**	**+0.5%**	**+0.1%**

Sales (in thousands of euros)	2017 Non-proprietary homeopathic medicines	2016 Non-proprietary homeopathic medicines	Change at current exchange rates	2017 OTC Specialties	2016 OTC Specialties	Change at current exchange rates
BOIRON GROUP	310,594	313,365	-0.9%	305,552	299,672	+2.0%
France [1]	250,217	249,820	+0.2%	127,151	119,938	+6.0%
Europe (excluding France)	39,903	43,494	-8.3%	115,076	120,185	-4.3%
North America	18,361	18,012	+1.9%	50,182	46,862	+7.1%
Other Countries	2,113	2,039	+3.6%	13,143	12,687	+3.6%

Group sales amounted to €617,540 thousand in 2017, an increase of 0.5% over 2016. This growth is the result of an increase in prices (+0.4%) and a positive currency impact (+0.4%), however business was adversely affected by a decrease in volumes (-0.3%):

- Price increases were mainly limited to mainland France, both for non-proprietary homeopathic medicines and OTC specialties.
- The positive currency impact is estimated at €2,419 thousand: the strengthening of the rouble (+€3,167 thousand) was partially offset by the decline in the US dollar (-€1,170 thousand).
- Quantities sold decreased on non-proprietary homeopathic medicines in most countries and on OTC specialties primarily in Russia, Spain and Belgium. These declines were partially offset by an increase in OTC specialties in mainland France and the United States.

In France, sales of non-proprietary homeopathic medicines increased by 0.2%. OTC specialties sales increased by 6.0%, thanks to Oscillococcinum®, Camilia®, Calendula® cream and Sporténine® (launch of a 33 tablet format in 2017). Conversely, sales of arnica specialties decreased, due to the positive impact in 2016 of the launch of Arnigel® in 120 gram format.

In "Europe excluding France", sales of non-proprietary homeopathic medicines decreased by 8.3% and OTC specialties by 4.3%. At constant exchange rates, the decrease amounted to 7.3%:

- In Russia, sales declined by 21.4%, principally due to decreased volumes, mainly in Oscillococcinum® (-35.4%) and Stodal® (-11.7%).
- Sales were also down in Spain (-13.2%), Italy (-3.8%), Romania (-14.0%) and Belgium (-4.9%), both in non-proprietary homeopathic medicines and OTC specialties.
- On the other hand, sales increased in the Czech Republic (+15.9%) mainly in Oscillococcinum®, Stodal®, Drosetux® and non-proprietary homeopathic medicines.

In North America, non-proprietary homeopathic medicines increased by 1.9%, and OTC specialties by 7.1%. At constant exchange rates, the increase amounted to 7.4%:

- Sales in the United States increased 7.7%. This growth mainly concerns Oscillococcinum® (+10.5%), Camilia® (+76.6%), arnica gels and creams (+2.6%) and non-proprietary homeopathic medicines (+4.4%). Almost half of the sales increase was generated by e-commerce.
- Sales in Canada increased 6.0%: sales of OTC specialties were up 8.0%, benefiting from the launch of Children's Stodal® Multi-Symptom, while non-proprietary homeopathic medicines fell 0.7%.

In "Other Countries", the 3.6% increase in the sales of OTC specialties mainly concerned Brazil and Tunisia, against a decline recorded in Chile and no sale in Mexico.

(1) Mainland France and overseas

1.4.3 GROUP FINANCIAL POSITION

BOIRON group income statement (in thousands of euros)	2017	2016	Change
Sales	617,540	614,489	+0.5% (1)
Operating income	124,981	129,663	-3.6%
Net income - group share	78,243	77,725	+0.7%
Consolidated cash flow(2)	148,766	156,171	-4.7%
Net investments	51,182	34,220	+49.6%
Net cash position	264,940	240,778	+10.0%

1.4.3.1 GROUP PROFIT AND LOSS ACCOUNT

The group's **operating income** amounted to €124,981 thousand versus €129,663 thousand in 2016. It represented 20.2% of sales versus 21.1% in 2016.

Industrial production costs amounted to €128,151 thousand compared to €125,146 thousand in 2016, an increase of 2.4%. Gross margin rate amounted to 79.2% for 2017 versus 79.6% in 2016, which is explained by:
- an increase in external services (+€1,893 thousand), due to additional maintenance, upkeep, quality assurance and storage costs at production sites in France,
- an increase in personnel costs (excluding profit-sharing) of €1,624 thousand primarily in France, due to the increase in production resulting in the use of temporary staff,
- an increase in depreciation charges on fixed assets (+€1,386 thousand), relating to the commissioning of new buildings and industrial production equipment at the Messimy site,
- a decrease in the cost of goods (-€2,048 thousand) relating to the decrease in volumes sold.

Preparation and distribution costs decreased by 2.6% and amounted to €130,490 thousand. These savings are primarily explained by:
- the decrease in personnel costs (excluding profit-sharing) of €1,243 thousand in France and Spain. Group headcount devoted to this activity was 1,298, as opposed to 1,347 at the end of 2016,
- the decrease in employee profit-sharing (-€882 thousand) mainly in France,
- a decrease in external services (-€426 thousand) mainly relating to distribution fees in France and export.

As part of the new organization of sites in France, expenses of €914 thousand (compensation and reassignment support measures) were recorded in 2017, partially offset by a write-back of employee benefit provisions of €447 thousand. The net impact on preparation and distribution costs therefore resulted in an expense of €467 thousand.

Marketing costs amounted to €149,920 thousand versus €140,964 thousand in 2016, an increase of 6.4% mainly due to:
- an increase in external services and travel expenses (+€4,380 thousand) including training, seminar and events organization expenses and brokers' fees mainly in France, Spain and the United States,
- an increase in advertisting expenses (+€3,022 thousand) in France and the United States, mainly relating to television and online commercials,
- an increase in personnel costs (excluding profit-sharing) of €1,917 thousand in Russia, Italy and Brazil following a rise in headcount and wages. Group headcount devoted to this activity was 1,125, as opposed to 1,085 at the end of 2016.

Research costs amounted to €3,586 thousand, compared to €3,952 thousand in 2016.

(1) +0.1% at constant exchange rates.
(2) Before investment income, financing expenses and corporate income tax.

Regulatory affairs costs increased by 30.6% to €9,789 thousand, due to the increase in headcount in France and costs relating to the filing of registrations in Italy (see section 1.21.5).

Support function costs were stable (-0.8%), amounting to €78,027 thousand compared to €78,641 thousand in 2016. This was caused by:
- increased IT costs (+€531 thousand), mainly in France,
- decreased legal costs (-€1,355 thousand) primarily in the United States (class actions proceedings).

Other operating revenue amounted to €9,102 thousand compared to €6,222 thousand in 2016. This includes:
- the French tax credit for competitiveness and employment (CICE) (€3,407 thousand versus €3,126 thousand in 2016),
- the research tax credit in France (€1,634 thousand versus €1,404 thousand in 2016),
- the capital gain on the sale of the site located in the 8th district of Lyon of €3,293 thousand.

Other operating expenses totaled €1,700 thousand compared to €932 thousand in 2016. These mainly comprise foreign exchange gains and losses on operating transactions resulting in a loss of €645 thousand in 2017.

Cash revenue and financing expenses amounted to a net expense of €34 thousand versus €186 thousand in 2016.

Other financial revenue and expenses amounted to a net expense of €1,816 thousand versus €2,574 thousand in 2016. This mainly comprises the expense related to the decrease over time of the impact of the interest cost related to employee benefits (€2,214 thousand versus €2,967 thousand in 2016).

The **effective tax rate** amounted to 36.5% versus 38.8% in 2016. This decrease mainly results from the recognition of an income receivable on the tax on dividends in France.

Net income amounted to €78,243 thousand versus €77,725 thousand in 2016. Earnings per share amounted to €4.25 in 2017, versus €4.22 in 2016.

1.4.3.2 CONSOLIDATED CASH FLOW

Group net cash amounted to €264,940 thousand at the end of 2017, compared to €240,778 thousand at the end of 2016.
The change in cash (including the impact of fluctuations in foreign currencies) amounted to €24,162 thousand in 2017, compared to €48,823 thousand in 2016. This decrease of €24,661 thousand mainly relates to the increase in cash flows related to investment activities and, to a lesser extent, the decrease in cash flows from operating activities.

Cash flow from operating activities amounted to €104,745 thousand in 2017, compared to €110,131 thousand in 2016, down €5,386 thousand. This decrease can be explained by:
- the decrease in consolidated cash flow (€7,405 thousand) compared in line with the decrease in operating income. It represented 24.1% of sales versus 25.4% in 2016,
- a decrease in the tax paid (-€3,135 thousand). In 2017, BOIRON parent company received a tax refund in respect of 2016 (having paid an additional tax charge in 2016 in respect of the 2015 financial year),
- the decrease in the change in Working Capital Requirement (-€1,116 thousand). In 2017, the change in Working Capital Requirement (WCR) of €1,340 thousand mainly resulted from the following factors:
  - an increase in inventories (€2,614 thousand), primarily in France in OTC specialties intended for export and the United States,
  - an increase in accounts receivable (€3,258 thousand) impacted by the increase in sales in the United States and the extension of payment deadlines in Romania and Tunisia. Conversely, they decreased in Italy due to the drop in sales.
  - an increase in accounts payable (€6,059 thousand) mainly in France (delay in the payment of invoices and expense claims at the start of 2018).

Cash flows related to investment activities amounted to €51,182 thousand compared to €34,220 thousand in 2016: the €16,962 thousand change mainly relates to the investments made at the Messimy site. In 2017, cash flows mainly related to:

- acquisitions of tangible fixed assets amounting to €45,266 thousand:
  - the extension of the Messimy site: construction of production buildings and research and control laboratory, laying of roads, equipment purchases,
  - investments in production and packaging equipment at other production sites in France,
  - acquisition of land in Les Olmes for the future construction of the group's logistics platform.
- sales of tangible fixed assets amounting to €4,016 thousand, primarily the sale of the site located in the 8th district of Lyon,
- investments in intangible assets of €8,090 thousand: these include the group's IT projects (in particular the CRM[1], WMS[2], logistics management and JD Edwards ERP[3] deployment projects) as well as the acquisition of patents and trademarks relating to ALKANTIS's medical device for €2,495 thousand,
- the impact of changes in the consolidation scope amounting to €1,826 thousand relating to the acquisition of Laboratoire FERRIER (purchase price less cash).

Cash flows from financing activities amounted to €29,253 thousand versus €27,365 thousand in 2016. They primarily include the payment of dividends in the amount of €29,485 thousand (compared to €27,646 thousand in 2016). No share purchase outside the liquidity contract was carried out in 2017, as in 2016.

1.4.3.3 CONSOLIDATED BALANCE SHEET

The balance sheet totaled €800,403 thousand at 2017 year-end, versus €755,034 thousand at the end of 2016.

Under **assets**, the main points to note are:

- the increase in cash flow and tangible fixed assets, as noted above,
- the decrease in intangible assets (-€2,201 thousand) due to increased amortization of IT projects implemented since 2016 in excess of investments made in 2017,
- an increase in goodwill (+€1,753 thousand) in line with the acquisition of Laboratoire FERRIER,
- lower deferred tax assets (-€5,286 thousand) concerning mainly employee benefits in France, and the anticipation of a lower corporate tax rate primarily in France and the United States.
- an increase in inventories (+€1,800 thousand) and trade receivables (+€691 thousand) presented under cash flow. These items were impacted by negative currency translation adjustments.

Under **liabilities**, the following should be noted:

- the increase in share capital of €47,892 thousand: net income - group share (€78,243 thousand) and the increase in actuarial differences net of tax on employee benefits (+€2,291 thousand) were offset by dividends paid by BOIRON parent company (€29,485 thousand) and the decrease in currency translation adjustments (€2,443 thousand),
- the decrease in employee benefits (€5,161 thousand) in France due to the increase in actuarial differences and services paid,
- the increase in current borrowings and financial debt (+€6,983 thousand) primarily comprising treasury liabilities in France,
- the decrease in other current liabilities (-€5,980 thousand) and especially debt payable on fixed asset acquisitions in France,
- the increase in accounts payable (+€4,197 thousand) presented in the cash flow statement, reduced on the balance sheet due to currency translation adjustments.

(1) CRM: Customer Relationship Management.
(2) WMS: Warehouse Management System.
(3) ERP: Entreprise Ressource Planning or professional integrated management software.

1.4.4 PROFIT AND LOSS ACCOUNT OF BOIRON PARENT COMPANY

Sales amounted to €488,858 thousand versus €487,095 thousand in 2016. This increase was primarily driven by the increase in sales of OTC specialties in France (+€7,057 thousand) offset by a decrease in sales at the subsidiaries (-€5,868 thousand).

Operating income amounted to €135,771 thousand, down €6,541 thousand in line with the increase in other purchases and external expenses of €7,747 thousand (in particular, external services relating to production, advertising costs and promotion fees, registration filings) and wages, salaries and social security contributions of €2,957 thousand.

Financial income amounted to a profit of €124 thousand compared to €15,943 thousand in 2016.

- decrease in dividends received from subsidiaries of €10,356 thousand (€6,257 thousand compared to €16,613 thousand in 2016),
- increase in net impairment of investment securities (€6,707 thousand in 2017 compared to €942 thousand in 2016) impacted by the deterioration in the net positions of subsidiaries (mainly in Belgium and Brazil).

Exceptional income resulted in a gain of €1,622 thousand, compared to a loss of €967 thousand in 2016: it includes a capital gain of €3,293 thousand generated by the sale of the site located in the 8th district of Lyon.

The effective tax rate amounted to 31.7% versus 31.0% in 2016, in line with the decrease in non-taxable dividends from subsidiaries.

Net income amounted to €82,584 thousand versus €95,871 thousand in 2016.

Under the provisions of Article 39.4 of the French General Tax Code, the company recorded amortization of €256,735.23 for the portion of the purchase price of passenger vehicles exceeding €18,300 (compared to €195,383.20 in 2016).

1.4.5 TREND, OUTLOOK AND MAJOR POST-CLOSING EVENTS

This chapter contains BOIRON group's outlook, which reflects its forecasts and beliefs. Actual results may differ significantly from this outlook, in particular in terms of risks and uncertainties mentioned in section 1.5.

In 2018, BOIRON is continuing its investments at the sites in Messimy and Les Olmes.

The second phase of the reorganization of distribution sites, aiming to consolidate certain sites and transfer preparation sites, will be carried out in 2018 and 2019.

As part of the dispute between our Belgian subsidiary UNDA and its former Italian distributor Ce.M.O.N., the arbitral tribunal is expected to deliver its ruling during the second half of 2018.

Regulatory issues remain significant and may have a major effect on the group's business and profitability.

No other post-closing event which might have a material impact on the group's financial statements has been identified.

BOIRON continues to develop homeopathy around the world with the same determination. BOIRON remains prudent in 2018 with regard to changes in its sales and earnings.

1.4.6 PRESENTATION OF THE FINANCIAL STATEMENTS AND INCOME APPROPRIATION OF BOIRON PARENT COMPANY

Profit for the 2017 fiscal year	**€82,583,513.66**
+ Profit carried forward	€32,884,155.16
= DISTRIBUTABLE INCOME	**€115,467,668.82**
- Dividend of €1.60 per share on the basis of 19,414,756 shares	-€31,063,609.60
= Remainder	€84,404,059.22
- Other reserves	-€52,000,000.00
= CARRIED FORWARD	**€32,404,059.22**

The Board of Directors proposes a gross dividend per share of €1.60 in respect of the 2017 fiscal year, i.e. a distribution rate (payout ratio) of 38% of earnings per share (excluding treasury shares).
Treasury shares held at the dividend payment date shall not be eligible for dividends. Should this arise, the dividends attributable to these shares shall be credited to earnings carried forward.
The ex-dividend date is set at May 31, 2018 and the dividends will be paid out on June 4, 2018.

1.4.7 INFORMATION RELATED TO DIVIDENDS

The following table summarizes the dividends paid over the past three fiscal years:

Fiscal Year	Revenues eligible for the allowance		Revenues not eligible for the allowance
	Dividends (1)	Other distributed income	
2014	€29,162,569.50 i.e. €1.50 per share	-	-
2015	€29,162,569.50 i.e. €1.50 per share	-	-
2016	€31,063,609.60 i.e. €1.60 per share	-	-

(1) of which carried forward (in respect of dividends not paid out on treasury shares):
- €1,506,837.00 in 2014
- €1,516,512.00 in 2015
- €1,578,148.80 in 2016

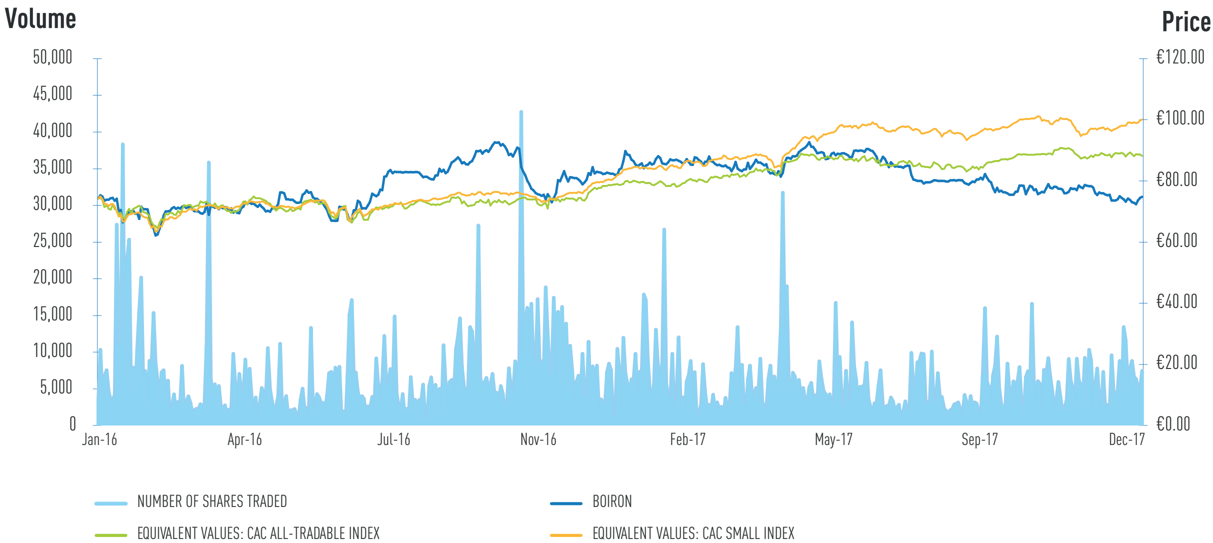
1.4.8 SHARE PRICE AND SHAREHOLDING INFORMATION

1.4.8.1 SHARE PRICE PERFORMANCE

The BOIRON share price closed the 2017 period at €74.85, down 11.5% from its level of €84.56 on January 2, 2017 (opening price). The BOIRON share price peaked at €92.70 during the May 12, 2017 trading session and fell to a low of €72.01 during the December 20, 2017 trading session. Over the year as a whole, 1,418,113 shares were traded, an average of 5,561 shares per trading session. When compared to 2016, the number of shares traded in 2017 decreased by 15.3% and represented 7.3% of the company's share capital.

	Average closing price	Highest price in trading session	Lowest price in trading session	Average shares traded per trading session	Number of transactions	Shares traded during the month
2016	in euros	in euros	in euros		in millions of euros	
January	71.72	75.50	65.38	10,878	15.45	217,556
February	68.53	72.48	61.01	6,841	9.76	143,657
March	70.85	73.82	68.88	5,348	7.92	112,303
April	71.32	73.00	69.00	4,237	6.34	88,976
May	73.79	76.92	69.90	3,864	6.27	84,997
June	70.46	75.08	66.10	5,539	8.47	121,847
July	77.22	84.00	70.54	5,231	8.62	109,841
August	82.32	84.00	80.40	3,769	7.14	86,690
September	87.43	90.50	82.50	8,345	16.11	183,588
October	87.32	92.91	75.50	9,248	16.47	194,213
November	78.02	83.77	73.02	9,796	16.76	215,511
December	82.14	84.50	78.53	5,476	9.43	115,002
2017	in euros	in euros	in euros		in millions of euros	
January	86.32	89.90	84.11	8,889	16.87	195,555
February	86.42	88.17	84.72	4,825	8.33	96,500
March	84.91	88.00	81.99	4,488	8.73	103,215
April	84.63	87.50	80.12	8,145	12.33	146,610
May	89.44	92.70	86.74	5,257	10.30	115,648
June	88.97	90.50	84.12	5,320	10.38	117,045
July	83.67	88.20	78.95	4,357	7.55	91,491
August	79.85	80.74	78.50	3,307	6.08	76,069
September	78.32	82.99	75.50	5,341	8.79	112,151
October	77.36	79.00	75.49	5,673	9.65	124,813
November	77.17	79.00	75.26	5,404	9.18	118,898
December	74.07	76.00	72.01	6,322	8.88	120,118

Average closing prices



(Source Euronext)

1.4.8.2 MULTI-YEAR DATA

	2013	2014	2015	2016	2017
Number of shares	19,441,713	19,441,713	19,441,713	19,441,713	19,414,756
Source data adjusted by share (in €)					
Net income [1]	4.24	4.77	4.01	4.22	4.25
Consolidated cash flow [1]	8.46	8.50	8.32	8.47	8.07
Net dividend	1.20	1.50	1.50	1.60	1.60
Payout ratio [1]	28%	31%	37%	38%	38%
Closing price	51.24	69.73	74.50	84.17	74.85
Return (net dividend / closing price)	2.30%	2.15%	2.01%	1.78%	2.14%
PER at year-end (year n)	12.08	15.22	19.59	21.05	18.57
Average monthly volume [1]	260,236	239,243	167,194	139,515	118,176
Market capitalization at December 31 (in millions)	995	1,356	1,448	1,636	1,453

(1) Excluding treasury shares, at December 31.

ISIN code: FR0000061129 (BOI)
LEI code: 9695000UMPNY21KKDO98
Reuters: BOIR.PA
Bloomberg: BOI FP
Share listed on EURONEXT PARIS - Compartment A
Shares included in the Euronext CAC Small, CAC Pharma & Bio, CAC Health Care, CAC Mid & Small, CAC All Shares, CAC All-Tradable, FAS IAS and Gaïa indices.
Establishment in charge of managing shares: BNP PARIBAS Securities Services
Market making agreement: NATIXIS

1.5 Risk factors and internal control

1.5.1 RISK FACTORS

The BOIRON group operates in an increasingly challenging and fast-changing environment, giving rise to new risks.
In order to identify and assess these risks, the mapping of macro-economic risks is updated annually by General Management, the operational departments and the Internal Audit Department. It has been the subject of discussions with the statutory auditors and is submitted to the Audit Committee. Risk mapping enables the group to identify the main risks and to assess the probability of risk crystallization, as well as their potential financial, organizational and reputation-related impacts.

The collection of information to identify risks factors is conducted through interviews with the operational departments, data analyses or within the framework of internal audit assignments. Updates to risk mapping result in the assessment of the risk mitigation measures currently in place, the identification of action plans to implement and updates to the audit plan.

The company has also reviewed risks that could have a material adverse effect on its business, its financial position, its results or its ability to achieve its objectives. It considers that there are no material risks other than those presented below.

1.5.1.1 REGULATORY AND PHARMACEUTICAL RISKS

Risks related to the status of homeopathic medicines, registrations and advertising visas being called into question

Regulatory authorities are imposing ever increasing regulatory constraints, whether related to market access (registration, marketing authorization), marketing, advertising or the compliance of production sites with standards.

The procedures, which demonstrate the compliance of our medicines with these requirements, can take several years and require significant financial and human resources. Therefore, changes in the regulation of homeopathic medicines, such as changes to registration processes or, for obtaining authorizations relating to their marketing and advertising, could have an impact on the BOIRON group's businesses.

Regulatory issues are managed both at headquarters and at the subsidiaries by services whose objective is to ensure a continuous watch and foresee or anticipate changes that may have consequences related to the marketing of our medicines.

For example:

- In France, Homeopathic Registration (HR) specifies the authorized pharmaceutical dilutions and forms, meaning the gradual phasing out of any that are not authorized. This is the case for certain pharmaceutical forms such as suppositories or those with a low level of dilution. In the latter case, an application for an MA may be made in an attempt to keep the product on the market.

- In the United States, homeopathic medicines are marketed under the status of self-medication with indication, following notification of the authorities. Public consultation is underway in order to re-assess the policy guidelines of the FDA (Food and Drug Administration). Meanwhile, in November 2016, the FTC (Federal Trade Commission) published a policy statement regarding indications on homeopathic medicines. This open letter asked the homeopathic medicines laboratories to justify the indications or to add wording stating that the FDA has not assessed the filings.

- In Canada, a new draft framework for "self-care products" was initiated in September 2016. Under the impetus of Health Canada, the purpose of these new regulations is to redefine natural healthcare products into several categories depending on their risk of toxicity, on which the indication level would be based. An initial public consultation ended in March 2017. Discussions between Health Canada and different stakeholders are underway.

Existing regulations are the target of recurrent attacks by those who are skeptical of homeopathy in different countries (such as the situation in Russia, described in paragraph 1.4.1). To date, there has been no material consequence for the continued availability of our products on the market. These discussions are an opportunity for BOIRON and all those involved in homeopathy to share realities and open up the debate about the right role for homeopathy with regard to general medicine.

Risks related to the production of medication

The group is subject to strict constraints and numerous requirements relating to the development and production of medicines, specific to all pharmaceutical laboratories on a worldwide scale. The risks inherent to these activities are as follows:

- Production and sale of non-compliant medicines,
- Recall of a batch or withdrawal of a medicine from the market,
- Non-detection of a fault in the production process or the traceability of production data,
- Inadequate regulatory compliance of our products.

In order to protect itself from these various risks, BOIRON group constantly develops and improves its quality assurance system. This includes:

- The existence of a quality assurance and regulatory compliance division,
- The ongoing optimization of the release process and certification of drug batches, by developing methodologies for investigating anomalies,
- The implementation of a Quality Management System for the management of anomalies, as well as corrective and preventive action plans (CAPA),
- The strengthening of a metrology function,
- The annual update of a quality manual that describes the company's quality assurance system,
- The identification and creation of a function aiming to guarantee the integrity of data.

Furthermore, the regulatory requirements in terms of Good Manufacturing Practices are constantly evolving. Among other things, they concern the supply of raw materials for pharmaceutical use, which are particularly numerous in the case of homeopathic medicines. In order to adapt and follow these regulations as closely as possible, BOIRON has implemented a risk assessment system to determine the level of Good Manufacturing Practices applicable to our suppliers of excipients. BOIRON is also stepping up its efforts to develop and define technical clauses with its suppliers.

Above and beyond the internal control of the quality system, which was achieved by exhaustive audit reviews, BOIRON group is subject to regular inspections by healthcare authorities.

The pharmaceutical regulations of the various countries very often include their own inspection system. In France, the inspection is conducted by the French agency for drug safety (ANSM), which controls our production sites every two years.

These inspections are recognized by different countries within the framework of a system of mutual recognition. However these agreements are limited, leading some governments to conduct their own pharmaceutical inspections. This has been the case with the agencies in Brazil and Kazakhstan, for example, in 2011 and 2014, and with Russia in 2017.
An FDA of United States (Food and Drug Administration) inspection at the Messimy site was performed in 2017 and went well. The UNDA site in Harzé was also inspected in 2017.
A mutual recognition agreement was entered into between the United States and eight European countries, including France, during the fourth quarter of 2017.

Price and reimbursement-related risks

Any changes in the conditions under which homeopathic medicines are reimbursed (described in paragraph 1.2.1.6) may have a significant impact on the company's business and profitability.

Price controls can lead to upward or downward changes in selling price trends or distribution margins. In January 2012, for the first time in 23 years, a change in distribution margins enabled BOIRON to increase the selling prices on some of the reimbursable medicines in France. In Switzerland, as from August 1, 2017, homeopathy (among other therapies) is classed under the same regulatory category as other medical disciplines, enabling it to benefit from reimbursements from the Swiss Compulsory Healthcare Insurance scheme.

Identification of side effects

According to the current body of scientific knowledge, homeopathic medicines are, by their very nature, non-toxic and only very rarely present side or iatrogenic effects. This fact provides a competitive advantage over other medications.

Nonetheless, despite the high levels of dilution in the stocks, which are the active ingredients in homeopathic medicines, we cannot, as with any medicines, exclude the occurrence of currently unknown side effects.

The pharmacovigilance process in place within the company, which is supervised by a manager, consists precisely of the monitoring and reporting to healthcare authorities of all adverse side effects which might occur during the administration of one of our medicines. In such case, BOIRON would need to adapt the product information leaflet in order to reduce risks and to inform health professionals and patients likely to use our medications.
In the same way, a cosmetic-vigilance and nutri-vigilance function and a pharmacovigilance for veterinary homeopathic medicine exist within the company under the same management responsibility, for products belonging to these categories.

1.5.1.2 ENVIRONMENTAL RISKS

Only the activities of BOIRON production sites are likely to generate environmental risks.

The main environmental risks are the following:

- Pollution of industrial or rain water: this risk is considered to be moderate due to the nature of the principal products we handle (sugar, ethanol, vaseline). The main measures taken include the installation of neutralization tanks, retention basins, oil separators, grease traps (when the type of waste warrants it) and facilities dedicated to the storage of hazardous materials. As part of the plans to extend the site in Messimy, a new water pre-treatment plant was commissioned in spring 2017.
- Air pollution: this risk concerns Messimy. It is associated with the release of volatile organic components into the air (ethanol). To limit this risk, following a technical-economic study, a gas scrubber was installed. Two bio-percolators were added to reduce the water consumption by half for the operation of the installation.
- Fire, explosion: these risks are considered to be moderate at the sites in Sainte-Foy-lès-Lyon and Harzé (UNDA) and low at the other sites. Compliance with the ATEX standards, the use of fire detection systems and employee training permits the limitation of this risk. Moreover, the sites are subject to an annual inspection by an external organization relating to fire prevention.

Regarding the organization put in place to combat environmental incidents, the production sites have been provided with a continuity plan or an emergency plan. These documents were created taking into consideration the opinion of emergency services.
The French based production sites are under the regulatory control of "Installations Classified for Environmental Protection" (French ICPE) and are subject to a statement, a statement with inspection or a statement with registration.

Particular attention is provided to the obsolescence of certain facilities and has resulted in preventive renovation work.

Compliance with standard decrees or authorizations provides a significant reduction in environmental risks. The company is in regular contact with the French Regional environment, planning and housing authorities (French DREAL), particularly within the framework of construction projects or the refurbishing of facilities. The purpose of these discussions is to define the best technical choices permitting the limitation of potential environmental risks generated by these projects. Impact studies are also carried out.

The Regulation on registration, evaluation, authorization and restriction of chemicals, or REACH, is tending towards a withdrawal from the market of so-called "high concern" chemical substances. The change in the tonnage of substances produced by BOIRON in 2017 has not resulted in any new cases concerned by this regulation. Two substances are affected and are in the process of being registered with ECHA (European Chemicals Agency). An external party has been commissioned to support this process.

The measures taken with respect to the prevention of industrial and environmental risks are described in paragraph 3.2.

Financial risks relating to climate change

Global warming may have an impact of energy expenses incurred in order to maintain the temperature of product production, packaging and storage facilities.

We are currently unable to measure the impact of the effects of climate change on the supply of raw materials and on our business.

Climate change is addressed in paragraph 3.2.4.

1.5.1.3 BUSINESS DEVELOPMENT RISKS

Seasonality

The group's business is seasonal given the level of winter illnesses and the wide range of winter medicines and products. The annual results generally depend on business generated in the second half of the year. Therefore, the first half-year results may not be indicative of expected results for the full year period.

Risks associated with internationalization

Due to its international presence, BOIRON group may be more exposed to political and economic instability, to cultural or regulatory specificities, or to the risk of counterfeiting. The occurrence of any of these issues may affect production planning, the business or the profitability of BOIRON group.
In order to protect itself as much as possible, BOIRON group is further strengthening the legal protection of its medicines and implementing an active watch over regulations in all regions within which it operates.

In France in 2016, BOIRON obtained European customs certification as an Approved Economic Operator (AEO). This certification enabled BOIRON to consolidate control over its customs and logistics activities and to reinforce security at the facilities in question. The group has therefore been recognized as a reliable partner in the international supply chain. This certification also facilitates international trade with countries which recognize the AEO status.

Group situation in Russia:

In Russia in 2014, sales amounted to €52,009 thousand and represented 8.5% of total group sales. In 2017, sales amounted to €28,201 thousand, down €3,659 thousand (down €6,826 thousand at constant exchange rates) compared to 2016. It was marked by a low number of winter pathologies, increased competition and the media crisis presented in paragraph 1.4.1.

Sales relate to a limited number of OTC specialties, and are highly dependent on the number of winter pathologies.
The assets in Russia are immaterial and the subsidiary had only 221 employees at the end of 2017.

Throughout the year, the group was careful in its choice of partners, by defining the acceptable level of sales to achieve with each of them, given the level of cover obtained from credit insurers. This vigilance continues in 2018.

Group situation in Tunisia:

In 2017, the group posted sales of €6,696 thousand via the "Pharmacie Centrale de Tunisie", the exclusive importer of medicines in this country. Given a crisis regarding the financing of the health system seen in Tunisia since the end of 2016, BOIRON has recorded late payments for its receivables and an extension of the payment deadlines. It should be noted that the receivables in question are covered by a credit insurer and that no loss was incurred in 2017.

This situation is specifically monitored at group level.

Risks related to partnerships

In the context of a downward economic environment and of a trend in market concentration which might affect our suppliers and service providers, BOIRON is pursuing its policy of securing its supply chain and partnerships.

An evaluation process of the ability of suppliers and partners to meet the expectations of BOIRON over the long-term with respect to logistical, regulatory, economic and qualitative requirements has been put in place and further strengthened over the past few years. A team consisting of representatives from purchasing, finance, and legal and regulatory affairs (including anti-corruption matters) is in charge not only of evaluating and monitoring all suppliers and partners, but also of defining the steps to be taken if they do not meet these requirements.

Market risks

The management of market risks is described in note 21 of the notes to the consolidated financial statements which covers interest rate, exchange rate, credits, liquidity and counterparty risks: these risks remain moderate with regard to the financial structure of BOIRON group and its business.

1.5.1.4 RISKS RELATED TO IT SYSTEMS

The principal risks related to IT systems concern system failure, cybercrime, equipment obsolescence, the centralization of applications at the site in Messimy, regulatory requirements and the outsourcing of certain IT activities.

The activity control procedures of the IT Department cover the building of the company IT system (project mode) and its everyday management (maintenance, operation, support).

There is a repository of computer applications that includes a classification of those applications according to different risk criteria (availability, integrity, confidentiality, traceability, etc.). Cross-functional working groups meet on a regular basis and include teams from the business lines, the support functions and IT to ensure that the most critical computer applications are under control.

As the requirements of pharmaceutical validation apply to the production IT system, preparation and distribution of orders and document management are taken into account.

An ERP is currently being deployed in the subsidiaries to meet both business challenges and pharmaceutical requirements. Since 2014, the IT department and the rest of the company have been structured to meet the new challenges involved in these deployments (technical and functional support for ERP, management of data in the repository, etc.).

Furthermore, internal and external audits are regularly conducted (audits following the deployment of ERP, intrusion tests, etc.) to evaluate the internal control systems.

1.5.1.5 ONGOING LITIGATION

Ongoing litigation is described in note 33 to the consolidated financial statements.

1.5.2. INTERNAL CONTROL PROCEDURES

BOIRON France is the largest company within BOIRON group in terms of business volumes, total balance sheet assets and level of risk. It produces most of the medicines and products distributed by its subsidiaries. Below, we have highlighted BOIRON parent company's internal control procedures, both with regard to its own operations and controls of its subsidiaries.

1.5.2.1 INTERNAL CONTROL

Objectives and limitations

The measures of internal control function are based on the reference framework of the French Financial Markets Authority (AMF) and its implementation guide.

The current internal control procedures are aimed at providing a reasonable guarantee of the following:
- compliance with the law and regulations;
- the application of instructions and guidelines established by General Management;
- the proper functioning of the company's internal processes, in particular those related to the safeguard of assets and personal protection;
- the reliability of financial information.

Risk management and internal control are part of the responsibilities of the various departments at all levels of the group.

In 2014, a good governance charter was signed by each of the subsidiary heads. It formalizes the internal rules of good governance with respect to assets, the monitoring of customer and cash risks as well as the management and marketing policy.

This charter aims to guarantee:
- balance between development, control and risk management of the BOIRON subsidiaries and BOIRON group;
- improved communication and sharing of information between the parent company and its subsidiaries;
- proper implementation of BOIRON group strategy.

However, as is the case with any control system, the measures applied cannot provide an exhaustive guarantee that all risks are under control.

The main internal control players

Company policy consists in developing the awareness of each employee, department and business units of the responsibilities and risks inherent to their functions.

Such functioning scheme allows them, individually and collectively, to ensure the achievement of the targets defined by General Management.

The main internal control players include:
- the Board of Directors and Audit Committee;
- the General Manager, the Deputy General Managers and the Assistant General Managers;
- the Chief Pharmacist (Deputy General Manager) and the Interim Chief Pharmacists;
- the support and operational departments,
- the Internal Audit Department.

The General Manager, the Deputy General Managers, as well as the Board of Directors, through the Audit Committee, take part in the running and supervision of the Internal Audit Department.

Monitoring the internal control system

The Internal Audit Department monitors, through its assignments, the efficacy of the company's internal control system, and formulates and follows up on recommendations. It participates both in purely financial matters as well as in more operational areas (the analysis

of purchasing processes, sales, organizational audits, IT audits, project audits, etc.) in France and abroad. A written report regarding each of its missions is submitted to the audited parties, General Management, the Audit Committee and to the Chairman of the Board. In addition, the internal audit department, together with BOIRON group's Treasury Department, monitors the risk of fraud and raises the staff's awareness regarding such risk: fraud committed against the Chairman, cyber-crime, data falsification, etc.
The internal audit department also calls upon experts in their fields, such as the IT Systems Security Director, the legal department and the quality department.

A charter was adopted in April 2008 which sets out the internal audit department's operating methods. This charter was updated and approved by the Audit Committee on June 26, 2015.

The internal audit department is the preferred partner of the Audit Committee and the statutory auditors, with whom it corresponds regularly.

1.5.2.2 INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT RELATING TO THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Objectives

Internal control procedures relating to the preparation and treatment of accounting and financial information aim to ensure:

- the reliability of BOIRON group annual financial statements and the consolidated financial statements pursuant to IFRS (corporate consolidation);
- the control of risks of mistakes, inaccuracies or omissions of material information in the financial statements related to the company's financial position and company assets and liabilities.

The group's administrative and finance department is a key player for internal control and accounting and financial risk management.

Specialized committees meet regularly in order to ensure control of risks within their areas:
- the group customer risk committee meets once a month to review the situation and trends in customer risks of each of BOIRON group's subsidiaries. It also reviews internal and external credit limits and customers' outstanding overdue receivables, as well as their financial position, in order to determine the corrective actions to be taken;
- the Treasury Committee meets once a month in order to review the financial position of group companies, centralized cash surplus management and financial risks (exchange rates, interest rates, and liquidity), and confirms compliance with the policies defined by General Management;
- the financial risks committee evaluates risks that may have a financial impact at BOIRON group level. Its findings are presented to the Audit Committee.

Held each year, a workshop with the financial managers of the subsidiaries and their correspondent at group level opened up discussions on the large scale projects affecting their area. This type of event facilitates communication between players and enhances the performance of BOIRON group's financial functions. In 2017, a half-day was devoted to risk management and internal control.

Procedures for preparing the BOIRON group's consolidated financial statements and the BOIRON group reporting

The corporate consolidation and the BOIRON group reporting process includes the following main steps:
- the collection of the subsidiaries' financial data and their analyses as compared to their prior year activity, their budgets, or last updated budgets;
- the control of collected data;
- the preparation, validation and analysis of the consolidated corporate financial statements and group financial reporting.

The professional software program used, SAP BFC, is regularly upgraded and customized to meet changes in reporting requirements and any needs requested by its users. It also includes a number of control functions in order to ensure the consistency of the input information.

A timetable specific to each closing date is communicated to all group companies and those involved in the process: it describes the role of each participant in the closing process while ensuring the separation of execution and of control tasks.
The administrative and finance department performs regulatory monitoring and calls upon an IFRS expert (every six months) to provide an update of accounting rules and requirements regarding the reporting of consolidated financial statements. A guide of the BOIRON group accounting norms is regularly updated and made available to all group companies.

All proposals for significant changes to accounting standards and options are the subject of an explanatory memorandum submitted to General Management.
Potential changes are presented to the Audit Committee and the Board of Directors following approval by the statutory auditors.

More generally, the Audit Committee, in regular contact with the statutory auditors and employees responsible for preparing the group's corporate and consolidated financial statements, ensures the quality and reliability of processes for preparing financial information provided to shareholders and to the public, in accordance with its assignments, described in paragraph 2.2.3.1.2.

Procedure for the review of liabilities

The Consolidation Department compiles corporate liabilities based on information provided by the subsidiaries and reviews their accounting and valuation methods.
The administrative and finance department uses an independent actuary to value these commitments.

Procedures for preparing financial statements

All financial statements are reviewed by General Management and the Board of Directors. Prior to transmission to the Board of Directors, the documents related to annual and semi-annual regulated information are also reviewed by General Management, the statutory auditors and the Audit Committee. A multidisciplinary proofreading committee is set up each year before publication of the Reference document.

A part of the transmission, organization and publication of the financial statements is outsourced.

Relations with the statutory auditors

Within the framework of their assignments, the statutory auditors review the main accounting processes in France and at all of the subsidiaries. The recommendations resulting from their work are reviewed by the administrative and finance department and the Audit Committee and, where appropriate, are subject to decisions to take action, follow-up of which is ensured by the Internal Audit Department.

1.5.3 INSURANCE POLICY

The group benefits from a liability insurance program that covers its business up to a limit of €30 million.
Its international distribution subsidiaries also have local third-party liability master policies.
The company's assets are guaranteed by an insurance policy which covers both direct damages to assets and any consequential operating losses. Insurance company inspectors regularly visit the industrial sites and are associated with the risk prevention policy put in place by the Operations Department. The insurance companies have been solicited to provide their advance opinion on the construction and expansion projects.

BOIRON also has a multi-risk policy for environmental responsibilities which covers environmental damage which might arise from the use of its sites.
Most notably, this coverage includes the four production sites located in France, namely, Sainte-Foy-lès-Lyon, Messimy, Montrichard and Montévrain, as well as the Harzé site in Belgium.

2 Corporate governance

This section includes the corporate governance report prepared in accordance with Articles L225-37-2 to L225-37-5 of the French Commercial Code.

The purpose of this report is to present the company's corporate governance, as well as the policy and amounts paid regarding corporate officer compensation.

The audit work performed by the administrative and finance department for the preparation of this report is based on the collection and analysis of information by the main company departments. The General Manager and the Deputy General Managers were also consulted and asked for their approval.

This report was examined by the Audit Committee and approved by the Board of Directors on March 14, 2018. It has also been forwarded to the statutory auditors, to assist them in the preparation of their report.

2.1 Corporate governance guidelines and rules

Our company has taken note of the provisions of the corporate governance codes published by MIDDLENEXT in September 2016 and by AFEP-MEDEF in November 2016, and has analyzed them with regard to its own principles.
In accordance with Article L225-37-8 of the French Commercial Code, the company would like to point out that it does not refer to any of the corporate governance codes mentioned above.
Its governance is based on its specific realities and principles, among which:

- the wish to promote a stable shareholder structure, which both represents its family character and is largely open to employees. The shareholder structure also includes several other shareholders that have invested over the long-term,
- the search for a dynamic balance within the Board of Directors between Board members from the family circle, employee Board members and other Board members who have developed a tight-knit and lasting relationship with the company. The notion of "independence" being, for the company, transcended by personality, honesty and directness,
- a Board of Directors whose effectiveness depends largely on the technical expertise of its members, their in-depth knowledge of the company and their personalities,
- the separation of the functions of the Chairman and the General Manager, the latter being supported by Deputy General Managers,
- the consideration of a balanced representation of men and women within the Board of Directors,
- the authenticity and transparency of communication between the various governing bodies (Board of Directors, the Audit and Compensation Committees, the General Manager and the Deputy General Managers) and between these bodies and the statutory auditors;
- the transparency of compensation paid to Board members and executives.

Moreover, above and beyond the requirements required by law, the company has established various rules with respect to corporate governance, including:

- Board of Directors meetings, the frequency and length of which allow Board members to examine the issues raised in the agenda in detail,

- Audit Committee meetings, the frequency and length of which allow Board members to examine the issues raised in detail,
- referral to a Compensation Committee for advice to the Board of Directors on the compensation of the corporate officers;
- the setting of Board members' terms of office at three years, including the Chairman and Committee members, with the possibility of renewal,
- Board of Directors' meetings, for the approval of the company's financial reporting,
- the presence of an independent member on the Board of Directors,
- the implementation of specific rules concerning the identification and management of conflicts of interest. In a situation of conflict of interest, even if potential, between corporate and direct or indirect personal interests or shareholder's or group of shareholders interests that he represents, any Board member should bring to the attention of the Board of Directors such situation and abstain from taking part in the vote of the corresponding resolution. Information relating to conflicts of interest within the Board of Directors is included in paragraph 2.2.4.

2.2 Composition, organization and functioning of the Board of Directors

2.2.1 COMPOSITION OF THE BOARD OF DIRECTORS

The functioning of the Board of Directors is determined by Articles 16 to 21 of the articles of association which set out, in particular, the requirement for a Board member to own ten shares (with the exception of the Board member representing employee shareholders in application of the law).
The Board of Directors includes five women out of a total of twelve Board members, or eleven Board members if one excludes the representative of employee shareholders pursuant to Article L225-27 of the French Commercial Code. Women therefore represent 45% of the Board.

The company is therefore in compliance with the provisions of Article L225-18-1 of the French Commercial Code concerning the equal representation of women and men on Boards of Directors, which provides that the proportion of Board members of each gender cannot be lower than 40% on Boards comprising more than eight members.

The Board of Directors includes an independent Board member: Michel Bouissou. The independence criteria are the same as those described in paragraph 2.2.3.1.1. Mr. Michel Bouissou does not have any business dealings with the company.

The employee shareholders are represented by a Board member: Mr. Grégory Walter, appointed by the Combined Shareholders' Meeting of May 18, 2017 on the recommendation of the Supervisory Board of the Employee Investment Fund (FCPE) for a period of three years, terminating at the end of the Ordinary Shareholders' Meeting to be held in 2020 to approve the financial statements for the previous fiscal year.

In 2017, an additional Board member, Mr. Bruno Grange, was appointed by the Combined General Meeting of May 18, 2017. Mr. Bruno Grange previously held the position of Board member representing the employee shareholders. This appointment brought the number of Board members to twelve.

Furthermore, the terms of office of Mr. Thierry Boiron, Ms. Michèle Boiron, Mr. Jacky Abécassis and Ms. Valérie Poinsot were renewed by the Combined Shareholders' Meeting of May 18, 2017, for a period of three years, terminating at the end of the Annual Shareholders' Meeting to be held in 2020, called to approve the financial statements for the previous fiscal year.

OFFICES HELD AS AT MARCH 14, 2018:

Surname, First name, Office, Age	Date of appointment	End of term of office	Main position held at the company	Main position held outside the company	Other offices and positions held in other companies *Family ties* *Observations*
Thierry Boiron Director, Chairman of the Board of Directors 57 years A French citizen	As Director: BoD meeting of 9/18/1996 As Chairman of the Board of Directors: BoD meeting of 5/19/2011 effective July 1, 2011	OSM 2020 OSM 2020	Chairman of the Board of Directors	None	Director of SODEVA[1], Manager of SOFABI[3], Manager of SODEGE[3], Manager of SCI SOKYF[3]. *Brother of Michèle and Christian Boiron.* *Cousin of Christine Boyer-Boiron*
Christian Boiron Director, General Manager 70 years A French citizen	As Director: Extraordinary Shareholders' Meeting of 12/12/1973 As General Manager: BoD meeting of 5/19/2011 effective July 1, 2011	OSM 2019 Unlimited term	General Manager	None	Director, Chairman and Chief Executive Officer of SODEVA[1], Director of UNDA[2] (Belgium), of LABORATOIRES BOIRON[2] (Italy), Director of Université CLAUDE BERNARD LYON 1, Director of the LYON SUD-CHARLES MERIEUX Faculty of Medicine. *Brother of Michèle and Thierry Boiron.* *Father of Stéphanie Chesnot and Virginie Heurtaut.* *Cousin of Christine Boyer-Boiron*
Valérie Poinsot Director, Deputy General Manager 49 years A French citizen	As Director: Combined Shareholders' Meeting of 5/22/2014 As Deputy General Manager: BoD meeting of 5/19/2011 effective July 1, 2011	OSM 2020 Unlimited term	Development Director (employee)	None	Director, Chairman and Chief Executive Officer of LES EDITIONS SIMILIA[2], Director and Chairman of BOIRON[2] (Switzerland), Director of BOIRON USA[2] (USA), BOIRON[2] (USA), BOIRON CANADA[2] (Canada), LABORATOIRES BOIRON[2] (Italy), BOIRON MEDICAMENTOS HOMEOPATICOS[2] (Brazil), Permanent representative of BOIRON on the Board of Directors of UNDA[2] (Belgium), Manager of BOIRON[2] (Germany). Director and chairman of FYTEXIA[3].
Jean-Christophe Bayssat Deputy General Manager 55 years A French citizen	BoD meeting of 12/16/2015 effective January 1, 2016	Unlimited term	Chief Pharmacist Pharmaceutical Development Director (employee)	None	Director of AFIPRAL (association, France).
Jacky Abécassis Director 76 years A French citizen	Ordinary Shareholders' Meeting of 5/6/1987	OSM 2020	None	None	Director of LABORATOIRES BOIRON[2] (Italy).
Michèle Boiron Director 73 years A French citizen	BoD meeting of 9/18/1996	OSM 2020	None	Pharmacist Advisor	Director of SODEVA[1] and BOIRON[2] (Switzerland). *Sister of Christian and Thierry Boiron* *Cousin of Christine Boyer-Boiron*
Jean-Pierre Boyer Director 72 years A French citizen	Ordinary Shareholders' Meeting of 5/18/2000	OSM 2018	None	None	Member of the BOIRON Audit Committee, Director of SOCIETE HENRI BOIRON (SHB)[1].
Bruno Grange Director 65 years A French citizen	Combined Shareholders' Meeting of 5/23/2002	OSM 2020	None	None	Member of the BOIRON Compensation Committee.

Surname, First name, Office, Age	Date of appointment	End of term of office	Main position held at the company	Main position held outside the company	Other offices and positions held in other companies *Family ties* *Observations*
Christine Boyer-Boiron Director 74 years A French citizen	Ordinary Shareholders' Meeting of 5/22/2003	OSM 2018	None	None	Director of SOCIETE HENRI BOIRON (SHB)(1). *Cousin of Michèle, Christian and Thierry Boiron.*
Stéphanie Chesnot Director 46 years A French citizen	BoD meeting of 3/10/2010	OSM 2018	None	Management and administration consulting	Director of SODEVA (1), Member of the BOIRON Audit Committee, Manager of LA SUITE ARCHITECTURE (3). *Daughter of Christian Boiron.*
Michel Bouissou Independant director (4) 76 years A French citizen	Ordinary Shareholders' Meeting of 5/20/2010	OSM 2019	None	Chairman and Chief Executive Officer	Chairman of the BOIRON Audit Committee, Member of the BOIRON Compensation Committee. Chairman and Chief Executive Officer of CITA S.A.(3).
Virginie Heurtaut Director 43 years A French citizen	Combined Shareholders' Meeting of 5/23/2013	OSM 2019	None	Architect	Director of SODEVA (1), Manager of LA SUITE ARCHITECTURE (3). *Daughter of Christian Boiron.*
Grégory Walter Director representing shareholder employees 40 years A French citizen	Combined Shareholders' Meeting of 5/18/2017	OSM 2020	Senior pharmaceutical technician	None	Chairman of the FCPE BOIRON supervisory board.

(1) Company of the family consortium (non listed company).
(2) Company of the BOIRON group (non listed company).
(3) On listed company.
(4) The criteria applied by the company to determine independence are provided in paragraph 2.2.3.1.1.

Offices (excluding subsidiaries) held by Board members over the past five years that are no longer held:

Michel Bouissou: Chairman of the Board of SEVENTURE PARTNERS (until February 2014)
Member of the Supervisory Board of SEVENTURE PARTNERS (until July 2015)
Member of the Supervisory Board of ISATIS CAPITAL (until September 2015)
Board member of Natixis VENTURE SELECTION (representing SEVENTURE PARTNERS) (until July 2015)
Board member of SAIRE (until July 2015)

Bruno Grange: Chairman of the Supervisory Board of the BOIRON FCPE (Employee Investment Fund) (until September 22, 2015)

Christian Boiron: Board member and Chairman of CHR (until 3/18/2015 – merger/acquisition of CHR by SODEVA)

Stéphanie Chesnot: Board member of CHR (until 3/18/2015 - merger/acquisition of CHR by SODEVA)

Virginie Heurtaut: Board member of CHR (until 3/18/2015 - merger/acquisition of CHR by SODEVA)

Valérie Poinsot: Board member of LEEM (until December 2016)

The terms of office as Board members of Ms. Christine Boyer-Boiron and Ms. Stéphanie Chesnot, and Mr. Jean-Pierre Boyer expire at the end of the next Shareholders' Meeting.
The Combined Shareholders' Meeting to be held on May 17, 2018 will be asked to renew their terms for a period of three years terminating at the end of the Ordinary Shareholders' Meeting to be held in 2021, called to approve the financial statements for the previous fiscal year.

Furthermore, the Combined Shareholders' Meeting of May 17, 2018 will be asked to approve, pursuant to Article L225-27-1 of the French Commercial Code, the modification of the company's articles of association setting out the modalities for appointing a director representing the employees.

2.2.2 ORGANIZATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

2.2.2.1 CHAIRMAN OF THE BOARD OF DIRECTORS

The Board Meeting on December 15, 2004 decided to separate the functions of Chairman and General manager.

Mr. Thierry Boiron holds the position of Chairman of the Board of Directors.
The Chairman of the Board of Directors organizes and directs the work of the Board of Directors for which he reports to the Shareholders' Meeting. He oversees the proper functioning of the Board of Directors and the Shareholders' Meetings, notably by ensuring the regularity of meeting notices, the holding of meetings, and the respect of shareholder rights regarding disclosure of documentation. He also ensures that the statutory auditors are informed of the agreements subject to control, that Board members are able to fulfill their mission and, to that purpose, have at their disposal all the information needed to deliberate with full knowledge of the facts.

2.2.2.2 PREPARATION OF THE WORK OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors provides each Board member, within a sufficient period of time, all documents and information necessary to fulfill his or her mission. Four representatives of the Central Works Committee attend Board meetings and receive the same information as the Board members within the same time frame. The statutory auditors are invited to the Board of Directors' meeting that prepare the annual and semi-annual financial statements and provisional budget documents.

2.2.2.3 BOARD MEETINGS

The Board of Directors met nine times during 2017. The average length of Board meetings was around three hours (two hours for meetings which included a telephone conference). The attendance rate of the Board members was 94% in 2017. During 2017, the Board of Directors was informed of, examined or took decisions concerning the following points: the BOIRON group's strategy and its business, the annual and half-year consolidated accounts, quarterly activity, financial statements, financial notices, forecast management documents, the company's policy in terms of gender equality and equal pay, compensation of the corporate officers, the implementation of the share buyback program, regulated agreements, the renewal and appointment of directors, members of committees and the statutory auditors, authorizations to be granted to General Management for the approval of sureties, endorsements and guarantees, the recapitalization of subsidiaries, the early winding-up of Laboratoire FERRIER without liquidation, the acquisition of ALKANTIS trademarks and patents.

2.2.2.4 INTERNAL RULES AND REGULATIONS

Above and beyond the operating rules defined by the company's articles of association, the Board of Directors, in its meeting on March 7, 2007, adopted internal rules and regulations which provide the possibility for Board members to participate in Board deliberations by means of video conference or telecommunications under the conditions determined by the regulations in force. This method of participation is not applicable for decisions related to the approval of the annual and half-year financial statements, including the consolidated financial statements.

The internal regulation is available on the website **www.boironfinance.com**.

2.2.2.5 TERM OF OFFICE AND AGE LIMITS

According to Article 17 of the articles of association, the term of the Board members' mandates is three years and the number of Board members over the age of 85 may not exceed one third of the members of the Board of Directors. The oldest Board member is deemed to have resigned at the end of the Annual Ordinary Shareholders' Meeting for the approval of the financial statements for the period in which he or she reaches that age.

2.2.2.6 SPECIFIC INFORMATION RELATING TO CORPORATE OFFICERS

For the requirements of their corporate offices, General Management and Board members are domiciled at the company's headquarters.

To the best of the company's knowledge at the time this document was prepared, no member of the Board of Directors or General Management has, during the past five years, been:

- convicted for fraud,
- associated with a bankruptcy, receivership or liquidation,
- subject to charges or official public sanctions declared by a statutory or regulatory authority,
- banned by a legal authority from acting as a member of a control, management, or supervisory body, or from being involved in the running of the business of a publicly-listed company.

2.2.2.7 GENERAL MANAGEMENT ORGANIZATION AND COORDINATION WITH THE BOARD OF DIRECTORS

Mr. Christian Boiron holds the position of General Manager.
The General Manager has the broadest possible powers to act on behalf of the company in all circumstances, and is bound by no limitation of power.
These powers are exercised within the sole limits of the company's corporate purpose and subject to the powers granted expressly by law to Shareholders' Meetings as well as to the Board of Directors.

He is assisted in his function by Ms. Valérie Poinsot and Mr. Jean-Christophe Bayssat, Deputy General Managers, each of them enjoying the same powers towards third parties as the General Manager.
Both of them are exercising technical functions which are distinct from their mandate and are keeping their employment contract to that respect: Ms. Valérie Poinsot exercises the function of Development Director, and Mr. Jean-Christophe Bayssat those of Chief Pharmacist and Pharmaceutical Development Director.

The Chairman and General Manager meet periodically in order to guarantee coordination between the Board of Directors and General Management.

2.2.3 SPECIALIZED BOARD COMMITTEES

2.2.3.1 AUDIT COMMITTEE

The members of the Audit Committee are Mr. Michel Bouissou, Chairman, as well as Ms. Stephanie Chesnot and Mr. Jean-Pierre Boyer. Each of them has specific expertise in light of his or her education and professional work experience:

- Mr. Michel Bouissou (independent member) has special skills in the field of finance: having worked as a consultant engineer, he has since had diverse responsibilities in the field of corporate financing within various banking and financial institutions.
- Ms. Stéphanie Chesnot has special skills in legal affairs and administration: as a graduate in international business law, tax affairs and business administration, she has worked as a strategy consultant, in law and in management and administration.
- Mr. Jean-Pierre Boyer has special skills in finance and accounting: he is a certified public accountant having studied accountancy and has held positions of administrative and financial responsibility in a number of companies.

2.2.3.1.1 Independence of Audit Committee members

In accordance with the provisions of Article L823-19 of the French Commercial Code, the Audit Committee includes, in the person of its Chairman, at least one member with skills in finance and accounting and who is deemed to be independent with regards to the following criteria:

- not be an officer of a company in which BOIRON is directly or indirectly a Board member or, in which, an employee, or corporate officer of BOIRON (currently or having been so in the last five years) is a Board member;
- not be a customer, supplier, commercial banker or financing banker:
  - which would be of significance to the company or its group;
  - or, for which, the company or its group represents a significant portion of the business;
- not have any close family link to a corporate officer;
- not have been an auditor of the company over the last five years.

2.2.3.1.2 Audit Committee responsibilities

A charter first prepared in March 2000 and last updated on January 13, 2017, describes the various tasks and functioning of this Committee, in accordance with the audit reform.
Its tasks thus cover five areas which are listed below:

- the Audit Committee is responsible for checking the quality and reliability of the process for preparing the financial information provided to shareholders and the public. It ensures compliance with regulatory requirements in this regard. It examines the situation of the company, the existing risks and is informed on the organizational resources and accounting policies applied by the company. It may discuss any topic that may require additional information directly with the auditors or employees responsible for preparing the statutory financial statements of BOIRON parent company and the group. In particular, it assesses the adequacy of provisions created with regard to identified risks.
- it is responsible for verifying the effectiveness of internal control processes and the BOIRON group's risk management. It reviews and assesses internal procedures for collecting and controlling information required for the preparation of financial reporting, including the completeness, reliability, integrity and regularity thereof. The internal audit reports and risk maps

are updated annually and sent to it. It takes part in drawing up the annual audit plan, monitors the work performed by the Internal Audit Department as well as the recommendations issued by it. The Audit Committee and the Internal Audit Department meet at least four times a year.

- it participates in the selection of the statutory auditors. It validates the selection procedure in cooperation with the group's administrative and finance department. It reviews bids and interviews the different firms involved in the call for tenders. Finally, it prepares a report for the Board of Directors, including its recommendations on the choice of statutory auditors at the time of the appointment or renewal of term of office, and gives its opinion on the amount of their fees in respect of the statutory audit assignments to be carried out.
- it assesses the quality of statutory audits performed by the statutory auditors. It considers the observations and findings of the High Council of statutory auditors following the audits carried out. Its role is to facilitate communication between the Board of Directors, the statutory auditors and the General Management of the company. It allows the Board of Directors to improve its understanding of the nature of the statutory auditors' intervention, to monitor their work and to grasp the grounds of their comments correctly;
- It also assesses the degree of independence of the statutory auditors. To this end, the latter send each year a declaration of independence together with an update of the information mentioned under Article L820-3 of the French Commercial Code, detailing the services provided by the network to which they belong. The Audit Committee reviews and approves in advance, pursuant to statutory and regulatory provisions, any assignments other than the certification of the financial statements likely to be entrusted to the statutory auditors and their network, based on the recommendations made by the group's administrative and finance department. The number of assignments entrusted to the statutory auditors in 2017 other than financial statement certification work is low (cf. note 35 of notes to the consolidated financial statements).

The Audit Committee has no decision-making authority and the findings of its work and recommendations are intended for the Board.

The company complies with certain recommendations of the report dated July 22, 2010 of the French Financial Markets Authority (AMF) working group chaired by Mr. Poupart-Lafarge on audit committees, in particular, the recommendations relating to committee membership, information methods as well as to reports.

During the 2017 fiscal period, the Audit Committee met four times and its meetings lasted five hours on average. Two meetings were devoted to examining the annual and half-year financial statements and to the preparation of the statutory auditors' new report. Two other meetings were devoted to reports presented by the internal audit department, as well as the implementation of anti-corruption measures (pursuant to French Law of December 9, 2016, "Sapin II") and personal data protection measures (pursuant to European General Data Protection Regulation "GDPR" dated April 27, 2016).

Following each of these meetings, a report was provided to the Chairman of the Board and to the General Manager. Furthermore, the Chairman of the Audit Committee provides regular assignment reports to the Board of Directors.

The participation rate of Audit Committee members in 2017 was 100%.

2.2.3.2. COMPENSATION COMMITTEE

The Compensation Committee is composed of two members:
• Mr. Michel Bouissou (independent member);
• Mr. Bruno Grange.
Its role consists of examining and proposing to the Board of Directors the amounts and terms of fixed and variable compensation, including benefits in kind and deferred compensation, for the Chairman, General Manager and Deputy General Managers. Its operating procedures and responsibilities are described in a charter approved by the Board of Directors on December 17, 2003.

In 2017, discussions were held between members of the Compensation Committee on several occasions during telephone conference calls and by email. The main topic discussed during those conversations concerned changes in the compensation paid to the Chairman and members of General Management.

2.2.4 CONFLICTS OF INTEREST AMONG BOARD MEMBERS, ADMINISTRATIVE BODIES AND GENERAL MANAGEMENT

To the best of the company's knowledge, at the time this document was prepared, no conflict of interest had come to light between the duties of any of the members of the Board of Directors and General Management towards the company with respect to their positions as corporate officers and their private interests or other duties.

To the best of the company's knowledge, at the time this document was prepared, no other restrictions have been accepted by members of the Board of Directors and General Management regarding the sale of their interests in the company's share capital than those mentioned in paragraph 2.5 of this Reference document.

Ms. Michèle Boiron, Board member, receives fees paid by the company pursuant to an agreement covering consulting and assistance services for the development of homeopathy in France and abroad.

LA SUITE ARCHITECTURE, whose managers are Ms. Virginie Heurtaut and Ms. Stéphanie Chesnot, Board members, entered into an agreement on March 15, 2017 with BOIRON covering ad hoc consulting duties for the landscaping of the outside areas at the site in Messimy, in exchange for the payment of fees. This agreement was duly authorized by the Board of Directors on December 14, 2016. Given that this agreement was entered into after the end of 2016 half-year, it shall be submitted for the approval of the Combined Shareholders' Meeting scheduled for May 17, 2018. Furthermore, it is specified that the Board of Directors' meeting of December 14, 2017 decided to renew, for a one-year term and under the same terms and conditions, the agreement entered into with LA SUITE ARCHITECTURE, i.e. until December 31, 2018.

These agreements are described in the statutory auditors' special report on regulated agreements and commitments in section 2.3 of the French Reference document.

No other service agreement has been signed by and between members of the Board or the General Management and the company or one of its subsidiaries.

Furthermore, to the company's knowledge, no agreement was directly or indirectly entered into between a corporate officer or shareholder holding over 10% of the voting rights in the company and a company in which the company directly or indirectly holds over 50% of the share capital (with the exception of any current agreement(s) entered into under normal conditions).

To the best of the company's knowledge and at the time this document was prepared, there is no arrangement or agreement with major shareholders, customers or suppliers the terms of which include any members of the Board of Directors or General Management identified as such.

2.3 Authorization to increase or decrease the capital

There is no delegation or authorization to the Board of Directors to increase capital.

The Combined Shareholders' Meeting of May 18, 2017 adopted the following resolutions:
Sixteenth resolution - Granting of authority to the Board of Directors to cancel shares repurchased by the company pursuant to the provisions of Article L225-209 of the French Commercial Code.

This authorization was granted to the Board of Directors for a period of 24 months, until May 17, 2019, within the limit of 10% of the share capital, i.e. 1,941,475 shares. As at March 14, 2018, this authorization had not been used.

Financial authorization	Ceiling	Date of authorization	Period of authorization	Use of the authorization	Expiry date
Authorization to cancel shares repurchased by the company within the framework of the provisions of Article L225-209 of the French Commercial Code.	Cancellation of shares up to 10% of the share capital	5/18/2017	24 months	None	5/17/2019

2.4 Factors likely to have an influence in the event of a public tender offer

Pursuant to Article L225-100-3 of the French Commercial Code, the company notes the following:

- the structure of the share capital as well as direct or indirect stockholding of which the company is aware and all such information is included in paragraph 5.2.;
- there is no agreement providing for compensation for members of the Board or employees if they resign or are dismissed without real and serious grounds or if their employment is terminated due to a public tender offer;
- to our knowledge, the shareholders' agreements and commitments are:

Shareholders' agreement:

Shareholders' agreement (signed on October 13, 1987 and published by the SBF in notice no. 92-1278 dated May 20, 1992):
Some shareholders granted a preemption right to SODEVA for a portion of their shares.

Shareholders' agreement (signed on June 29, 2005 and published by the AMF on July 13, 2005):
Reciprocal preemption rights between the members of the BOIRON family, the companies SHB and SODEVA in the event of sale of BOIRON shares.

Dutreil commitments:

Regime	Signature date	Expiry of collective commitment	Renewal method	Percentage of the share capital covered by the pact or commitment as of the signature date	Percentage of voting rights covered
Art. 885 I bis of the French Tax Code	3/26/2004	6 years from the date of signature	Tacit renewal for a term of one year	40.41%	52.10%
Art. 787 B of the French Tax Code	7/29/2005	2 years from the date of signature	Tacit renewal for a term of two years	39.23%	50.33%
Art. 885 I bis of the French Tax Code	5/31/2007	6 years from the date of signature	Tacit renewal for a term of one year	26.58%	35.76%
Art. 885 I bis of the French Tax Code	12/19/2007	6 years from the date of signature	Tacit renewal for a term of one year	32.40%	43.95%
Art. 787 B of the French Tax Code	6/14/2013	2 years from registration (in this case June 19, 2013)		20.77%	25.64%
Art. 787 B of the French Tax Code Art. 885 I bis of the French Tax Code	9/23/2013	2 years from registration (in this case November 21, 2013)	Tacit renewal for a term of one year	35.39%	42.95%
Art. 787 B of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)	Fixed term – no renewal	34.11%	42.05%
Art. 885 I bis of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)	Fixed term – no renewal	34.18%	42.14%
Art. 787 B of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)	Fixed term – no renewal	23.34%	27.07%
Art. 885 I bis of the French Tax Code	11/15/2013	2 years from registration (in this case June 6, 2016)	Fixed term – no renewal	23.34%	27.07%
Art. 885 I bis of the French Tax Code	5/26/2016	2 years from registration (in this case June 6, 2016)	Fixed term – no renewal	39.93%	47.31%
Art. 885 I bis of the French Tax Code	5/26/2016	2 years from registration (in this case June 6, 2016)	Fixed term – no renewal	41.09%	48.78%
Art. 787 B of the French Tax Code Art. 885 I bis of the French Tax Code	12/6/2016	2 years from registration (in this case December 20, 2016)	Tacit renewal for a term of one year	35.47%	44.81%

Name of being executive management signatories	Name of signatories with close ties to general management	Name of signatories holding at least 5% of the share capital and/or voting rights in the company
Christian Boiron	Paola Boiron, Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, Michèle Boiron, Paul Mollin, Fabienne Boiron, Jacqueline Boiron, Hervé Boiron, Laurence Boiron, Dominique Boiron, Christine Boyer-Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
Christian Boiron, Thierry Boiron	Jacqueline Boiron, Hervé Boiron, Marcelle-Cécile Boiron, Laurence Boiron, Dominique Boiron, Christine Boyer-Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
Christian Boiron, Thierry Boiron	Michèle Boiron, SODEVA	SODEVA
Christian Boiron, Thierry Boiron	Christine Boyer-Boiron, Dominique Boiron, Hervé Boiron, SODEVA	SODEVA SHB
Christian Boiron, Thierry Boiron	Fabienne Boiron, Killian Boiron, Félix Boiron, Elliot Boiron, SODEVA	SODEVA
Christian Boiron, Thierry Boiron	Christine Boyer-Boiron, Dominique Boiron, Hervé Boiron, Marcelle-Cécile Boiron, Laurence Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
Christian Boiron, Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
Christian Boiron, Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
Christian Boiron, Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA, CHR	SODEVA CHR
Christian Boiron, Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA, CHR	SODEVA CHR
Christian Boiron, Thierry Boiron	Christian Boiron, Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, Thierry Boiron, SODEVA	SODEVA
Christian Boiron, Thierry Boiron	Christian Boiron, Michèle Boiron, Thierry Boiron, SODEVA	SODEVA
Christian Boiron, Thierry Boiron	Christian Boiron, Thierry Boiron, Dominique Boiron, Christine Boyer-Boiron, Hervé Boiron, Marcelle-Cécile Boiron, Laurence Boiron, SODEVA, SHB	SODEVA SHB

- There is no share with special control rights. Nevertheless, it is specified that a double voting right is assigned to all shares fully paid and for which the registration for at least three years in the name of the same shareholder can be proved (article 35 of the articles of association).

- The voting rights of shares held by employees through the FCPE (Employee Investment Fund) for which investments are made in BOIRON shares, are exercised by a proxyholder authorized by the Fund's Supervisory Board for the purposes of representing it at the Shareholders' Meeting.

- The appointment and dismissal of members of the Board of Directors are governed by law and the articles of association.

- With regard to powers of the Board of Directors, the Board does not benefit from any delegation or authorization to increase capital.
  The powers of the Board to repurchase shares are presented in paragraph 5.1.3.

- Amendments to the company's articles of association are made in line with statutory and regulatory provisions.

- There is no restriction in the articles of association regarding the exercise of voting rights.

- There is no restriction in the articles of association regarding the transfer of shares.

2.5 Compensation of corporate officers

2.5.1 REMUNERATION POLICY

2.5.1.1 PRINCIPLES AND CRITERIA FOR DETERMINING EXECUTIVE CORPORATE OFFICER COMPENSATION ("EX ANTE SAY ON PAY")

This section presents the principles and criteria for determining, distributing and allocating of the components comprising the total compensation and benefits of all kinds attributable, in respect of their terms of office, to the Chairman of the Board of Directors, the General Manager and the Deputy General Managers, pursuant to Article L225-37-2 of the French Commercial Code ("ex ante say on pay").

In this respect, the Board of Directors took the following principles into account:

- Compensation paid to the Chairman of the Board of Directors, the General Manager and the Deputy General Managers is set by the Board of Directors based on the proposals of the Compensation Committee.
- No executive or corporate officer has been attributed bonus shares, share purchase subscriptions and/or share purchase options.
- Lastly, no executive receives golden hellos, golden parachutes, top-hat pensions, or compensation relating to a non-competition clause.

2.5.1.1.1 Principles and criteria for determining, distributing and allocating components comprising the total compensation and benefits of all kinds attributable to the Chairman of the Board of Directors

Fixed compensation: the Chairman of the Board of Directors receives fixed compensation in respect of his duties as Chairman of the Board, to which the company's global salary increases are applied on the same dates and at the same rates.

Attendance fees: the Chairman of the Board of Directors receives attendance fees under the same terms as the members of the Board of Directors, which compensate them for their duties and resulting responsibility, and not for attendance at meetings. They are shared equally on a prorata temporis basis (number of days).

Benefits in kind: the Chairman of the Board of Directors receives a company car and contributions into a pension and personal protection scheme.

Employee commitments: The amount due concerns commitments related to service awards.

2.5.1.1.2 Principles and criteria for determining, distributing and allocating components comprising the total compensation and benefits of all kinds attributable to the General Manager

Fixed compensation: the General Manager receives fixed compensation in respect of his corporate office, to which the company's global salary increases are applied on the same dates and at the same rates.

Annual variable compensation: the General Manager also receives variable compensation in respect of his corporate office. This variable compensation is calculated based on a percentage of the group's prior year operating income. The payment of annual variable compensation allocated in respect of the 2018 fiscal year will be subject to the Ordinary Shareholders' Meeting's approval of components of compensation paid in respect of the year.

Benefits in kind: the General Manager receives a company car and contributions into a pension and personal protection scheme.

Attendance fees: the General Manager, in his capacity as a Board member, also receives attendance fees under the same terms as the other members of the Board of Directors, which compensate them for their duties and resulting responsibility, and not for attendance at meetings. They are shared equally on a prorata temporis basis (number of days).

2.5.1.1.3 Principles and criteria for determining, distributing and allocating components comprising the total compensation and benefits of all kinds attributable to the Deputy General Managers

The Deputy General Managers receive fixed compensation under the terms of their corporate mandates.

Furthermore, they receive fixed and variable compensation as well as benefits in kind under the terms of their employment contracts, as well as rights attached to their employment contracts. Such compensation, rights and benefits under their employment contracts are not affected by Articles L225-37-2 and L225-100-II of the French Commercial Code ("say on pay"). However, for completeness, such compensation, benefits and rights are detailed below.

In respect of their corporate mandate

Fixed compensation: the Deputy General Managers receive fixed compensation in respect of their terms of office, to which the company's global salary increases are applied on the same dates and at the same rates.

Attendance fees: the Deputy General Manager, having the quality of Board member, also receive attendance fees under the same terms as the other members of the Board of Directors, which compensate them for their duties and resulting responsibility, and not for attendance at meetings. They are shared equally on a prorata temporis basis (number of days).

In respect of their employment contracts (components not subject to vote)

Fixed compensation: the Deputy General Managers receive fixed compensation in respect of their employment contracts under which they perform duties separate to those of their terms of office, and to which the company's global salary increases are applied on the same dates and at the same rates.

Annual variable compensation: the Deputy General Managers also receive variable compensation exclusively tied to their employment contracts. This variable compensation is calculated based on a percentage of the group's prior year operating income. It should be noted there is no variable multi-year compensation package. Variable remuneration also includes incentive bonuses attributed with respect to the company profit sharing agreement, mandatory profit sharing bonuses and subscriptions to company savings plans referred to as the PEE and PERCO savings plans.

Benefits in kind: the Deputy General Managers receive a company car, as well as contributions into a pension and personal protection scheme under their employment contracts.

Employee benefits: the Deputy General Managers also benefit from the rights granted under their employment contracts, in the same way as other employees, such as long service awards and rights under the agreement regarding preparations for retirement and retirement indemnities. These rights arise from the defined post-employment benefits plan and are calculated according to the projected units of credit method.

The Shareholders' Meeting of May 17, 2018 will be asked to approve the principles and criteria presented above as part of its thirteenth resolution.

2.5.1.2 CONSULTATION OF THE SHAREHOLDERS' MEETING ON THE COMPONENTS OF COMPENSATION PAID OR ALLOCATED TO EXECUTIVE CORPORATE OFFICERS IN RESPECT OF THE FISCAL YEAR 2017 ("EX POST SAY ON PAY")

The Combined General Meeting of May 18, 2017, in its fourteenth resolution, approved the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components comprising the total compensation and benefits payable to the Chairman of the Board of Directors, the General Manager and the Deputy General Managers in respect of the 2017 fical year, summarized below.

The Chairman of the Board of Directors receives a fixed compensation under the terms of his corporate mandate.

The General Manager receives fixed and variable compensations related to his corporate mandate.

The Deputy General Managers receive fixed and variable compensations associated with their respective employment contracts. They also receive fixed compensation under the terms of their respective corporate mandates. It should be noted there is no variable multi-year compensation package.

These variable compensations are calculated based on a percentage of the group's prior year operating income. The Board accurately determines precisely the level of the quantitative criteria that must be satisfied, but it is not made public for reasons of confidentiality. The variable compensation is paid out in the year following the year to which it is related.

The Deputy General Managers also benefit from the rights granted under their employment contracts, in the same way as other employees, as well as from the rights under the agreement regarding preparations for retirement and retirement indemnities. These rights arise from the defined post-employment benefits plan and are calculated according to the projected units of credit method.

No corporate officer has been attributed bonus shares to date, share purchase subscriptions and/or share purchase options.

In accordance with Article L225-100-II of the French Commercial Code, the Shareholders' Meeting of May 17, 2018 will be asked to approve the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or allocated in respect of the 2017 fiscal year in separate resolutions to the Chairman of the Board of Directors, the General Manager and Deputy General Managers ("ex post say on pay") as part of its ninth, tenth, eleventh and twelfth resolutions.

In this respect, the tables below contain the information submitted for approval of the Shareholders' Meeting, and which contain only the components of compensation allocated to the executive corporate officers listed above for their respective offices held at the company (the amounts presented correspond to gross compensation and are stated in euros).

Compensation for the part fiscal year due or allocated to Mr. Thierry Boiron, Chairman of the Board of Directors, in respect of his mandate

We ask you to approve the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or allocated to Mr. Thierry Boiron for the part fiscal year, in respect of his mandate as Chairman of the Board of Directors:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation	232,625
Attendance fees (amount due in respect of 2017)	13,025
Book value of benefits-in-kind	6,011 (1)
TOTAL	**251,661**

(1) Benefit in kind: company car.

Compensation for the part fiscal year due or allocated to Mr. Christian Boiron, General Manager, in respect of his mandate

We ask you to approve the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or allocated to Mr. Christian Boiron for the part fiscal year, in respect of his mandate as General Manager:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation	343,647
Annual variable compensation (1)	562,416
Attendance fees (amount due in respect of 2017)	13,025
Book value of benefits-in-kind	1,649 (2)
	12,060 (3)
TOTAL	**931,085**

(1) Variable compensation (to be paid in the following year) comprises the incentive bonus based on group operating income in 2017.
(2) Benefit in kind: company car.
(3) Benefit in kind: personal protection scheme.

Compensation for the part fiscal year due or allocated to Ms. Valérie Poinsot, Deputy General Manager, in respect of her mandate

We ask you to approve the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or allocated to Ms. Valérie Poinsot for the part fiscal year, in respect of her mandate as Deputy General Manager:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation	35,171
Attendance fees (amount due in respect of 2017)	13,025
TOTAL	**48,196**

Compensation for the part fiscal year due or allocated to Mr. Jean-Christophe Bayssat, Deputy General Manager, in respect of his mandate

We ask you to approve the fixed, variable and exceptional components comprising the total compensation and benefits of all kinds paid or allocated to Mr. Jean-Christophe Bayssat for the part fiscal year, in respect of his mandate as Deputy General Manager:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation	24,000
TOTAL	**24,000**

2.5.2 SUMMARY TABLE OF TOTAL COMPENSATIONS AND BENEFITS OF ALL KINDS PAID DURING THE 2017 FISCAL YEAR TO THE EXECUTIVE CORPORATE OFFICERS

The amounts disclosed in the following tables are expressed in gross compensation amounts and in euros.

Thierry Boiron, Chairman of the Board of Directors

	2017 fiscal year		2016 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	232,625	232,625	198,319	198,319
Annual variable compensation				
Multiannual variable compensation				
Exceptional compensation				
Attendance fees	13,025	12,753	12,753	12,146
Benefits in kind:	6,011	6,011	5,691	5,691
relating to company car	*6,011*	*6,011*	*5,691*	*5,691*
relating to retirement and personal protection scheme				
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	**251,661**	**251,389**	**216,763**	**216,156**
Employee benefits:	33,335		26,448	
of which preparation for retirement				
of which retirement indemnities				
of which long service awards	*33,335*		*26,448*	

Christian Boiron, General Manager

	2017 fiscal year		2016 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	343,647	343,647	320,439	320,439
Annual variable compensation (1)	562,416	518,650	518,500	506,190
Multiannual variable compensation				
Exceptional compensation				
Attendance fees	13,025	12,753	12,753	12,146
Benefits in kind:	13,709	13,709	13,829	13,829
relating to company car	*1,649*	*1,649*	*2,468*	*2,468*
relating to retirement and personal protection scheme	*12,060*	*12,060*	*11,361*	*11,361*
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	**932,797**	**888,759**	**865,521**	**852,604**
Employee benefits:				
of which preparation for retirement				
of which retirement indemnities				
of which long service awards				

(1) The variable compensation consists of management profit sharing bonuses based on group 2017 operating income provisioned (for the amounts payable), or paid during the year under consideration (for the amounts paid).

Valérie Poinsot, Deputy General Manager

	2017 fiscal year		2016 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation (1)	236,092	236,092	218,023	218,023
Annual variable compensation under an employment contract (2)	408,915	358,758	358,177	349,551
Multiannual variable compensation				
Exceptional compensation				
Attendance fees	13,025	12,753	12,753	12,146
Benefits in kind:	12,501	12,501	11,861	11,861
relating to company car	*7,386*	*7,386*	*7,238*	*7,238*
relating to retirement and personal protection scheme	*5,115*	*5,115*	*4,623*	*4,623*
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	**670,533**	**620,104**	**600,814**	**591,581**
Employee benefits:	584,746		420,525	
of which preparation for retirement	*345,306*		*247,266*	
of which retirement indemnities	*223,627*		*160,223*	
of which long service awards	*15,813*		*13,036*	

(1) This corresponds to the compensation paid with respect to the employment contract and compensation paid with respect to the corporate mandate.
(2) Variable compensation is only associated with the employment contract. This is composed (i) of the incentive bonus based on group operating income, (ii) of incentive bonuses attributed with respect to the company profit sharing agreement, mandatory profit sharing bonuses and subscriptions to company savings plans referred to as the PEE and PERCO savings plans. The incentive bonuses and mandatory profit-sharing bonuses were provisioned as of December 31 (for amounts due) or distributed during the applicable period (for amounts paid).

Jean-Christophe Bayssat, Deputy General Manager

	2017 fiscal year		2016 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation [1]	206,158	206,158	200,735	200,735
Annual variable compensation under an employment contract [2]	221,532	229,178	228,636	159,820
Multiannual variable compensation				
Exceptional compensation				
Attendance fees				
Benefits in kind:	6,218	6,218	7,010	7,010
relating to company car	*4,990*	*4,990*	*6,455*	*6,455*
relating to retirement and personal protection scheme	*1,228*	*1,228*	*555*	*555*
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	**433,908**	**441,554**	**436,381**	**367,565**
Employee benefits:	631,821		545,081	
of which preparation for retirement	*352,209*		*307,441*	
of which retirement indemnities	*259,513*		*219,714*	
of which long service awards	*20,099*		*17,926*	

(1) This corresponds to the compensation paid with respect to the employment contract and compensation paid with respect to the corporate mandate.

(2) The variable compensation is only associated with the employment contract. This is composed (i) of the incentive bonus based on group operating income, (ii) of incentive bonuses attributed with respect to the company profit sharing agreement, mandatory profit sharing bonuses and subscriptions to company savings plans referred to as the PEE and PERCO savings plans. The incentive bonuses and mandatory profit-sharing bonuses were provisioned as of December 31 (for amounts due) or distributed during the applicable period (for amounts paid).

2.5.3 SUMMARY OF INFORMATION PRESENTED ABOVE

Executive corporate officers	Employment contract		Supplemental retirement plan		Compensation or benefits due or likely to be due following termination or change of functions		Compensation for a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Thierry Boiron Chairman of the Board of Directors 5/19/2011 (1) 2020 SM (2)		X	X (3)			X		X
Christian Boiron General Manager 5/19/2011 (1) Undetermined (2)		X	X (3)			X		X
Valérie Poinsot Deputy General Manager 5/19/2011 (1) Undetermined (2)	X		X (4)		X (5)			X
Jean-Christophe Bayssat Deputy General Manager 12/16/2015 (1) Undetermined (2)	X		X (4)		X (5)			X

(1) Corresponds to date first appointed.
(2) Corresponds to date of end of current term of office.
(3) This concerns the company contribution related to supplemental retirement benefits according to Article 83 of the French General Tax Code.
(4) This concerns the company contribution related to supplemental retirement benefits according to Article 83 of the French General Tax Code and the subscription to the company savings (PEE) and retirement saving plan (PERCO).
(5) Amount corresponding to retirement indemnities and the agreement on the preparation for retirement related to the employment contracts, which the Deputy General Managers benefit from without condition, as do all company staff under the terms of their employment contracts. (See Note 2.9.1 in the notes to the consolidated financial statements).

2.5.4 COMPENSATION OF OTHER CORPORATE OFFICERS

The attendance fees paid to the members of the Board of Directors, as well as those concerning the Audit Committee members and the Compensation Committee members, are primarily to remunerate the position of Board member and the associated responsibilities, and not for regular attendance at meetings. They are shared equally on a prorata temporis basis (number of days).

The compensation policy for corporate officers also provides for the following scenarios:

- the termination of a Board member' term of office and the appointment of a replacement Board member: the attendance fees are allocated on a prorata basis over the term of office of each Board member, having regard to the date of the Board Meeting at which the termination of the term of office was recorded, and that of the Board Meeting or Shareholders' Meeting at which the cooption or appointment took place, unless specific decision of the Board of Directors;
- the termination of a Board member's term of office without replacement: the distribution is on an equal and prorata temporis basis, having regard to the date of the Board meeting at which the termination of the term of office was recorded;
- the appointment of an additional Board member during the fiscal year: the distribution is on an equal and prorata temporis basis, having regard to the date of the Board Meeting or Shareholders' Meeting at which the cooption or appointment took place.

The Board of Directors has complete flexibility to decide, as the case may be and on a proposal from the Compensation Committee, on a different breakdown.
The amounts presented in the following table are expressed in euros.

Table related to attendance fees [1] and other compensation received by non-executive Board members

Non-executive corporate officers		Amounts paid during the 2017 fiscal year	Amounts paid during the 2016 fiscal year
Jacky Abécassis	Attendance fees	12,753	12,146
Michèle Boiron	Attendance fees Other compensation [2]	12,753 90,791	12,146 111,854
Michel Bouissou	Attendance fees	44,680	42,553
Christine Boyer-Boiron	Attendance fees	12,753	12,146
Jean-Pierre Boyer	Attendance fees	31,107	29,626
Stéphanie Chesnot	Attendance fees	31,107	29,626
Bruno Grange [3]	Attendance fees Other compensation [4]	15,881 116,777	15,125 116,255
Virginie Heurtaut	Attendance fees	12,753	12,146
Grégory Walter [5]	Attendance fees Other compensation [4]	0 44,447	0 0
TOTAL		**381,355**	**393,623**

(1) Attendance fees due in respect of a given year (year N) are paid at the beginning of the following year (year N+1).

(2) This compensation consists most notably of fees invoiced under a regulated agreement relating to consulting and assistance services for the development of homeopathy. The amounts paid in 2017 with respect to fees amounted to €87,300 including tax, versus €109,020 including tax in 2016. The remainder comprises royalties collected by Michèle Boiron.

(3) As an employee of the company until January 31, 2018, he enjoys the benefit of long service awards, retirement indemnities, and the agreement on preparation for retirement. The amount of these benefits amounted to €77,923 as of December 31, 2017. Please note that, until the Combined Shareholders' Meeting of May 18, 2017, Mr. Bruno Grange held the position of Board member representing the employee shareholders, and that this same Meeting appointed him as an additional Board member. This appointment brought the number of Board members to twelve.

(4) This compensation consists of fixed and variable components. It includes payments made under the terms of the company profit sharing agreement, mandatory profit sharing bonuses and subscriptions to company PEE and PERCO savings plans paid during the fiscal year in question.

(5) Mr. Grégory Walter has held the position of Board member representing the employee shareholders since the Combined Shareholders' Meeting of May 18, 2017. As an employee of the company, he enjoys the benefit of long service awards, retirement indemnities, and the agreement on preparation for retirement. The amount of these benefits amounted to €42,196 as of December 31, 2017.

The Ordinary Shareholders' Meeting of May 18, 2017 set the total annual amount of attendance fees to be allocated to the members of the Board of Directors at €224,665 for the year ended December 31, 2017.

The Board of Directors will ask the Shareholders' Meeting of May 17, 2018, to set the new package of attendance fees to be allocated to the members of the Board of Directors at €235,514 for fiscal year 2018. The increase in this package relates to the increase in the number of Board members.

2.5.5 GRANTS OF STOCK OPTIONS AND PERFORMANCE SHARES

Stock options granted during the year to each executive corporate officer by the issuer and by any group company	NONE
Stock options exercised during the year by each executive corporate officer	NONE
Performance shared allocated to each corporate officer	NONE
Performance shares vested to each corporate officer	NONE
History of attribution of stock options	NONE
Stock options granted to the first ten non-corporate officer beneficiary employees and options exercised by them	NONE

2.5.6 PARTICIPATION OF SHAREHOLDERS AT SHAREHOLDERS' MEETINGS

The modalities for the participation of shareholders in Shareholders' Meetings set out in Articles 29 to 33 of the articles of association are described in paragraph 5.1.2.

3

Employee, environmental and societal information

The fact that BOIRON has been quoted on the Gaïa Index for several years is a reflection of the quality of its CSR policy.

The following information was prepared in compliance with the provisions of Article L225-101-1 of the French Commercial Code. A concordance table is included in paragraph 6.7.

The report of the independant third-party is included in paragraph 3.4.

3.1 Employee information

" As soon as I rose to the position of General Manager at the end of the 1970s, I wanted to demonstrate that one could manage a business differently. It was a political vision. I wanted to bypass the split between bosses and staff, to end the age-old culture of the stand-off. I therefore implemented several measures which were favorable towards employees and which we continue to apply today."   Christian Boiron

In an industry characterized by intense change, the human resources policy of BOIRON group must continue to be proactive and support changes with respect to employment and employability. Thus, in recent years, new regulatory and economic constraints have continued to multiply and have led to reflection aimed at promoting the flexibility and mobility of organizations and professions.
BOIRON's corporate philosophy places the personal development of individuals at the heart of the economic efficiency of the company. It is in that spirit that BOIRON group implements the changes required for its development, particularly in France. In the other group companies, changes are also planned on an individual and adapted basis, and based on the economic, employee and regulatory specificities.

Corporate figures are consolidated for all companies within BOIRON group, unless expressly stated otherwise.

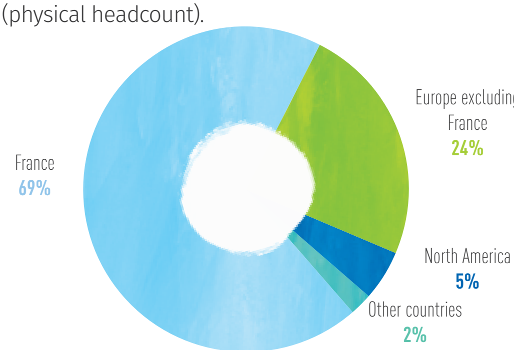
3.1.1 WORKFORCE

3,718 employees work in BOIRON group, of which 95% have permanent employment contracts.

The notion of headcount returns to the total number of temporary employment contracts and permanent employment contracts excluding temporary workers registered as at December 31 (physical headcount).

69% of the employees work in France.

	2017	2016
GROUP TOTAL	3,718	3,708
France	2,562	2,575
Europe excluding France	913	911
North America	170	169
Other countries	73	53



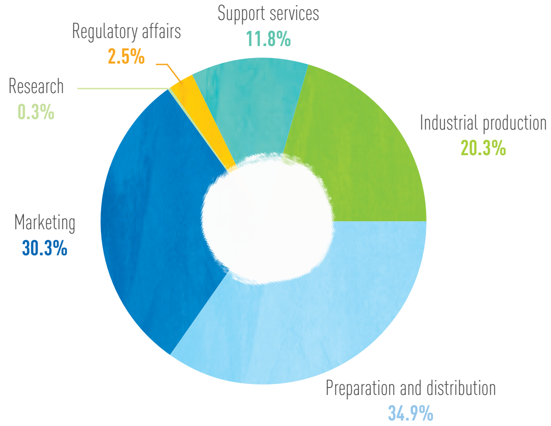
Our Indian subsidiary, created at the end of 2015, had 17 employees at the end of 2017, versus 2 at the end of 2016.

The distribution between BOIRON parent company and the subsidiaries is as follows:

	2017	2016
GROUP TOTAL	3,718	3,708
BOIRON parent company	2,528	2,543
Subsidiaries	1,190	1,165

55% of employees work within the production process and the preparation/distribution functions.

	2017	2016
GROUP TOTAL	3,718	3,708
Industrial production	753	739
Preparation and distribution	1,298	1,347
Marketing	1,125	1,085
Research	12	19
Regulatory affairs	92	82
Support services	438	436



The functions shown above are described in the glossary in paragraph 6.8.

In 2016, a project to re-organize sites in France was announced, confirmed by the signing of a majority agreement in March 2017 on employee support measures, signed by all of the labor unions.

In 2017, the roll-out of this new organization entered the implementation phase, in cooperation with the persons concerned and staff representative bodies.

The first stage, comprising five preparation department transfers to other sites and one site transfer, was finalized in January 2018. Six people refused the proposed location transfer of their employment contracts. Forty-eight people accepted their reassignment, either back to their original site (87.5%) or to another of the company's sites.

The second stage, involving the consolidation of sites at three new locations, and the transfer of two preparation departments, will be carried out over 2018 and 2019. Twenty-two people will potentially be affected. At the same time, BOIRON is planning to create sixteen new positions.

3.1.2 DIVERSITY

Diversity is a source of collective intelligence.

The company attaches particular importance to diversity, the source of complementarity, creativity, social balance and economic efficiency.

72% of group employees are women.

	2017	2016
GROUP TOTAL	3,718	3,708
Women	2,659	2,672
Men	1,059	1,036

In France, 58% of the 418 managers are women.

A specific gender equality agreement is in force in France: it covers the conditions for access to employment, work-life balance, compensation and job grades.

The company is focused solely on the skills and capacity of its candidates or co-workers to make decisions relating to their hiring, career management or their sanction/departure. This primacy for competence permits the avoidance of a biased judgment skewed by stereotypes which could lead to discrimination.

At December 31, 2017, disabled persons employed by BOIRON parent company accounted for 5.9%[(1)] of the workforce (compared to 5.8% in 2016). Most of these people are company employees.

Since 1987, BOIRON has endeavored to pursue an active policy for the professional integration of disabled persons through the application of ten three-year agreements covering the period between 1989 and 2019, all of which were certified by DIRRECTE, a French governmental authority.
All of these agreements have the objective of promoting the integration of disabled individuals. This is based on the desire to create no differences between disabled and non-disabled employees with respect to the nature of employment contracts, classifications, compensation, training and career opportunities.
Around 50% of disabled individuals currently employed at the company have over twenty years of seniority.

(1) Corresponds to the employment rate sent to AGEFIPH.

The company has set up a disabled service coordinated by a person dedicated to this issue on a full-time basis. She is assisted by disabled representatives present at all of the French sites. The purpose of the service is to facilitate the recognition of differences and the self-fulfillment of individuals.

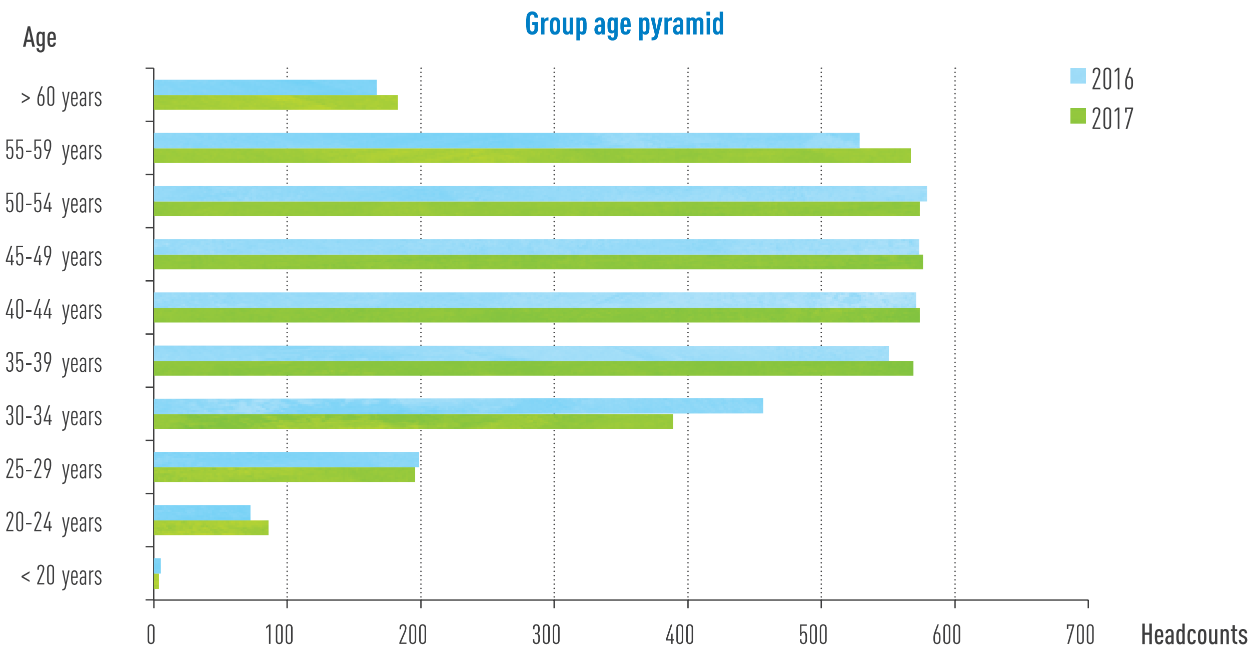
Its objectives are centered around employees, their managers and the recruitment team, through:

• support provided to new hires, in order to encourage their long-term employment,

• training used as a tool to encourage integration and long-term employment,

• raising widespread awareness in order to conclude our company agreement.

18% of BOIRON group's headcount is below 35 years of age, 46% is between 35 and 49 years of age, and 36% is above 49 years of age.



3.1.3 MOBILITY

In France, within the framework of an agreement on mobility, measures have been taken to align new business needs with available resources, above all in order to take regulatory changes and their effects on organization into account.

This approach results in individual recommendations regarding training, through the proposal of missions related to evolving professions or those lacking skilled workers, however also through a continuous review of organizational structures.

Mobility is considered one of the primary success factors of BOIRON's human resources management policy and of the forward-looking management of jobs and skills, contributing to:
• the anticipation of changing business needs regarding employment;
• the simplification of career advancement and the development of skills;
• meeting the career aspirations of employees and, more broadly, their personal development.

124 assignments, for periods ranging from five days to more than a year, have been completed in France.

Employee turnover[1] within BOIRON group was 7%.

The data below relates to permanent employment contracts, temporary employment contracts are immaterial:

	2017	2016
Number of new hires	**260**	**204**
Number of departures	**250**	**223**
Departures at the employer's initiative	53	52
Retirement	83	55
Other departures at the employee's initiative	95	102
Other reasons	19	14
Turnover	**7.0%**	**6.3%**

The number of retirement departures increased 51%, mainly in France, which accounts for the increase in the number of departures and staff turnover.

The average seniority of employees of BOIRON parent company is eighteen years.

The average seniority at the subsidiaries varies from one year (India) to eighteen years (Belgium). The variances in seniority in the subsidiaries are in line with their date of creation.

(1) Ratio of the total number of departures and physical headcount as at December 31.

3.1.4 ORGANIZATION OF WORKING HOURS

The management of working hours requires a proper management process and is a fundamental component of trust between employees and the company.
The group applies the statutory working hours, in compliance with the legislation in force in all countries where it operates.

" The more freedom we give to employees to organize their personal lives, the more the company gains in performance and cohesion." Christian Boiron

In 2017, **16% of employees worked part-time,** with a significant difference between subsidiaries that employ between 2% (Russia) and 31% (Belgium) of their employees part-time.
In France, 20% of employees work part-time.

This distribution remained stable compared to 2016, both in France and internationally at the subsidiaries.

In 2017, at BOIRON group level, 69% of part-time employees choose to work part time.
The other part-time employees are associated with therapeutic needs and were foreseen by BOIRON at the time of hiring.

A company agreement on the personalization of working hours was signed by BOIRON parent company: it sets out the arrangements for access to voluntary part-time working, and broadens the range of possibilities offered by legislation in France (for health-related reasons or for parental leave).

In France in 2017, **259 employees (versus 293 in 2016) benefited from an agreement related to retirement and preparing for retirement, for which the annual cost represented 2.81% of payroll.**
This particular feature of work time organization was established in 1976. BOIRON thereby affirms its determination to simplify the transition from employment to retirement through a gradual reduction in work time without any reduction in salary.

The number of overtime hours worked is immaterial.

3.1.5 SKILLS DEVELOPMENT

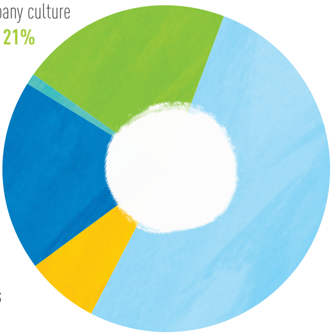
86% of employees received training in 2017. The average length of training exceeds slightly over three days.
Training costs amounted to €2,828 thousand (€3,250 thousand in 2016), equivalent to 2% of group payroll before taxes.

	2017	2016
Number of persons having undergone training	3,216	3,070
Number of training hours	72,015	61,301

The increase in the number of training hours is mainly due to the increase in training hours at Russian and Italian subsidiaries.

The development of professional skills is enhanced through the internal dynamics of training and mobility within the company resulting in training programs in the following areas:
• company culture: knowledge of homeopathy and an understanding of the company's business processes;
• strengthening of technical and pharmaceutical know-how, including training on health and safety;
• language skills (especially French, which is the working language), specifically for subsidiaries;
• management and personal development: enhancing management skills and realizing personal potential.

Distribution of training provided in 2017 by subject matter:



3.1.6 ABSENTEEISM

Within BOIRON group, the rate of absenteeism (1) amounted to 5.3% in 2017, compared to 5.5% in 2016 (excluding maternity leave). Workplace injuries, occupational illnesses and commuting accidents represented 5.6% of absences in 2017 (3.5% in 2016).

	2017		2016	
	Group	France	Group	France
Number of workplace accidents (2)	86	67	78	57
Frequency rate (3)	16.5%	20.2%	14.9%	16.7%
Severity rate (4)	0.56	0.70	0.44	0.61

66% of the workplace accidents originated from the following: falls, handling, posture and travel.

The group approach to safety is presented in paragraph 3.2.5.
Within BOIRON group, the number of occupational illnesses in 2017 amounted to seven cases, versus nine cases in 2016. These professional illnesses were exclusively Musculoskeletal Disorders.
Carcinogenic, mutagenic and reprotoxic risks exist, however are very limited.

(1) Ratio of number of hours of absences due to illness and workplace accidents divided by the theoretical total number of hours worked (actual hours worked + total absences).
(2) Number of workplace accidents having resulted in lost time greater than or equal to one day.
(3) Number of lost time accidents greater than or equal to one day, occurring during the year-ended, per million hours worked.
(4) Number of calendar days lost relating to workplace accidents, per thousand hours worked.

3.1.7 COMPENSATION AND PROFIT-SHARING

In 2017, salary increase rates at BOIRON group (global) were within a 0.3% to 5% range (1.4% to 10.5% in 2016).

The company is convinced that the self-realization of each individual is a key factor in strengthening collective performance and the source of social progress.
Aware that these means must be financed by sustainable resources, the company has defined a performance ratio as a metric of distributable economic surplus in order:

- to significantly improve the benefits granted to employees (increased purchasing power, collective reduction in working time, retirement planning, employee savings plans and retirement savings, various benefits, etc.);
- all while enabling an improvement in company profitability, particularly through the management of total payroll expense in the income statement.

In France, salary expenses can be broken down in the following manner and are derived in part from the definition of the performance ratio (enabling the definition of the global increase level):

	2017	2016
Global increase - France	2.13%	2.50%
Individual increase - France	0.25%	0.46%

80% of BOIRON group's employees benefited from profit sharing in 2017.

BOIRON parent company and seven of its subsidiaries have a profit sharing formula.

For the entire group, profit sharing paid in 2017 represented 14.8% of the total full-year salaries in 2016, i.e. around 2 months' salary, compared to 2.3 months in the previous year. The Italian and Spanish subsidiaries did not make any distribution in 2017 in respect of 2016, having suffered a drop in profitability.

Total group salary expense is presented in note 25 in the notes to the consolidated financial statements.

3.1.8 LABOR RELATIONS

The close ties between the company's economic performance and the self-fulfillment of each person are knitted each day in personal and labor relations.

3.1.8.1 THIRTY-TWO COMPANY AGREEMENTS

"40 years ago, I developed the hierarchical relations at BOIRON. Here, it's the managers that have to make themselves available to the other employees, and not the other way around. This approach has led to thirty-two company agreements, all based on the premise that the company's employee performance is indispensable to its economic performance. The interests of our shareholders are not opposed to the interests of our employees: they're the same." Christian Boiron

These agreements can be categorized according to the following main subject areas:

- different forms of compensation: the sharing of company income between employees and shareholders, profit sharing, incentive schemes, company savings plan, group retirement plan, etc.;
- diversity: a collective source of intelligence and open-mindedness;
- management of the various periods of professional life: work-life balance;
- mobility: individualized career management;
- social protection;
- social dialog: an approach that goes beyond confrontation to focus on meaningful issues and actions.

To maintain these agreements in harmony with the organizational and legislative changes on one hand and the needs of employees on the other, each agreement is signed for a period of three years.

3.1.8.2 ORGANIZATION OF NEGOTIATIONS

The development of the agreements that make up this employee policy is made possible by the involvement of employees, the Central Works Council, labor unions and management.
Within BOIRON group, processes, which are more or less structured depending on the size of the subsidiary, are implemented to ensure a broadly based agreement.

BOIRON parent company signed a framework agreement in 2008, which was renewed in 2011 and 2015: it establishes a framework to simplify negotiations with a system of consultations at several levels.
Thus, work groups may be launched at the request of executive management, the Central Works Council or a labor union. They are composed of employee representatives appointed by the Central Works Council and chairpersons from executive management and the HR department. The mission of these groups is to make recommendations on topics enabling the innovation, maintenance or adaptation of the company's employee policies.
A General Pilot Group (GPG) composed of employee and management representatives meets to review amendments or proposals for future agreements regarding the recommendations of the work groups.
This consultation process is also implemented less formally at the other companies, in line with their size and/or the laws in effect, which thereby facilitates a more expedient and direct dialog on employee issues.

3.1.8.3 AGREEMENTS RENEWED IN 2017

In France, all of the agreements renewed in 2017 were signed unanimously by the unions representing the employees.

A number of agreements were reviewed this year:

- The collective agreement relating to personal protection schemes and health costs, aiming at compliance with the state-approved policy ("responsible" policy), and the transition from a family scheme to a non-spouse family scheme. Spouses can continue to benefit from the scheme via an additional contribution.
- The agreement on the establishment, content and functioning of the economic and corporate database as a result of recent regulatory developments.
- The agreement on penalties, setting out the framework and procedures for implementing penalties.
- The agreement on professional equality between men and women, based on a desire to prioritize merit above all else and to consider diversity as an asset. This agreement was renewed without any significant changes.
- A majority agreement on the planned reorganization of sites, unanimously signed by the employee unions.

"Before initiating the necessary legal procedures, I wanted prior reflection to be shared and discussed with all employees and staff representatives."   Christian Boiron

This unanimous agreement is the result of an ability to discuss and listen, demonstrated by the unions, experts appointed by the Central Works Council, the employees concerned, as well as the company, with regard to the measures to implement in order to facilitate the acceptance of employment opportunities at BOIRON.

3.1.8.4 SOCIAL INITIATIVES

In France, €1,679 thousand were transfered to BOIRON parent company Works Council, compared to €1,630 thousand in 2016.

3.1.9 RESPECT AND FAIRNESS

The group intends to respect all employment regulations in force at all of its sites.

Above and beyond compliance with the regulations in force, BOIRON has included personal development and workplace well-being in its philosophy, through the signing of agreements and the development of dialog with employees and their representatives. This excludes the notions of forced or compulsory labor, child labor or the disregard for human rights.

Respect for the individual, a centerpiece of the company's mission, is fundamental and underlies our constant attention to non-discrimination on a daily basis.

Furthermore, it should be noted that the internal regulations prohibit any racist, xenophobic, sexist or discriminatory behavior.

Respect and trust are the pillars of the company's organization in which everyone has the freedom to express themselves and join a labor union.

These values are conveyed through company agreements (see paragraph 3.1.8).

3.2 Health Safety Environment

BOIRON group has, so far, chosen to mainly invest in France to serve the development of homeopathic medicines throughout the world. Thus, the production of BOIRON medicines is split between four production sites located in France. Some medicines are also produced at a site in Harzé, Belgium and marketed by the subsidiary UNDA. The other group sites based in France and internationally at subsidiaries exclusively ensure the preparation and distribution of the medicines.
Taking into account the overall low level of risk represented by the environmental impact of the establishments, BOIRON group has chosen to limit the consolidation scope of its environmental data to all of the production sites based in France and Belgium, which account for the highest energy consumption.

3.2.1 ORGANIZATION AND OBJECTIVES

In France, issues related to Health, Security and Working Conditions (HSWC) and the environment are managed by the Health, Security, Environment and Safety function (HSES). This function consists of seven people.
The continuous improvement of security and working conditions is managed on a daily basis by safety coordinators at each production site, by defined safety teams, or by members of the various CHSWCs (Committee for Health, Security and Working Conditions) who are present at all French sites with more than fifty employees, and by HSWC correspondents for sites with less than fifty employees. This approach is based on regulations and on certain indicators such as workplace accidents and an assessment of the risks.

At the subsidiary level, the monitoring of health and safety issues is provided either by specific committees which meet monthly (the United States and Belgium) or through designated interfaces or external service providers.

An “environment” facilitator is dedicated to environmental issues for BOIRON group. It also relies on the safety teams present on the production sites. In addition, a “utilities and energy management” function works on the control and optimization of consumption.

An external regulatory watch service transmits the HSES regulatory innovations applicable in France regarding health, security and environment, on a quarterly basis. This function’s mission is to ensure and assist in the implementation of these regulations.

BOIRON parent company intranet includes a section dedicated to the HSES function: it enables all employees to be informed of its existence and makes the tools and specific information available to them.

3.2.2 FINANCIAL RESOURCES

In France, BOIRON pays contributions to the following organizations:

- Adelphe (a subsidiary of Eco-Emballage) related to product packaging waste;
- Citeo (formerly Eco Folio) related to printing waste;
- Cyclamed related to unused medication waste.

Contributions were estimated at approximately €1,300 thousand in 2017 and therefore equal the contributions made in 2016.

Costs relating to waste management at the production sites were estimated at €511 thousand in 2017, versus €452 thousand in 2016 (+13%). This increase is the result of the rise in the volume of waste presented in section 3.2.3.3.3.

Costs relating to environmental issues (excluding the cost of waste management) are estimated to have been €1,088 thousand in 2017 (versus €204 thousand in 2016 and €489 thousand in 2015):

- In 2016, the main investments related to completing the installation of the gas scrubber and the installation of silencers on some air extraction systems identified as a source of noise pollution.
- In 2017, the main investments related to the Messimy site, with the construction of a new waste water pre-treatment plant and the planting of a meadow and hedgerows, encouraging biodiversity.

Costs relating to health and safety issues in France are estimated at €352 thousand in 2017 (compared to €635 thousand in 2016). For several years, these costs have included the ATEX compliance works completed for large equipment.

In 2017, the following actions were carried out:

- centralization of powder waste, resulting in a significant improvement in drainage conditions,
- a coaching initiative in order to raise safety awareness, combined with an annual communication campaign on the importance of behavior with regard to safety.

No environmental risks requiring provisioning or guarantees were identified.

3.2.3 IMPACTS OF THE BUSINESS ON SAFETY AND THE ENVIRONMENT

3.2.3.1 RESEARCH AND DEVELOPMENT

The research and development activities have little impact on HSE. The main issue relates to animal experimentation.

BOIRON only works with laboratories that have been approved by its Ethics Committee. This approval process guarantees compliance with European regulations and therefore, among others, the application of the three R's rule: reduce, refine, replace. These regulations take the living conditions of animals into account: their well-being and, to the extent possible, the minimization of pain. These laboratories are regularly inspected by personnel from the local authorities in charge of the protection of the community (DDPP).

3.2.3.2 PROCUREMENT OF STRAINS

Homeopathic medicine uses the healing properties of substances from the three kingdoms: mineral, animal and vegetable. It is therefore dependent on biodiversity for the availability and quality of fauna, flora and mineral resources.

The origins of plant strains account for the largest proportion of supplies. Of the 1,175 referenced plant strains, 70% are from France.

Purchases of strains of animal and mineral origin are not significant given the low quantities.

3.2.3.2.1 Respect for plant sectors

The supply of plants is a particularly delicate and sensitive issue. For this reason, the company has chosen to surround itself with highly qualified growers with whom it shares the same ethical standards related to environmental protection, sustainability and the assurance of traceability.

BOIRON works with a network of growers located in France as well as farmers based mainly in Europe. All of the plants used are certified as organic, in some cases, with registered certificates (soybean/corn) and are subjected to testing for the absence of radioactive contamination.

Only some of the strains used are covered by CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora, also referred to as the Washington Convention. Two scenarios may be envisaged:
- when the plant is found growing wildly in France in sufficient quantity, an authorization to harvest is requested or a partner search is performed to cultivate the plant;
- when the plant does not grow in France or cannot acclimate to it, an import permit is requested or cultivation is organized in the country of origin.

The different harvesting sites are the subject of quality audits: at least once every five years and more frequently in the event that anomalies are detected.

3.2.3.2.2 Concrete actions to preserve biodiversity

BOIRON studies, in partnership with farmers, the organic cultivation of endangered plants (Ecocert certification), for example Adonis Vernalis in France and Cyclamen Europaeum in Holland.
In addition, BOIRON engages in collective actions to preserve plants in their natural environment, in France, for example, within the framework of the agreement related to the protection of Arnica signed in 2007 with the Vosges Mountain Economic Association and the Vosges Natural Park: this agreement formalizes strict rules with which the various stakeholders must comply (producers, pickers, farmers, municipalities, pharmaceutical laboratories).
A few examples of rules:
- harvesting is performed manually and concerns only plants in full bloom;
- the use of pesticides is prohibited;
- a harvest permit application must be requested from municipalities.

Experts were tasked with undertaking a study aimed at measuring the impact of the project to extend the Messimy plant on biodiversity. The impact is moderate to low, but mitigating actions have been identified: planting meadows in the areas that are not part of the extension footfall as well as preparing the land with a view to planting hedges at the end of winter. This type of hedge is very favorable for countryside fauna.
Lastly, three hectares of land have been returned to Messimy Town Council, to create shared gardens and natural spaces running alongside the Chalandraise river. The banks of the Chalandraise and therefore the riparian forest(1) will be preserved and even extended. This environment is very favorable to biodiversity.

3.2.3.3 PRODUCTION ACTIVITIES

All four of the French production sites have ICPE status (Classified Installation for Environmental Protection). Given the change in the ICPE nomenclature (June 2016), the Messimy and Montrichard plants, formerly subject to authorization, now merely require registration. Their activities are nevertheless governed by a prefectoral permit to operate in addition to the typical ministerial ordinances.
The activities of other manufacturing sites are supervised by typical ministerial ordinances that define constructive, technical and organizational requirements with the objective of managing the risks inherent in these activities.

3.2.3.3.1 Resources

• Water consumption

Most of the water consumed is for the production of purified water used in the production process.
Pharmaceutical standards impose certain high water consumption practices which sometimes restrict the possibilities of reducing consumption: the use of purified water for the production process but also for cleaning, for example. Nonetheless, any pertinent solution identified as reducing water consumption is implemented:
- producing purified water is highly water consumption intensive. The functioning external to production activity has been optimized to limit consumption;
- the scrubber installed in 2015 to reduce Volatile Organic Compound emissions would have required 30 m3 of water per day: bio-percolators were added at an additional cost of approximately €100 thousand, in order to halve consumption. We have refined the parameters in 2016 in order to optimize the operation of this installation and achieve what is required in terms of discharges. Average water consumption in 2017 amounted to 11.3m3 per day.

Water used on the sites comes from the drinking water network.

(1) Riparian forest: vegetation that borders a body of water.

Annual water consumption (in m³)	2017	Split	2016	Split	Change	
PRODUCTION SITE TOTAL	98,957		81,477		+ 17,480	+ 21.5%
Messimy	62,161	62.8%	48,682	59.8%	+ 13,479	+ 27.7%
Montévrain	16,269	16.4%	10,505	12.9%	+ 5,764	+ 54.9%
Montrichard	4,997	5.1%	4,420	5.4%	+ 577	+ 13.1%
Sainte-Foy-lès-Lyon	13,543	13.7%	13,901	17.1%	- 358	- 2.6%
Harzé (UNDA)	1,987	2.0%	3,969	4.9%	- 1,982	- 49.9%

The increase in water consumption results from the following factors:
- Messimy site:
  - presence of leaks in the sprinkler network identified with difficulty,
  - the extension of the site, including the construction and commissioning of new production buildings and research and control laboratory.
- Montévrain site: abnormal consumption over one week was identified. Despite the investigations carried out, the cause was not identified. Subsequently, a meter was installed in the sprinkler network, the only network that was not yet equipped with one. A threshold was defined in order to alert those in charge in the event of abnormal consumption.
- Harzé site: 2016 consumption was abnormally high, caused by a leak that was difficult to identify.

• Energy consumption

To limit the environmental impact of its activities, the company factors energy savings into any construction project as well as any project for the replacement of technical installations. The company asks its partners to propose technical solutions which perform from both an environmental and economic perspective.

BOIRON currently prefers to reduce energy consumption rather than invest in renewable energy.
A few initiatives are listed below as examples:
- installation of heat pipes on some air handling systems;
- implementation of heat pumps in office buildings;
- installation of floor heating in the company cafeteria with thermostat control only during the time periods occupied;
- heat recovery at some compressors to preheat water;
- solar panels that preheat the water in the company cafeteria;
- replacement of lighting in certain warehousing facilities with lower consumption lighting for which the useful life is longer;
- modification of temperature settings in certain buildings in order to permit variances on evenings and weekends;
- the installation of a central control over a compressed air station.

As part of the project to extend the Messimy site, the following technical solutions were implemented:
- Heat recovery at the cooling unit and compressors, in order to pre-heat water;
- Installation of a heat pump (heat pump technology with energy recovery)
- Application of the RT2012 for office areas:
  - contacts on windows that cause heating or cooling to stop when opened,
  - motion detectors in offices to control lighting,
  - possibility for users to adjust the intensity of light.

In 2016, new meters were installed in order to better manage consumption. This initiative was continued in 2017. Today, at the Messimy site, all of the meters have been installed. These meters will ensure the reliability of data and the analysis thereof.

Energy consumption is primarily for the treatment of air in buildings which is imposed by best manufacturing practices.
In 2016, variators were installed on some air treatment centers to enable the previously mentioned derivations.

Gas is mainly used for heating the site, except for the Montévrain site which only uses it for a production line in order to produce steam.
As part of the Messimy site extension, condensation boilers were installed, which are highly energy-efficient.

Annual energy consumption (in MWh)	2017	Split	2016	Split	Change	
PRODUCTION SITE TOTAL	32,309		29,690		+ 2,618	+ 8.8%
Messimy	19,498	60.4%	16,508	55.6%	+ 2,990	+ 18.1%
Montévrain	3,721	11.5%	3,725	12.5%	- 4	- 0.1%
Montrichard	2,050	6.3%	2,153	7.3%	- 110	- 4.8%
Sainte-Foy-lès-Lyon	6,514	20.2%	6,728	22.7%	- 215	- 3.2%
Harzé (UNDA)	533	1.7%	577	1.9%	- 44	- 7.6%

Consumption at the Messimy site increased following the construction and commissioning on the new production facilities and research and control laboratory.

The UNDA site carried out a lighting system modernization program and replaced the lighting with LEDs, which explains the drop in consumption.

At the Montévrain site, outdoor lighting was replaced by LED technology, and motion detectors were installed in technical areas in order to limit unnecessary lighting.

Annual gas consumption (in MWh)	2017	Split	2016	Split	Change	
PRODUCTION SITE TOTAL	26,253		26,052		+ 201	+ 0.8%
Messimy	18,201	69.3%	17,860	68.6%	+ 341	+ 1.9%
Montévrain	497	1.9%	787	3.0%	- 289	- 36.8%
Montrichard	1,525	5.8%	1,551	6.0%	- 26	- 1.7%
Sainte-Foy-lès-Lyon	6,030	23.0%	5,854	22.5%	+ 176	+ 3.0%
Harzé (UNDA)	0	0.0%	0	0.0%	0	0.0%

The reduction in gas consumption on the Montévrain site can be partly explained by a descaling of the boilers with the purgers being replaced.

Annual fuel oil consumption (in m³)	2017	Split	2016	Split	Change	
PRODUCTION SITE TOTAL	90		88		+ 2	+ 2.6%
Messimy	8	8.9%	2	2.4%	+ 6	+ 285.4%
Harzé (UNDA)	82	91.1%	86	97.6%	- 4	- 4.3%

The only site significantly using fuel oil is the Harzé site. However, in 2017, the Messimy site consumed more fuel oil for the commissioning of two new generators and a sprinkler tank.

• Consumption of raw materials

The main raw materials used are of low risk to the environment and operators. In terms of natural resources, these materials are not considered rare.

Annual consumption in tons	2017	2016	Change	
Sugar	3,259	2,129	+ 1,130	+ 53.1%
Ethanol	386	345	+ 41	+ 11.9%
Lactose	266	237	+ 29	+ 10.9%

Following a decline in the production of granules, globules and syrups in 2016, the turnaround of these activities in 2017 resulted in an increase in raw material consumption. The arrival of new machines also requires the use of material for the classification phase.

The waste resulting from these materials is recycled in the following ways:
• Beekeeping, pet food industry, methanization and sowing of piles of compost for the sugar waste.
• Regenerating solvents for alcohol and mother tincture when quantities allow.

• Land use

As part of the construction of buildings and site improvements, waterproofed surfaces are taken into account. To compensate, and to enable rain water to be drained and return to the natural environment, BOIRON may need to dig retention basins, gutters or create stabilized parking areas.

On sites with several buildings, construction density is relatively low in order to reduce the domino effect in case of fire. For example, at the Messimy site, construction density is about 25%. This also helps to preserve green spaces. The extension project was designed in line with this policy.

3.2.3.3.2 Managing discharges

• Air emissions

Alcohol vapors may form during the production of mother tinctures. In 2016, the solvent management plan at the Messimy site highlighted that these emissions represented 6.25% of the alcohol consumed, with the regulatory threshold being 5%. This rate is higher than the authorized threshold, however in the calculation method, estimates are made due to a lack of data: e.g. we do not deduct the quantity of alcohol present in our soiled waste and in our medicinal waste. By default, this quantity is therefore considered to have evaporated.

BOIRON unsuccessfully attempted to reduce those emissions at their source, and has therefore set up a gas scrubber which is connected to two bio-percolators. This choice is in line with the Best Available Techniques (BAT) and has been approved by the DREAL (French Regional Environment, Planning and Housing Authorities).

In 2015, the burners for the two existing boilers were modified at the Messimy site. This measure improved the quality of emissions at those facilities.
The boiler room built as part of the extension project is designed with the Best Available Techniques. The boilers chosen are condensation boilers equipped with gas burners with low level Nox (<100mg/m3).

The production plants are equipped with cooling units which operate with refrigerant fluids.
Preventive maintenance is regularly carried out by personnel who have a certification proving their ability to do so. Losses of refrigerant fluid can still occur. In 2017, these losses are estimated at 200 kg at the production facilities.

• Water emissions

The four French production sites are regulated by a water emissions agreement specific to each site. This agreement is a commitment between the producer, the municipality and the treatment plant to remedy industrial pollution and ensure the downstream management of discharges, which are routed to the nearest treatment plant.

The Messimy and Montrichard sites are subject to monitoring and have a measurement process which provides for the collection, preservation, analysis and usage. Internal analyses are conducted on a weekly basis. In addition, these samples are sent to an accredited measurement laboratory on a monthly basis for the Messimy site and annually for the Sainte-Foy-lès-Lyon and Montrichard sites. Finally, all of these measurements are transmitted to the relevant public authorities. Regarding the Harzé site, these checks are periodically performed by an independent laboratory.

Moreover, the Montrichard and Messimy sites are subject to the search for dangerous substances in water, which is referred to as the RSDE in French. The initial surveillance was conducted in 2012. Very few of the hundreds of substances modified were detected. If such were the case, they were only present in trace amounts. Given the results at Montrichard, no substances are to be further monitored within the framework of any on-going follow-up surveillance. Regarding the Messimy site, a procedure was performed to identify the origin of substances found in waste water. This led to several analyses that failed to identify the origin of all micro-pollutants. Quarterly analyses of these substances will be continued.

Whatever the site, abnormal pollution leads to the search of their origin as well as to suitable corrective solutions.

At all production sites, degreasing tanks as well as hydrocarbon separators are installed and regularly serviced in order to improve the quality of effluents and rain water.

In order to protect the rain water drainage networks, shutters mats are placed on gutter grates when emptying liquid products. In recent years, as part of the construction of new production facilities at the Messimy site, underground holding tanks were provided to prevent water pollution. In addition, in order to manage any accidental spillage, the drainage networks at production sites are equipped with shutters.

The Sainte-Foy-lès-Lyon site is equipped with a neutralization station enabling pre-treatment of effluent before discharge into the municipal network. At the Messimy site, more extensive pre-treatment is carried out. A new station was commissioned as part of the extension project. It combines neutralization and biological treatment.

• Soil emissions

In general, the storage of hazardous products is done under containment through retention systems (storage rooms, cabinets, hazardous waste bins). The buildings, whose products could pose a risk of pollution from water originating from fire extinguishers, are contained.
The new unloading areas are systematically equipped with an underground tank to recover the product in the case of leakage or escape.
In 2017, the Messimy site's alcohol unloading area was entirely renovated.

3.2.3.3.3 Waste management

There are various waste treatment processes: material recycling (methanization recycling, reuse), energy recycling (incineration) and landfill. The search for more appropriate treatment processes for waste is a compromise between legislative, financial, human and technical parameters.

We wish to recycle as much of our waste as possible. In 2016, the change of the service provider in charge of waste management enabled us to implement solvent regeneration for our alcohol waste and mother tinctures.
In addition to the classic recycling of cardboard, certain plastics and glass through standard processes, we also recycle:
- Solid sugar residue partially sold to beekeepers or used in methanization processes,
- Used cartridges: these are sold to a company that specializes in cartridge recycling. The funds recovered are donated by this company to Ligue contre le Cancer ("League Against Cancer"),
- Sugar water,
- Plant waste,
- Label glassine,
- Wooden pallets.

The distribution of waste by industry in metric tons (T): production sites in France

Amount of waste (in T)	2017	Split	2016	Split	Change	
PRODUCTION SITE TOTAL	**2,848**		**2,428**		**+ 420**	**+ 17.3%**
Landfill	88	3.1%	188	10.7%	- 100	- 53.1%
Incineration	1,079	37.9%	785	27.5%	+ 294	+ 37.4%
- Without energy recovery	812	28.5%	489	27.5%	+ 323	+ 66.0%
- With energy recovery	267	9.4%	296		- 29	- 9.7%
Recycling	1,681	59.0%	1,455	61.8%	+ 226	+ 15.5%

Only 10% of the waste are hazardous.

The decrease in landfill tonnage is the result of the change in waste service provider on October 1, 2016, which was extended to all production sites in February 2017.

The increase in waste volume is related to:

- The strengthening of certain circuits to return waste generated by facilities to the Messimy site (tonnage accounted for in Messimy's waste).
- The standardization of medicine and product management practices. A portion previously managed locally has been directed to the Messimy site, in order to optimize the treatment and traceability of this waste.
- The extension of the Messimy site: the relocation of certain departments and the classification of new equipment generated additional waste.

3.2.3.3.4 Disturbance management

• Noise pollution

Given their ICPE status (Classified Installation for Environmental Protection), the production sites may not exceed certain limits.

This issue is integrated into various projects that could have an impact. A process for the improvement of the existing facilities was also initiated. For example, in 2014, at the Messimy site, an acoustic treatment was performed on a chiller.

More recently, as part of a public inquiry related to the Messimy site expansion project, the local residents expressed that they had been disturbed by the noise. An acoustic study of the existing site which also included new building projects was performed. In 2016, silencers were placed on some air extraction systems identified as a source of noise pollution. A technical-economic study was also conducted in order to reduce the acoustic impact of a cooling unit.
Finally, as part of the extension project, acoustic studies and modeling were carried out in order to anticipate disruptions and adapt technical solutions.

• Light pollution

For safety and security reasons, the roads at certain production sites remain lit at night.
In order to reduce this impact, technical measures have been identified, enabling the site lighting to be significantly reduced, while maintaining a satisfactory level of safety.

3.2.3.4 DISTRIBUTION ACTIVITIES AND PROSPECTING

3.2.3.4.1 The distribution facilities

The distribution facilities have little environmental impact. Their activities include the usage of a telephone switchboard, the production of compounds and the preparation and delivery of orders.

These activities are highly manual and the primary risk concerns Musculoskeletal Disorders (MSD). In order to reduce this problem, scanning and shipping stations were designed in collaboration with an ergonomist and versatility has been developed, even between departments.

3.2.3.4.2 Product delivery to customers

Products are distributed to customers (primarily pharmacies) in various manners: directly from the logistics platform in Messimy, directly from the distribution facilities, or through wholesale distributors.

To date, over 95% of orders that leave the distribution facilities are destined for wholesale distributors, thereby enabling an overview of the existing flow in process and the optimization of shipping.

Finally, the group's future logistics platform located in Les Olmes, near the highway network, will permit the optimization of transportation flows and thus, the minimization of the associated emissions.

3.2.3.4.3 Sales networks

The main point regarding the HSE activity of the business is the migration of the vehicle fleet towards hybrid gasoline over a three-year period. To date, 262 vehicles have been replaced out of a total of 265.

3.2.3.4.4 The impacts of the use of homeopathic products

By nature, the consumption of homeopathic products does not have any adverse effect on the environment.
In particular, BOIRON does not contribute to drug residues in water.

3.2.4 CLIMATE CHANGE

3.2.4.1 GREENHOUSE GAS EMISSIONS (GHG)

Since 2012, every three years we calculate the emissions included in Scopes 1 and 2 of the carbon footprint.

Action plans have been defined: the actions launched were those described as part of the energy savings plan, in addition to the work carried out on the car fleet.

In 2017, we calculated the total carbon footprint for 2016, which includes three scopes:
• SCOPE 1: direct GHG emissions,
• SCOPE 2: indirect GHG emissions from energy,
• SCOPE 3: other indirect GHG emissions.

SCOPE 1 (T CO_2 equiv.)	6,285
SCOPE 2 (T CO_2 equiv.)	2,362
SCOPE 3 (T CO_2 equiv.)	42,782

The three main emitters are:
• Input (raw materials, active ingredients): 27% of emissions,
• Energy: 18% of emissions,
• Packaging materials: 18% of emissions.

	2016	2014	2011	Change between 2016 and 2014	
Tons CO_2 equivalent (scope 1 & 2)	8,647	8,654	9,484	- 7	- 0.1%

Despite an increase in business, CO_2 emissions decreased between 2011 and 2014. The actions implemented had a positive impact on emissions. This decrease continues.

3.2.4.2 ADAPTATION TO THE CONSEQUENCES OF CLIMATE CHANGE

To date, BOIRON has not undertaken any specific process related to this issue besides the actions described within the framework of the conservation of biodiversity (the cultivation of certain plants).

3.2.5 HEALTH AND SAFETY

BOIRON is actively involved in risk prevention initiatives. Today, the improvement points are identified from a single risk assessment document. Convinced that prevention is the first lever in this field, BOIRON also addresses “near accidents” and works with the Health, Safety and Working Conditions Committee on these topics.

An ambitious project launched in 2016 at the Sainte-Foy-lès-Lyon site, then in 2017 at the other sites: changing everybody’s behavior with regard to safety. This program, guided by an external service provider, includes coaching days delivered to the whole workforce (top managers, departmental heads, sector managers) and a 12-month communication campaign.

3.2.5.1 ATEX RISK

The use of substantial quantities of alcohol as well as sugars and lactose can create explosive atmospheres (ATEX). An assessment of these risks was conducted and resulted in the identification of zones at risk of explosion. Note that some pharmaceutical rules permit the reduction of these risks: ample ventilation of facilities, strict cleaning rules.

In these risk zones, the equipment used must be adapted to the risk of explosion or authorized by the divisional HSE.
This risk assessment is regularly reviewed to reflect changes in the activities.

3.2.5.2 CHEMICAL RISKS

BOIRON products are not derived from chemical synthesis. The production activities are therefore not at risk of dangerous reactions to chemicals.
Chemicals are nonetheless used in the production process, which involves risk assessments associated with their handling. These risks prove limited, due to the low proportion of Carcinogenic Mutagenic Reprotoxic (CMR) risk, among other factors. This work is coordinated by a member of the HSES team specifically tasked with managing this matter. Metrology campaigns are regularly organized to refine this assessment and render it factual.

3.2.5.3 RISKS ASSOCIATED WITH HANDLING AND POSTURES

Given its business and age structure, BOIRON is very sensitive to this issue.
For several years, a prevention program has been implemented in this regard. This approach is driven by the HSES function in collaboration with the workplace healthcare service. A number of analyses have resulted in adjustments to work stations. Significant initiatives have also been implemented, such as “Back week”. This event was held in 2013 and is the fruit of a working group led by a member of General Management and composed of members of the CHSWC’s from various production sites, persons assigned to the HSES function and the team in charge of health at work.

This criterion is also taken into account in the design of machinery.
Within the framework of certain projects for which a significant ergonomic component has been identified, workplaces are designed in collaboration with an ergonomist (e.g. workstations for scanning and shipping items at production facilities).
Finally, five internal “gestures and posture” trainers are enlisted to deploy these modules at all sites and facilities.
Below are a few examples of noteworthy actions undertaken in 2017:

- Enlisting of an ergonomist for the complete analysis of a process for the production of mother tinctures. This study gave rise to investment requests for 2018;
- Ergonomic upgrade of a manual packing station;
- Commissioning of a new machine for automatically placing products in trays;
- Platform at Les Olmes: ergonomic aspects were taken into account in the design of the order-picking solution adopted.

3.2.5.4 DIFFICULT WORKING CONDITIONS

In 2017, under the applicable regulatory criteria and thresholds, forty-three people (thirty-one in 2016) were affected by arduous working conditions: night work, working in successive, alternating and repetitive shifts, vibrations.
Versatility permits the partial limitation of this exposure.

3.3 Societal information

Given the share of the BOIRON group's total business represented by France, corporate information only relates to France.

3.3.1 LOCAL IMPACT

Today, the core business of BOIRON is producing, on four product sites in France, all the series of homeopathic medicines, which are then marketed throughout the world.
Unlike other pharmaceutical laboratories, BOIRON produces its own active ingredients (plant-based mother tinctures with plants mainly sourced in France) as well as its main excipients, to increase quality and enhance traceability.
Furthermore, BOIRON has pharmaceutical sites throughout France which prepare and distribute medicines to dispensaries on a daily basis (almost 21,000).
This proactive policy to remain in France is also reflected in the purchase of land enabling the company to double, over time, the size of the main production plant in Messimy and by the plan to set up a logistics platform in Les Olmes (Rhône).

Wherever possible, BOIRON uses local companies within the framework of the extension building work and service providers as well as working with local farmers for the Messimy and Sainte-Foy-lès-Lyon company canteens.

BOIRON also acts as a driver for the French economy, in particular concerning activities related to its production process. BOIRON's contribution to total employment in France, which includes both direct and indirect jobs, as well as its contributions to taxes and social security, should also be mentioned.

3.3.2 RELATIONSHIPS WITH STAKEHOLDERS

BOIRON's approach is to ensure its key functions can be performed in-house. However, like any industrial company, it must also use industrial sub-contractors, in addition to outsourcing certain services.
Within this framework and in order to reduce the risk of shortages as much as possible and to enhance its performances in terms of quality, safety and the environment, the purchasing process of buying sub-contracting is managed by the Purchasing Department. It handles the task of choosing suppliers, in compliance with the purchasing policy, in close collaboration with the other departments concerned.

In particular, the BOIRON purchasing policy is based on "integrating, in a targeted manner, a local, environmental and social dimension into the purchasing process".

Philanthropic expenditure is mainly incurred by the BOIRON parent company. In 2017, total expenditure for philanthropy, sponsorship and donations stood at €235 thousand versus €255 thousand in 2016.

3.3.3 FAIR PRACTICES

For the BOIRON group, transparency and ethics in its relationship with all the stakeholders who contribute to its project are of the utmost importance.

In order to limit the risk of fraud and scams, BOIRON issued recommendations to all its subsidiaries regarding internal controls to strengthen their prevention and surveillance.

The purchasing policy requires BOIRON "to maintain a productive relationship with our suppliers based on trust and consideration".

As far as the relations between BOIRON and health professionals are concerned, the company applies the new certification framework concerning the activity of informing through direct sales or canvassing, aimed at the promotion of medicines, published by the Haute Autorité de Santé in March 2016.

This new framework makes it possible to audit the quality management systems of companies in the following areas:
- the quality policy with regard to promotional information;
- training and assessing the individuals doing this work by direct sales or canvassing;
- ethical rules applying to these people or their supervisors.

BOIRON will be certified by the accredited bodies on the basis of this framework in relation to its promotional information activity.

BOIRON will be certified by the accredited bodies on the basis of this framework in relation to its promotional information activity.

Supervised by teams in Headquarters, all of the subsidiaries endeavor to comply with the law applicable to relations with health professionals.

More particularly, BOIRON must, in France, comply with the “transparency of links” system, put in place by the Bertrand Law of December 29, 2011 as amended by the Law of January 26, 2016. This is translated in particular by the publication on the “Transparency” unique site of information relating to the advantages granted to health professionals and other players from the world of health.

Moreover, BOIRON has drawn up an anti-corruption policy which is implemented throughout the group laying down mechanisms for mitigating and identifying any acts of corruption and influence peddling in compliance with the requirements of the Sapin II Act dated December 9, 2016. The BOIRON policy is based on the anti-corruption code of conduct proposed by the working group set up by Middlenext of which BOIRON was a member. Ongoing anti-corruption mechanisms at BOIRON include training managers and those employees most exposed to corruption risks and ensuring all of its employees and partners in and outside France are aware of its anti-corruption policy.

3.3.4 CONSUMER HEALTH AND SAFETY

BOIRON medicines are subject to the Good Manufacturing Practices (BMP) of pharmaceuticals and local regulations related to obtaining marketing authorizations or the registrations of homeopathic medicines, which leads to a high level of internal and external controls.

In addition, the pharmacovigilance processes in place within the company leads to the monitoring and declaration of any adverse side effects arising from the use of a medicine, if such were the case, to the healthcare authorities.

BOIRON provides a service dedicated to pharmaceutical and medical information requests from healthcare professionals and patients (over 20,000 telephone calls and emails per year).

A partnership also exists with certain NGOs to facilitate the access of the most disadvantaged individuals in France and developing countries to homeopathic medicines.

3.4 Independent third-party report on consolidated social, environmental and corporate information

FINEXFI
96, boulevard Marius Vivier Merle
69003 Lyon - France

Year ended December 31, 2017

To the Shareholders,

Following the request made to us by Boiron SA and in our capacity as an independent third-party organization accredited by COFRAC under no. 3-1081 (scope available at www.cofrac.fr), we hereby submit to you our report on the consolidated corporate social responsibility information presented in the management report written with regard to the period ending December 31, 2017 pursuant to Article L 225-102-1 of the French Commercial Code.

Company responsibility

It is the duty of the Board of Directors to prepare a management report including the consolidated corporate social responsibility information referred to in Article R. 225-105-1 of the French Commercial Code (hereinafter the “Information”) and prepared in accordance with the guidelines (the “Guidelines”) used by the company and available on request at the group’s registered office.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession, and the provisions of Article L 822-11 of the French Commercial Code. Furthermore, we have implemented a quality control system including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Third party assurance report

It is our role, based on our work:

- To certify whether the required CSR information is present in the Management Report or, in case of its omission, that an appropriate explanation has been provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code and Decree No. 2012-557 of April 24, 2012 (Certificate of inclusion of CSR information);

- To express a limited assurance on whether the CSR information is presented, in all material aspects, in accordance with the Reporting Criteria.

Certificate of inclusion of CSR information

We conducted the following procedures in accordance with professional standards applicable in France:

- We compared the Information presented in the Management Report with the list as provided for in Article R.225-105-1 of the French Commercial Code;

- We verified that the Information covers the consolidation scope, namely the company and its subsidiaries within the meaning provided in Article L233-1 and the entities that it controls within the meaning of Article L233-3 of the French Commercial Code;

- In the absence of certain consolidated information, we have verified that explanations were provided in accordance with the provisions of Decree No. 2012-557 of April 24, 2012.

Based on this work, and given the limitations mentioned above, we hereby confirm the inclusion of the required CSR information in the Management Report.

Reasoned opinion on the accuracy and fairness of CSR information

Nature and scope of the work

Our work was carried out between February 7 and April 10, 2018, for a period of approximately seven person-days.

We conducted the work in accordance with the applicable standards in France, with ISAE 3000 and with French Decree dated May 13, 2013 stating how the third-party independent organization is to carry out the assignment.

We conducted nine interviews with the persons responsible for preparing the CSR information in the departments tasked with gathering the information and, when necessary, those responsible for the internal control and risk management procedures, so as to:

- Assess the appropriateness of the Guidelines in terms of their relevance, completeness, neutrality, comprehensibility and reliability, taking into consideration best practices, if any, in the sector;

- Verify the implementation within the group of a process for collecting, compiling, processing and checking the CSR Information with regard to its completeness and consistency. We reviewed the internal control and risk management procedures relating to the preparation of the CSR Information.

We identified consolidated information to test and determined the nature and extent of tests, taking into account the importance of the information in question in relation to the social, societal and environmental consequences of the activity and the characteristics of the group, its CSR objectives and best practices in its sector.

For the CSR Information we judged to be most important at the level of the consolidating entity:

- We consulted the documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.),

- We carried out analyses of the quantitative information and, based on sampling, verified the calculations and the consolidation of the data,

- We carried out detailed tests based on sampling[1] that consisted of verifying the calculations made and comparing them with the data in the supporting documents, and we verified their consistency with the other information contained in the management report.

For the other consolidated CSR information, we judged its consistency in light of our knowledge of the company.

Finally, we judged the validity of any explanations given as to the total or partial absence of certain information.

It is our belief that the sampling methods and sample sizes we used in exercising our professional judgment allow us to draw a conclusion of moderate assurance. A higher level of assurance would have required a more extensive review.

Our work[2] covered over 50% of the consolidated value of the numerical indicators in the employment portion and over 50% of the consolidated value of the numerical indicators in the environmental portion.

Due to the use of sampling techniques as well as to the limitations inherent in the operation of any information and internal control system, the risk of not detecting a material irregularity in the CSR information cannot be totally ruled out.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that CSR Information, taken as a whole, has not been fairly presented, in accordance with the Reporting criteria.

Lyon, April 12, 2018

FINEXFI

Isabelle Lhoste
Partner

(1) Production sites selected for the tests: Messimy, Saint Foy-lès-Lyon, Montrichard, Montévrain.
(2) Unverified indicators: employment rate forwards to AGEFIPH, heating oil consumption, the solvent management plan.

4

Annual financial statements

4.1 Consolidated financial statements

4.1.1 CONSOLIDATED FINANCIAL STATEMENTS

4.1.1.1 CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2017	2016
Sales	**23**	**617,540**	**614,489**
Other sales revenue	23	2	2
Industrial production costs		(128,151)	(125,146)
Preparation and distribution costs		(130,490)	(133,922)
Marketing costs		(149,920)	(140,964)
Research costs	26	(3,586)	(3,952)
Regulatory affairs costs		(9,789)	(7,493)
Support function costs		(78,027)	(78,641)
Other operating revenue	27	9,102	6,222
Other operating expenses	27	(1,700)	(932)
OPERATING INCOME		**124,981**	**129,663**
Cash revenue and financing expenses		(34)	(186)
Cash revenue		690	942
Financing expenses		(724)	(1,128)
Other financial revenue and expenses	28	(1,816)	(2,574)
Other financial revenue		429	628
Other financial expenses		(2,245)	(3,202)
Share in net earnings (losses) of companies at equity		0	0
Income before tax		**123,131**	**126,903**
Income tax	29	(44,928)	(49,188)
Consolidated net income		78,203	77,715
Net income (minority share)		**(40)**	**(10)**
NET INCOME (GROUP SHARE)	**30**	**78,243**	**77,725**
Earnings per share [1]	30	€4.25	€4.22

(1) In the absence of a dilutive instrument, the average earnings per share is the same as the average diluted earnings per share.

4.1.1.2 STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2017	2016
Consolidated net income		**78,203**	**77,715**
Other items of comprehensive income that will be reclassified subsequently to profit or loss		**(2,461)**	**6,108**
Currency translation adjustments		(2,443)	6,113
Other movements		(18)	(5)
Changes in the fair value of financial instruments	22	0	0
Other items of comprehensive income that will not be reclassified subsequently to profit or loss		**2,291**	**(3,933)**
Actuarial differences related with post-employment benefits[1]	18	2,291	(3,933)
Other items of comprehensive income [2]		**(170)**	**2,175**
Consolidated comprehensive income		**78,033**	**79,890**
Comprehensive income (minority share)		(41)	(11)
COMPREHENSIVE INCOME (GROUP SHARE)		**78,074**	**79,901**

(1) In 2017: +€4,446 thousand of gross actuarial differences and -€2,155 thousand of deferred taxes (including -€617 thousand of income tax correction related to the anticipation of the reduction of income tax in France, see note 29).
In 2016: -€2,337 thousand of gross actuarial differences and -€1,595 thousand of deferred taxes (including -€2,400 thousand of income tax correction related to the anticipation of the reduction of income tax in France, see note 29).
(2) There are no tax impacts in the other items of comprehensive income other than those mentioned in (1).

4.1.1.3 CONSOLIDATED BALANCE SHEET

ASSETS (in thousands of euros)	Notes	12/31/2017	12/31/2016
Non-current assets		**335,235**	**322,808**
Goodwill	6	89,643	87,890
Intangible fixed assets	7	29,107	31,308
Tangible fixed assets	8	178,862	159,906
Investments	9	3,050	3,847
Other non-current assets	13	38	36
Deferred taxes assets	29	34,535	39,821
Current assets		**465,168**	**432,226**
Tangible fixed assets held for sale	10	1,293	0
Inventories and work in progress	11	60,896	59,096
Accounts receivable	12	101,821	101,130
Income tax receivable	13	5,681	5,880
Other current assets	13	20,468	21,813
Cash and cash equivalents	15	275,009	244,307
TOTAL ASSETS		**800,403**	**755,034**

LIABILITIES (in thousands of euros)	Notes	12/31/2017	12/31/2016
Shareholders equity (group share)		**517,461**	**469,522**
Capital	16	19,415	19,442
Additional paid-in-capital		79,876	79,876
Retained earnings		418,170	370,204
Minority interests		**29**	**76**
Total Shareholders equity		**517,490**	**469,598**
Non-current liabilities		**123,747**	**129,289**
Non-current borrowings and financial debts	17	4,793	5,055
Employee benefits	18	117,046	122,207
Non-current provisions	19	256	368
Other non-current liabilities	21	1,616	1,589
Deferred taxes liabilities	29	36	70
Current liabilities		**159,166**	**156,147**
Current borrowings and financial debts	17	11,182	4,199
Current provisions	19	8,081	7,812
Accounts payable	20	43,269	39,072
Income tax	21	2,141	4,591
Other current liabilities	21	94,493	100,473
TOTAL LIABILITIES		**800,403**	**755,034**

4.1.1.4 STATEMENT OF CONSOLIDATED CASH FLOWS

(in thousands of euros)	Notes	2017	2016
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	**31**	**104,745**	**110,131**
Net income - group share		78,243	77,725
Amortization and provisions (excluding current assets)		29,108	28,973
Other items (including income on asset disposals)		(3,547)	99
Gross cash flow of consolidated companies after cash revenue, financing expenses and corporate income tax		103,804	106,797
Cash revenue and financing expenses		34	186
Tax charge (including deferred taxes)		44,928	49,188
Consolidated cash flow before cash revenue, financing expenses and corporate income tax	31	**148,766**	**156,171**
Tax paid / tax repayment	31	**(45,361)**	**(48,496)**
Changes in working capital requirements, including:	31	**1,340**	**2,456**
Changes in inventories and work-in-progress		(2,614)	3,055
Changes in accounts receivable		(3,258)	3,449
Change in accounts payable		6,059	(798)
Change in other trade receivables and operating debts		1,153	(3,250)
NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES	**31**	**(51,182)**	**(34,220)**
Acquisitions of tangible fixed assets	31	(45,266)	(27,806)
Acquisitions of intangible assets	31	(8,090)	(6,885)
Disposals of tangible fixed assets	31	4,016	188
Disposals of intangible assets		0	2
Investment grants received		0	0
Acquisitions of investments		(30)	(44)
Disposals of investments		13	325
Acquisitions of current financial assets		0	0
Disposals of current financial assets		0	0
Impact of changes of scope - acquisitions	31	(1,826)	0
Impact of changes of scope - disposals		1	0
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	**31**	**(29,253)**	**(27,365)**
Dividends paid to parent company shareholders	31	(29,485)	(27,646)
Dividends paid to minority holders of consolidated companies		(6)	(10)
Capital increases and reductions, additional paid-in capital and reserves		(10)	(7)
Buyback of treasury shares (excluding the liquidity contract)		0	0
Disposals of treasury shares (excluding the liquidity contract)		103	0
Loan issues	17	1,103	1,358
Repayment of loans	17	(924)	(874)
Paid interests		(724)	(1,128)
Cash revenue		690	942
CHANGE IN CASH POSITION	**31**	**24,310**	**48,546**
Impact of exchange rate fluctuations		(148)	367
Net cash position January 1	31	240,778	191,865
Net cash position December 31	31	264,940	240,778
Consolidated cash flow before cash revenue, financing expenses and corporate income tax:			
- per share		**€8.07**	**€8.47**
- as a % of sales		**24.1%**	**25.4%**

4.1.1.5 CHANGES TO CONSOLIDATED SHAREHOLDERS' EQUITY

Before allocation of net income (in thousands of euros)	Number of shares [1]	Capital	Share premium	Treasury shares
12/31/2015	**18,420,146**	**19,442**	**79,876**	**(73,537)**
Buyback and disposals of treasury shares	18,032			1,357
Cancellation of treasury shares				
Dividends paid				
Transactions with shareholders	**18,032**	**0**	**0**	**1,357**
Net income				
Other comprehensive income				
Comprehensive income	**0**	**0**	**0**	**0**
12/31/2016	**18,438,178**	**19,442**	**79,876**	**(72,180)**
Buyback and disposals of treasury shares	(7,927)			(571)
Cancellation of treasury shares [3]		(27)		2,157
Dividends paid				
Transactions with shareholders	**(7,927)**	**(27)**	**0**	**1,586**
Net income				
Other comprehensive income				
Comprehensive income	**0**	**0**	**0**	**0**
12/31/2017	**18,430,251**	**19,415**	**79,876**	**(70,594)**

(1) Number of shares after elimination of treasury shares.
(2) Including €406,666 thousand of retained earnings and carryovers and €2,201 thousand of legal reserves in the social accounts of the BOIRON parent company at December 31,2017.
(3) On December 14, 2016 the Board of Directors decided to reduce the share capital by cancelling 26,957 treasury shares held by the company in its portfolio and allocated for cancellation, effective January 1, 2017.

Consolidated reserves [2]	Actuarial differences related with post-employment benefits	Currency translation adjustments	Shareholder's equity group share	Minority interests	Shareholder's equity totals
435,580	**(30,211)**	**(15,203)**	**415,947**	**97**	**416,044**
(37)			1,320		1,320
			0		0
(27,646)			(27,646)	(10)	(27,656)
(27,683)	**0**	**0**	**(26,326)**	**(10)**	**(26,336)**
77,725			77,725	(10)	77,715
(4)	(3,933)	6,113	2,176	(1)	2,175
77,721	**(3,933)**	**6,113**	**79,901**	**(11)**	**79,890**
485,618	**(34,144)**	**(9,090)**	**469,522**	**76**	**469,598**
(79)			(650)		(650)
(2,130)			0		0
(29,485)			(29,485)	(6)	(29,491)
(31,694)	**0**	**0**	**(30,135)**	**(6)**	**(30,141)**
78,243			78,243	(40)	78,203
(17)	2,291	(2,443)	(169)	(1)	(170)
78,226	**2,291**	**(2,443)**	**78,074**	**(41)**	**78,033**
532,150	**(31,853)**	**(11,533)**	**517,461**	**29**	**517,490**

4.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of the consolidated financial statements for the year ended December 31, 2017. The consolidated financial statements were approved by the Board of Directors on March 14, 2018.
These financial statements will be submitted for approval by the Shareholders' Meeting of May 17, 2018.

PRESENTATION OF THE COMPANY

BOIRON, the group parent company, is a French public limited company. Its main business activity is manufacturing and selling homeopathic medicines.
Its headquarters is located at 2, avenue de l'Ouest Lyonnais, 69 510 Messimy, France.
At December 31, 2017, BOIRON parent company and its subsidiaries had 3,718 employees (actual workforce) in France and abroad, compared to 3,708 on December 31, 2016. BOIRON stock is listed on Euronext Paris.

NOTE 1: MAIN EVENTS OF THE YEAR

On January 4, 2017 the preparation and distribution site located in the 8th district of Lyon was sold, generating a capital gain of €3,293 thousand, recognized under other operating revenue and expenses (see note 27). The site had been closed in 2014 following the consolidation of the two sites in the Lyon area on the Francheville site.

The deployment of the new organization of sites in France has entered the implementation phase, in total cooperation with the persons concerned and staff representative bodies. The first stage, comprising five preparation department transfers to other sites and one site transfer, was finalized in January 2018. Six people refused the proposed location transfer of their employment contracts. A provision of €621 thousand was recognized (see note 19) to cover the impact of these departures; €54 thousand of that provision was recovered based on the costs paid in the second half of 2017. Furthermore €293 thousand in support costs for people who accepted a job change were recorded in the second half. Expenses of €914 thousand (compensation and reassignment support measures) were recorded in 2017, partially offset by a write-back of employee benefit provisions of €447 thousand (see note 18). The impact on group operating income therefore amounted to €467 thousand.
The second stage, involving the consolidation of sites at three new locations, and the transfer of two preparation departments, will be carried out over 2018 and 2019.

As a part of this reorganization, the Levallois site was closed on July 1, 2017 and listed for sale after its activities were transferred to the Pantin site. On December 31, 2017, the site was categorized as a fixed asset held for sale, valued at €1,293 thousand (see note 10).

On April 7, 2017, BOIRON acquired all of the shares in Laboratoire FERRIER, which were previously held by Laboratoires ARKOPHARMA. The acquisition cost was €1,826 thousand, in addition to the net cash position of €1,134 thousand, entirely financed with equity (see notes 6 and 31). This acquisition generated goodwill of €1,893 thousand (see note 6). Laboratoire FERRIER was merged into BOIRON parent company on August 1, 2017. The acquisition's impact on the consolidated financial statements was immaterial, therefore no pro forma information is provided.

The land for the group's planned logistics platform in Les Olmes (Lyon region) was purchased on June 10, 2017 for €2,260 thousand (see note 8). Earthworks and site enclosure work have begun.

Work on the Messimy site expansion continued. 2017 saw the commissioning of the new research and control laboratory and the construction of a dedicated production building for tubes and doses (see notes 8 and 31).

On November 16, 2017, BOIRON acquired the swiss company ALKANTIS the trademarks and patents (see note 7) relating to its medical device for analgesic, anti-inflammatory and anti-œdematous purposes called ALKANTIS (ICE STERILE), which consists of a sterile compress with cooling effect.
This equity-financed acquisition cost €2,495 thousand (see notes 7 and 31). The contract includes an earn-out clause (see note 32). No amounts were recognized for these earn-out payments, because the recognition criteria had not yet been met at closing.

In Canada, the Supreme Court rejected our Canadian subsidiary's appeal against the Quebec Appeals Court's judgment of October 26, 2016, thus authorizing the opening of a class action. Substantive proceedings are under way before the Superior Court of Quebec. No amount has been provisioned for this litigation (see note 33).

NOTE 2: VALUATION METHODS AND CONSOLIDATION PRINCIPLES

The consolidated financial statements are stated in thousands of euros unless otherwise indicated.

BOIRON group financial statements as of December 31, 2017 were prepared in line with the standards, amendments and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union.
This framework, available on the European Commission website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm), comprises International Accounting Standards (IAS and IFRS), interpretations from the Standing Interpretations Committee (SIC) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC).

The standards and interpretations applicable from January 1, 2017 do not impact the financial position or performance of BOIRON group.
The main amendments are as follows:
- amendment to IAS 7 "Statement of Cash Flows",
- amendment to IAS 12 "Recognition of deferred tax assets for unrealized losses."

BOIRON group chose not to perform early application of the standards, amendments and interpretations adopted or to be adopted by the European Union for which early application would have been possible and which go into effect after December 31, 2017. This mainly concerns the following standards and amendments:
- IFRS 15 including amendments "Clarifications of IFRS 15, income from ordinary activities drawn from agreements entered into with customers",
- IFRS 9 "Financial instruments" and amendments to IFRS 9,
- IFRS 2 amendment "Classification and valuation payment transactions based on shares",
- IFRS 16 - "Leases",
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (adoption slated for the start of 2018),
- Annual improvements - 2014-2016 cycle (adoption slated for the start of 2018).

The IFRS 9 and IFRS 15 standards will come into force for the fiscal years beginning on or after January 1, 2018.

IFRS 9 standard and its amendment deal mainly with the recognition of financial assets and liabilities, the depreciation of financial assets (particularly anticipated losses on customers), and the recognition of hedging transactions and debt restructuring. The ongoing analysis has not yet identified any significant impact.

The IFRS 15 standard lays the foundations for the recognition of sales on the basis of an analysis in five successive steps:
- identification of the agreement,
- identification of the different performance obligations, i.e. the list of the goods or services that the vendor has undertaken to supply to the buyer,
- determining the overall price of the agreement,
- allocation of the overall price to each performance obligation,
- recognition of sales and related costs when a performance obligation is satisfied.

The ongoing analysis of the application of this new approach has identified any significant impacts on the financial statements of BOIRON group.

The IFRS 16 standard on "Leases" was approved by the IASB in 2016 and adopted by the European Union in November 2017, with initial application for fiscal years starting on or after January 1, 2019. In light of the ongoing analysis, BOIRON group does not expect this standard to have a significant impact on its consolidated financial statements, although significant clarifications are expected on key points (particularly lease duration). The restatement of lease agreements will result in increased operating income, financial expenses, fixed assets and financial debt. BOIRON group does not plan to apply IFRS 16 in advance.
For information, the amount of the leases reported as expenses and commitments to be paid as at December 31, 2017 appears in note 32.

The other standards, amendments and interpretations apply to fiscal years beginning on or after January 1, 2018. They should not have a significant impact on the consolidated financial statements.

BOIRON group does not expect that the standards, amendments and interpretations published by IASB, applicable to fiscal years beginning on or after January 1, 2018, but not yet approved at European level, will have a significant impact on its financial statements for future fiscal years.

2.1 Use of estimates and assumptions

The group regularly makes estimates and establishes assumptions which affect the carrying amount of some assets and liabilities, revenue and expenses and the information disclosed in the notes to the financial statements. The main areas in which estimates and assumptions are used are:
• impairment tests on assets (note 6);
• employee benefits (note 18);
• provisions (note 19).

These estimates and assumptions are the subject of regular revision and analyses drawing on historical data and the forecast data regarded as the most likely to prove to be accurate. A divergent trend in the estimates and assumptions used could affect the amounts recognized in the financial statements.

The group did not report material changes in the level of uncertainties associated with these estimates and assumptions, excluding the volatility of the discount rate used for employee benefits and exchange rates (especially the US dollar and Russian rouble), which has remained very high for several years. However, changes in exchange rates have not led to the identification of an asset additional depreciation risk.

Employee benefits' sensitivity to rate changes and the group's sensitivity to exchange rate fluctuations are described in notes 18 and 22.

Risks analysis (especially for risks related to changes in market settings and country risks) is presented in note 22.

2.2 Consolidation methods

The companies under the exclusive control of BOIRON group are fully consolidated. The analysis performed according to the criteria defined by IFRS 10 (rights on relevant activities, exposure to variable returns and the ability to use its powers to affect the returns) confirmed the existence of full control over the subsidiaries included in BOIRON group consolidation scope with no changes compared to 2016. For information, BOIRON group directly or indirectly holds more than 50% of the voting rights in the all of its fully-controlled subsidiaries.

The analysis of the criteria defined by IFRS 10 and IFRS 11 standards did not identify joint ventures and joint activities for the periods reported.
The companies over which BOIRON group has neither material influence nor control are not consolidated.

The list of the companies included in the scope of consolidation is provided in note 3 to the financial statements.

2.3 Foreign currency translation methods

2.3.1 Translation of foreign currency transactions

Foreign currency transactions are translated into euro at the average exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the closing date are translated at the closing rate. Exchange rate adjustments are recognized as revenue or expenses, in operating income or in other financial expenses and revenue on the basis of the nature of the transaction concerned. The value of non-monetary assets and liabilities denominated in foreign currency is fixed at the exchange rate of the transaction date.

These measures apply to all foreign currency transactions, whether or not they are hedged. The accounting standards for hedging transactions are described in note 2.10.

2.3.2 Translation of the financial statements of foreign companies

Balance sheet items (other than shareholders' equity items) of consolidated companies for which the functional currency is not the euro have been translated at the closing rate. Revenue and expenses and cash flows are translated at the average rate for the fiscal year. Shareholders' equity items other than net income of the year are translated at the historical rate.

The exchange rate adjustments resulting from this approach are included under the "currency translation adjustments" heading. The exchange rate adjustments of the year are recognized in other items of comprehensive income. Those will be recycled through the income statement in the event that the subsidiary is sold.

The goodwill resulting from the acquisition of a foreign company is regarded as assets and liabilities of that company. Therefore, it is denominated in the functional currency of the company and translated at the closing rate.

2.4 Non-current assets

2.4.1 Goodwill

The revised IFRS 3 standard on business combinations was implemented on a prospective basis from January 1, 2010; the existing goodwill on that date was reported in the consolidated balance sheet in compliance with the previously applicable standards. The group had elected to lock the goodwill outstanding when the IFRS standards were first applied and net its gross value and accumulated amortization.

The group has only formed one business combination since January 1, 2010: the acquisition of 100% of the shares of Laboratoire FERRIER in 2017 (see note 1). Pursuant to revised IFRS 3, the goodwill was calculated using the difference between the cost of the merger (excluding acquisition costs) and the group's share in the fair value at the date of acquisition of the assets, liabilities and identifiable potential liabilities of the businesses acquired. Determination of the fair values and goodwill is finalized within one year following the date of acquisition. Changes made after this date are recognized in income, including those related to deferred tax assets. This acquisition does not include an earn-out clause.

2.4.2. Intangible fixed assets

IAS 38 standard defines an intangible asset as an identifiable non-monetary asset without physical substance. It may be separable or stem from a contractual or legal right. When the intangible asset has a finite useful life, it may be amortized. The group does not have any intangible fixed assets with an indefinite useful life, with the exception of brands.

IAS 23 standard "Borrowing costs" has not led to the capitalization of interest, as the group debt is not material.

An impairment test is performed at the closing date each time any evidence of impairment is identified; this situation has, to date, only applied to some acquired brands for which marketing of certain medications was discontinued and for which the write-off was estimated on the basis of future sales projections. In the case of the ongoing ERP projects, the evidence of impairment was the discontinuation of the project. No evidence of impairment has been identified on the ongoing development projects as of the closing dates of the periods reported.

Intangible assets recognized by the group are therefore valued at acquisition cost. These assets are mostly IT software that is amortized on a straight-line basis over its estimated useful life:
- ERP-type integrated management software is amortized over an eight-year period given its operational importance and estimated useful life,
- other software is amortized over periods ranging from one to five years.

Patents acquired by the group are amortized over the legal protection period, i.e. twenty years, except when a shorter economic useful life is identified.

Internally-generated brands are recognized as expenses. The fees paid to exploit them and OTC family medication specialties formulas are not recognized as intangible assets, since they do not meet the criteria for capitalization.

In practice, the brands recognized as intangible assets are therefore solely brands acquired through corporate acquisitions.

The research and development expenses essentially consist of:

- On one hand, pharmacological, clinical and fundamental research costs which do not meet the IAS 38 standard criteria for capitalization. They are recognized as expenses of the fiscal year in which they are incurred. The group chooses to present the research tax credit associated with these research expenses, which can be considered a research grant, in other operating revenue (see note 2.6),
- on the ever hand, for software acquired or developed: software expenses are capitalized when associated with large IT projects.

In the case of software, only the expenditure on internal and external development related to the following stages is capitalized:

- organic analysis expenses,
- programming, tests and trial series expenses,
- expenses related to end-user documentation.

These expenses are capitalized in accordance with the six criteria provided by IAS 38 standard:

- the technical feasibility necessary to complete programs,
- the intention to complete and use them,
- the ability to use them,
- the ability of these programs to generate probable future economic benefits,
- the availability of technical resources to complete;
- and lastly, the ability to reliably assess the expenditure attributable to these assets.

IT projects capitalized are amortized based on the start-up date of the various modules.

The expenses related to Market Authorizations, unless acquired, are not capitalized since they do not represent an asset.

2.4.3 Tangible fixed assets

2.4.3.1 Recognition

Under IAS 16 standard "Property, plant and equipment", the gross value of tangible fixed assets is their acquisition cost including incidentals. It is not revalued. Tangible fixed assets are recognized using the component method.
Maintenance and repair costs are recognized as expenses when incurred, except where they are incurred to increase productivity or to extend an asset useful life, in which case they are capitalized.

IAS 23 standard "Borrowing costs" has not led to the capitalization of interest, as the group debt is not material.

The group does not have any finance leases.

The group's leases are simple lease contracts. They are not capitalized. The amount of the leases reported as expenses and commitments to be paid as at December 31, 2017 appears in note 32.

The group does not own any investment property.

2.4.3.2 Amortization

Tangible fixed assets (excluding land) are depreciated on a straight-line basis over the period in which they are expected to be used, as estimated by the group.
The residual value is taken into account in the calculation of the depreciable amount, when it is deemed to be material.

The standard periods over which fixed assets are generally expected to be used are as follows:

- Three to five years for office equipment and IT equipment,
- Eight to twelve years for industrial equipment and tooling, furniture, land improvements, general facilities and sundry fixtures and fittings,
- Thirty years for buildings.

2.4.4 Investments and other non-current financial assets

This item mainly includes the “restricted cash” part of the liquidity agreement related to the repurchase of treasury shares (notes 2.8 and 9), as well as non-current loans and real estate collateral.

These financial assets are recognized at acquisition cost. A provision is recorded when their value in use or the expected repayment are lower than their carrying amount, according to the procedures set out in note 2.9.3.

The non-current financial assets refer to assets with a life of more than one year.

2.5 Monitoring the value of fixed assets

Under IAS 36 standard “Impairment of assets”, the recoverable amount of tangible and intangible fixed assets with finite useful lives is tested whenever there are indications of impairment, reviewed at each annual closing date or more frequently if justified by internal or external events.

Impairment losses on depreciable tangible and intangible fixed assets are booked in operating income and give rise to a prospective change to the amortization plan; they may be subsequently reversed if the recoverable amount rises above the carrying amount (up to the amount of the impairment loss initially recognized).

Goodwill and other intangible assets, for which expected useful lives are not defined or have not been amortized as they remain under development (mainly ongoing ERP development projects), are tested when indications of impairment appear and at least once a year.

The tests are performed based on the assets, either at the individual asset level or at the level of the Cash Generating Units (CGU). A CGU is a set of assets the continuing use of which generates cash inflows, for the most part independently of the cash inflows generated by other asset groups. CGUs correspond to countries and represent operating activities, uniting product groups which are homogeneous in terms of strategy, marketing and industry. This segmentation is in line with the business sector information. The scope of the CGUs was not modified in 2017 (see note 6.1).

In order to carry out impairment tests on the CGUs, the fixed assets (including goodwill) and items of working capital requirement are assigned to CGUs. Impairment tests are carried out by comparing the carrying amount of the assets of the CGU with their recoverable amount.
The recoverable value is the higher of their value in use or fair market value minus disposal costs. In practice, impairment tests on goodwill are currently performed as compared to their value in use. The value in use is calculated using the discounted future cash flows over a five-year period and an ending value.

The main procedures for implementation of this method are presented in note 6.2.

When the recoverable value is less than the carrying amount of the CGU, the difference is recognized as an impairment loss in the income statement. The impairment loss is preferably written-off against existing goodwill. Impairment losses related to goodwill, reported as other operating expenses, cannot be reversed, excluding for goodwill outflow (for instance: transfer of a subsidiary).

Tests are conducted to assess the sensitivity of the values determined to the change in certain actuarial and operational key assumptions.

2.6 Deferred taxes

In accordance with the IAS 12 standard “Income taxes”, deferred taxes are recognized on the temporary differences between the carrying amount of assets and liabilities and their tax base, and also on tax losses, using the liability method. Similarly, deferred taxes are recognized in the entries reconciling the individual company financial statements with the consolidated financial statements.
Deferred tax assets related to tax loss carryforwards are only recognized insofar as they may be charged to future taxable differences, when there is a reasonable likelihood of accomplishment or recovery, estimated on the basis of available forecasts or when there are opportunities for fiscal optimization at the group’s initiative. They are not material for the group.

In order to assess the group's ability to claw back these assets, the following items are taken into account in particular:
- temporary asset differences, taken into account over a period of over five years,
- forecasts of future tax results available generally estimated for a five-year period, taking into account the local constraints related to the use of tax losses,
- history of the taxable profits of previous years and cause of the losses (significant and non-recurring expenses, etc.),
- and, if necessary, a fiscal strategy such as the planned disposal of undervalued assets, consolidation of subsidiaries or scrapping of liabilities, when the decision depends on the group.

The amount of deferred tax assets not recognized by the application of these principles is reported in note 29.

The net position set out in the balance sheet is the result of offsetting deferred tax receivables and debts of the same tax company in accordance with the conditions of IAS 12 standard. Deferred taxes in the balance sheet are not discounted.

A deferred tax liability is recognized when a planned distribution of reserves generates a tax impact, if that impact is material.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied during the fiscal year in which the asset will be realized or the liability settled, on the basis of the tax rates (and tax regimes) adopted or virtually adopted at the closing date. The impact of the gradual reduction of corporate tax rates is described in note 29.

Deferred tax assets and liabilities may be recognized by compensation in the income statement or in other comprehensive income depending on the manner in which the items to which they relate have been recognized.

The group recognizes the tax on company value added (Cotisation sur la Valeur Ajoutée des Entreprises or "C.V.A.E" in French) as an operating expense and not as a corporate income tax.

Also in France, the group has opted to book the research tax credits (french "CIR") and the "Tax credit for competitiveness and employment" (french "CICE") in other operating income.

2.7 Current assets

2.7.1 Assets held for sale and discontinued operations

As per the IFRS 5 standard, fixed assets that are immediately available for sale, for which a sale plan and the necessary customer canvassing work have been carried out and the disposal of which is highly likely within a year, are classed as being held for sale. These assets are valued at the lower of their carrying amount and their fair value net of sale fees. Assets are no longer depreciated once they have been classified within this category.

2.7.2 Inventories

Under the IAS 2 standard "Inventories" , inventories are valued at the lower of their cost or their net realizable value. All inventories are valued in accordance with the weighted average price method.

The cost of inventories takes into account the following aspects:
- The gross value of raw materials and supplies includes the acquisition price and incidental acquisition costs.
- Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production.
- Inter-company profits included in inventories are eliminated.

Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and necessary to make the sale. A provision for impairment loss is recognized when the realizable value of an item of inventory falls below its cost. In the case where the realizable value cannot be determined from directly observable data, it's estimated based on evidence of impairment, such as the rates of inventory turnover on products or their obsolescence.

2.7.3 Current financial assets

These assets include accounts receivable, other current assets and cash and cash equivalents.

Given the company operating cycle, the term "current assets" refers to assets with a life of less than one year.

2.7.3.1 Trade receivables (accounts receivable and other current assets)

Trade receivables are initially recognized at their fair value, which most often corresponds to their nominal value. This fair value could be discounted where the trade receivables are over one year old.

An impairment loss is recognized when cash flows estimated at closing date are lower than the booked value. Risk analysis is carried out on a case-by-case basis taking into account criteria such as the customer's financial position, the age of the receivable, the existence of a dispute, a hedge or a guarantee.

2.7.3.2 Cash and cash equivalents

This item comprises current account balances, negotiable debt instruments and cash fund units (French "OPCVM") in euros which are marketable or may be disposed of quickly, without incurring material penalties and are not at material risk of impairment loss should interest rates fluctuate. The latter are valued at their fair value, namely the net asset value at the closing date. Fair value changes are recognized as income.
Investments which do not meet this definition are recognized in other current or non-current financial assets, as appropriate. There are no investments in this situation as of the closing dates reported.

2.8 Consolidated shareholders' equity and treasury shares

The group treasury shares, in line with the share buyback program and the liquidity agreement, are recognized at their acquisition cost and deducted from shareholders' equity. Income from the sale of treasury shares is allocated to shareholders' equity for the amount after income tax.

2.9 Non-current and current liabilities

2.9.1 Employee benefits

The group staff receives employee benefits in line with applicable legislation in the countries where its companies operate or under local agreements signed with the social partners.

The group staff receives:
- short-term benefits: paid leave, year-end bonuses, profit-sharing or entitlement to recover working time under agreements on the reduction of working hours, etc.,
- post-employment benefits: internal agreement on preparation for retirement, retirement indemnities as per the collective agreement, Social Security retirement pension and supplementary pensions,
- other long-term benefits: long-service bonuses, bonuses granted and prepension.

The group offers these benefits through either defined contribution plans or defined benefit plans.

2.9.1.1 Short-term benefits

Short-term benefits are recognized in the debts of the various group companies that grant them and are included in other current liabilities.

2.9.1.2 Post-employment benefits

2.9.1.2.1 Defined contribution plans

Defined contributions plans are characterized by payments to organizations that free the employer from any subsequent obligation, with the organization responsible for paying the amounts due to staff. Given their nature, defined contributions plans do not give rise to the recognition of provisions in the group financial statements, as the contributions are recognized as expenses when they are due.

2.9.1.2.2 Defined benefit plans

Under IAS 19 revised standard "Employee benefits", in the case of defined benefit plans, post-employment benefits are measured on a yearly basis by independent actuaries, in line with the projected unit credit method, according to the scale provided in the collective labor convention or the company agreement. Retirement indemnities are estimated using the hypothesis of voluntary departures, taking social charges into account.

Under this method, each period of service gives rise to an additional unit in terms of benefit entitlement and each unit is assessed separately to calculate the final obligation. This final obligation is then discounted.

The main items taken into account in these calculations are:

- the estimated date of payment of the benefit,
- a financial discount rate of the country where the benefits are located,
- assumptions on salary increases, staff turnover and mortality rates.

The main actuarial assumptions retained at the closing date are described in note 18.

Tests are conducted to assess these benefits' sensitivity to a change in the discount rate.

The cost of services rendered is recorded against operating income while the financial cost, net of the return on the related outsourced investments, is recognized as other financial revenue and expenses.

The expected rate of return on the outsourced fund assets corresponds to the discount rate used to estimate the global employee benefit liability for the previous period.

When benefits are pre-financed via outsourced funds, assets held through funds are measured at their fair value.

The positive or negative actuarial differences include the effects on the benefit of changes in the calculation assumptions, the adjustments to the obligation based on experience as well as differences in outsourced fund returns in the case of prefinancing. Pursuant to IAS 19 revised standard, those differences are recognized as a non-recyclable component of other comprehensive income, for their after-tax value.

Past service cost and plan termination

The past service costs associated with plan changes or reductions in benefits and gains or losses on plan terminations are recorded in operating income on the date of occurrence, since the adoption of IAS 19 revised standard.

No plan modification or termination occurred in 2016 and 2017.

Post-employment benefits of French companies

Retirement indemnities

These indemnities affect BOIRON parent company, BOIRON Caribbean and BOIRON Indian Ocean.

Agreement on Preparation for Retirement

The key terms are as follows:

- The retirement preparation scheme provides for free time and the gradual reduction of working time, facilitating the transition from work to retirement with no loss of salary.
- The employees who benefit from this agreement include employees who are finishing their career with BOIRON parent company and will leave the workforce within the framework of a departure or retirement and have at least ten years' seniority on their official retirement date.
- Employees who benefit from the agreement have the option of joining the retirement preparation program no more than four years and no less than three years prior to the age at which they will be entitled to collect their old age pension under the general pension scheme.

- The accrued retirement preparation time amounted to 1,638 hours or 468 half-days for a full-time employee with at least twenty-five years of service. For part-time employees with less than twenty-five years of seniority, the hours or half days are prorated.
- This reduction in working hours applies to the working hours in effect when the retirement preparation program begins.
- Predetermined options for reductions in hours are available for employees to organize their working time reduction, taking into account the various requirements.

In the event that the French Social Security program or the supplementary pension plans were to materially change the conditions for receiving a full-rate pension, the parties would meet to, if necessary, adapt the terms and conditions of these arrangements.

Post-employment benefits of BOIRON Italy

Liabilities related to the TFR in Italy (payment of a retirement indemnity to Italian staff) are recognized in other non-current liabilities because they are certain accrued expenses. Advances paid to employees are recognized negatively in other non-current liabilities. The annual charge related to the change in these rights is included on the personnel expenses lines in the consolidated income statement.

2.9.1.3 Other long-term benefits

These benefits relate to long-service bonuses paid by the French companies, bonuses granted by BOIRON Spain, and prepensions and bonuses granted by Belgian subsidiaries.

At the closing date of each fiscal year, an independent actuary calculates the discounted value of the employer's future obligations related to these benefits.

Once the discounted value has been calculated, a non-current provision is recorded as a liability in the balance sheet.

The group does not outsource the financing of these benefits.

Actuarial differences and the impact of changes, reductions or liquidations affecting the other long-term benefit plans (long-service and other bonuses) are recognized as operating income, like the other components of the change.

2.9.2 Borrowings and financial debts

Non-current borrowings and financial debts include the portion at over one year of borrowings and other financings, particularly the staff profit-sharing reserve.

Current borrowings and financial debts include:
- the portion at under one year of borrowings and other financing,
- bank overdrafts.

Borrowings and financial debts are valued at amortized cost, using with the effective interest rate method.

2.9.3 Provisions and contingent liabilities

Under IAS 37 standard "Provisions, contingent liabilities and contingent assets", a provision is recognized when the group has an effective, legal or implicit obligation towards a third party, and when it is probable that this obligation will lead to an outflow of resources to this third party, without at least equivalent consideration being expected from the latter, and where the amount can be reliably measured. The portion of the provision at less than one year is recognized as current, with the balance being recognized as non-current.

These provisions mainly cover:
- provisions for returned goods, which are calculated on a statistical basis based on the history of returns in previous years and on the basis of knowledge of events leading to the conclusion that there will be exceptional amounts of returns,
- provisions for corporate and commercial lawsuits,
- provisions intended to cover ongoing actions related to tax risks and other procedures,
- provisions for reorganizations.

In the case of reorganizations, a liability is recognized as soon as the reorganization has been disclosed, a detailed plan exists or its implementation has been launched along with a completion calendar making any material changes to the restructuring plan unlikely.

Provisions are discounted when actualization impact is material.

Contingent assets and liabilities are mentioned in note 33.

2.9.4 Accounts payable and other liabilities

Other non-current liabilities include the portion of other liabilities payable in more than one year.

Other current liabilities include the portion of other liabilities payable in less than one year.

2.10 Financial instruments

Financial instruments consist of financial assets, financial liabilities and derivatives.

As indicated in note 2, the group has not opted for advance application of IFRS 9 standard "Financial instruments".

Financial instruments are presented in various headings of the balance sheet (non-current financial assets, accounts receivable, accounts payable, financial debts, etc.).

In accordance with IAS 39 standard, financial instruments are allocated to five categories, which do not correspond to the sections identified in the IFRS balance sheet. The allocation determines the applicable accounting and valuation rules, described below:

- **Held-to-maturity investments:** the group does not hold any instrument which meets this definition.
- **Assets considered as "fair value by the results":** in the case of BOIRON group, this section concerns short-term investments (see note 2.7) where fair value changes are recognized as income.
- **Assets and liabilities measured at amortized cost:** this section essentially includes deposits and securities, loans to staff, accounts receivable (see note 2.7), accounts payable and financial debt. These financial assets and liabilities are initially recognized on the balance sheet at their fair value, which in practice is close to the contractual face value. They are valued at the closing date at original cost, or at depreciated cost (see note 2.9.2) and if necessary adjusted by impairments in the event of impairment loss.
- **Assets available for sale:** this section comprises the financial assets not allocated to one of the previous categories, in practice the shares of non-consolidated and non-listed companies whose fair value cannot be reliably determined (see note 2.4.4). These securities are recognized at acquisition cost. A provision is recorded when their value in use, estimated at the closing date based on financial criteria tailored to each company, is less than their carrying value. Impairment provisions are recognized as income. They cannot be recovered until the shares are sold.
- **Derivative instruments:** the group uses risk-hedging financial instruments to limit its risk exposure. These are essentially foreign exchange hedges such as foreign currency options and currency futures contracts, set up for a maximum of twelve months.

Currency derivatives are essentially futures and options transactions, which fall under level 2 of the hierarchy defined by IFRS 7 standard (fair value calculated using valuation techniques based on observable data such as the prices of assets or liabilities or pricing parameters from an active market).

Currency derivatives are valued at fair market value at each closing date and reported in the balance sheet as other current assets and liabilities. The fair value was determined on the basis of information provided by an external service provider as at the closing date. The counterparty for the fair value depends on the derivative and the hedging relationship: because the derivatives are primarily related to fair value hedges, changes in the fair value of derivatives are reported as other operating income and expense or financial income and expenses (see notes 2.11.2 and 2.11.3), depending on whether or not they qualify as hedges.

In line with IFRS 13 standard, financial instruments are allocated to three categories, according to a hierarchy of fair value determination methods:
- **Level 1:** fair value as measured by reference to market prices (unadjusted), linked to identical assets and liabilities, on active markets.
- **Level 2:** fair value as measured by reference to the observed level 1 quoted price for the asset or liability, either directly (derived from the prices) or indirectly (based on data derived from the prices).
- **Level 3**: fair value as measured by reference to data related to the asset or liability that are not based on observable market data.

A summary table of assets by category and by level, at the closing date, is provided in note 22.

2.11 Consolidated income statement

The group applies ANC (French accounting standards agency) recommendation No. 2013-R-03 of November 7, 2013 on income statement presentation and has opted not to present a level corresponding to current operating income, given that non-current items are not material: only operating income is identified.

2.11.1 Operating revenue

As indicated in note 2, the group has not opted for advance application of IFRS 15 standard.

BOIRON group's main business activity is manufacturing and selling homeopathic medicines.

In accordance with IAS 18 standard, operating revenue is recorded net of:
- rebates, reductions,
- credit notes,
- discounts,
- compensation for services provided by customers.

Income is recognized when:
- it is likely, at the transaction date, that the amount of the sale will be collected,
- the amount can be considered reliable,
- on the transaction date, it is likely that the amount will be recovered.

Revenue related to the sale of goods is recognized provided that risks and benefits were actually transferred.
Revenue related to the sale of services is recognized as and when the services are provided. This revenue, recognized as other operating revenue, remains marginal.

The carrying amount of recognized revenue is its fair value.

Foreign exchange gains and losses on operating transactions are included in other operating revenue and expenses, for the effective portion, and when the impact is material, in other financial income and expenses, for the ineffective portion.

2.11.2 Operating income

The performance indicator used by the group is operating income. It corresponds to consolidated group income before:
- the cost of net long-term debt,
- other financial revenue and expenses,
- the group's share of the net income or loss of companies accounted for under the equity method,
- income from activities held for sale,
- income tax.

It includes the result of group activities and other operating revenue and expenses.

Other operating revenue and expenses include:
- On one hand extraordinary, non-recurring and significant items, such as:
  - income from the disposal of tangible and intangible assets and consolidated shares,
  - provisions, current asset impairment, depreciation of goodwill and depreciation of tangible and intangible fixed assets the initiating cause of which satisfies this definition (closure of sites, etc.).

- On other hand exchange gains and losses on operating transactions, the income on derivative instruments on trade transactions as well as the research tax credit (French "CIR") and the tax credit for competitiveness and employment (French "CICE").

2.11.3 Cash revenue and financing expenses, other financial revenue and expenses

Cash revenue and financing expenses comprise:
- interest expenses on the consolidated financial debt (cost of gross long-term debt including financial expenses, issue costs, foreign exchange gains and losses on financial debts and the impact of hedges operations) comprising borrowings and other financial debts (particularly overdrafts),
- less income from cash and cash equivalents.

The other financial revenue and expenses comprise:
- the impact of discounting assets and liabilities, which is mainly based on the financial cost of the employee benefits, net of the return on the outsourced fund,
- other expenses paid to banks on financial transactions,
- the impact on the income of non-consolidated equity interests (dividends, impairment losses, gains and losses on disposal),
- exchange gains and losses on current accounts not eliminated in consolidation,
- the income recognized on derivative instruments of change related to financial transactions, not qualified as hedges contracts.

2.11.4 Earnings per share

Under IAS 33 standard, basic earnings per share are calculated by dividing the group share of net income by the weighted average number of ordinary shares in circulation during the period, after deduction of treasury shares.

There are no dilutive instruments.

2.12 Statement of cash flows

The statement of cash flows is drawn up pursuant to IAS 7 standard, using the indirect method, with consolidated net income as the starting point. It separates out flows from operating activities from those generated by investment and financing activities.

Cash flows from operating activities generate revenue and do not meet the criteria for investment and financing flows. The group has elected to classify dividends received from non-consolidated companies in this category. Changes in provisions associated with working capital requirements are allocated to the corresponding flows.

Cash flows related to investment activities stem from acquisitions and disposals of long-term assets and other assets not classed as cash equivalents. The impact of changes in scope during the fiscal year is also clearly identified in these flows. Flows related to acquisitions and disposals are presented net of the changes in asset liabilities and in asset disposals receivables.

Financing activities are those that result in a change in the amount or nature of shareholders' equity or the company debts. Capital increases for the full-year period and paid dividends, movements in treasury shares excluding the liquidity agreement, increases or repayments of borrowings are included in this category. The group has also elected to include paid interests and collected cash revenue.

The group's cash and cash equivalents, the change in which is analyzed in the statement of cash flows, are defined as the net balance of the balance sheet sections hereafter:
- cash and cash equivalents,
- current bank overdrafts and bank credit balances.

2.13 Segment reporting

In line with IFRS 8 standard, segment reporting is provided in note 5 to the financial statements.

The segment reporting level elected by the group is the geographical area. Indeed, management makes decisions on this strategic basis using reporting by geographic area as a primary analysis tool. Geographical segmentation also corresponds to the group's functional organization.

The various geographic areas were defined by grouping countries with similar economic characteristics, based on their similarities in terms of risks, strategy, regulatory and profitability requirements.
This analysis led to the use of the following areas, which remain unchanged from previous periods:
- France area: mainland France and French overseas departments (French DOM-TOM),
- Europe area: all European countries excluding France,
- North America area: only the United States and Canada,
- other countries area: all the countries which do not meet the criteria for any of the three areas above.

Income by segment is determined based on consolidated figures, on a comparable basis as for prior years.

The criterion for allocation to a geographic area is the location of the assets used to generate sales. This criterion is different from that used for the information on sales released on a quarterly basis, which uses allocation by geographic destination of sales (market).

There is only one material sector of activity, the manufacture and marketing of homeopathic medicines. Revenues derived from ancillary activities are not material.

NOTE 3: SCOPE OF CONSOLIDATION

The following companies of BOIRON group are fully consolidated, listed by date of creation or date of entry into the group:

Country	Corporate name	% interest as at 12/31/2017	% interest as at 12/31/2016	% control as at 12/31/2017	% control as at 12/31/2016
Belgium	UNDA [1]	98.38%	98.38%	98.38%	98.38%
Italy	LABORATOIRES BOIRON	99.91%	99.91%	99.97%	99.97%
USA	BOIRON USA [2]	100.00%	100.00%	100.00%	100.00%
USA	BOIRON	100.00%	100.00%	100.00%	100.00%
Spain	BOIRON SOCIEDAD IBERICA DE HOMEOPATIA	99.99%	99.99%	100.00%	100.00%
Canada	BOIRON CANADA	100.00%	100.00%	100.00%	100.00%
Germany	BOIRON [3]	100.00%	100.00%	100.00%	100.00%
France (Martinique)	BOIRON Caraïbes	99.04%	99.04%	99.04%	99.04%
Czech Republic	BOIRON CZ	100.00%	100.00%	100.00%	100.00%
Slovakia	BOIRON SK	100.00%	100.00%	100.00%	100.00%
Poland	BOIRON SP	100.00%	100.00%	100.00%	100.00%
Romania	BOIRON RO	100.00%	100.00%	100.00%	100.00%
Tunisia	BOIRON TN	99.90%	99.90%	100.00%	100.00%
Hungary	BOIRON HUNGARIA	100.00%	100.00%	100.00%	100.00%
Russia	BOIRON	100.00%	100.00%	100.00%	100.00%
Brazil	BOIRON MEDICAMENTOS HOMEOPATICOS	99.99%	99.99%	100.00%	100.00%
Belgium	BOIRON BELGIUM [2]	100.00%	100.00%	100.00%	100.00%
France	LES EDITIONS SIMILIA [4]	97.52%	97.52%	97.54%	97.54%
Italy	LABORATOIRES DOLISOS ITALIA [5]	100.00%	100.00%	100.00%	100.00%
Switzerland	BOIRON	100.00%	100.00%	100.00%	100.00%
France (Réunion)	BOIRON	100.00%	100.00%	100.00%	100.00%
Bulgaria	BOIRON BG	100.00%	100.00%	100.00%	100.00%
Portugal	BOIRON	100.00%	100.00%	100.00%	100.00%
Russia	BOIRON RUS [6]	0.00%	100.00%	0.00%	100.00%
Belgium	BOIRON	100.00%	100.00%	100.00%	100.00%
India	BOIRON LABORATORIES	99.99%	99.99%	99.99%	99.99%

(1) Direct and indirect holding via BOIRON parent company and BOIRON BELGIUM.
(2) Holding company.
(3) Company without activity.
(4) Company whose main activity is publishing.
(5) Company without any activity, being liquidated.
(6) Company without any activity disposed of on January 9, 2017 at a price of €1 thousand. This operation has no major impact on the consolidated accounts at December 31, 2017.

Note that Laboratoire FERRIER, acquired in 2017, does not appear in the table because it was merged into BOIRON parent company on August 1, 2017 (see note 1).

The year end is December 31 for all companies except BOIRON LABORATORIES in India, which closes its company accounts on March 31. It performs an intermediate closing, subject to a contractual audit, on December 31 for use in the annual consolidated financial statements.

Given that their impact within the group is considered non-significant, the non-consolidated controlled companies are recognized in investments (see note 9).

NOTE 4: CURRENCY TRANSLATION METHOD

The following table sets out the euro conversion rates against the currencies used for consolidation for the main companies in foreign currencies:

	Average rate 2017	Average rate 2016	Closing rate 2017	Closing rate 2016
Czech Koruna	26.327	27.034	25.535	27.021
US Dollar	1.129	1.107	1.199	1.054
Canadian Dollar	1.464	1.466	1.504	1.419
Hungarian Forint	309.273	311.459	310.330	309.830
New Romanian Leu	4.569	4.491	4.659	4.539
Brazilian Real	3.604	3.862	3.973	3.431
Russian Rouble	65.888	74.222	69.392	64.300
Polish Zloty	4.256	4.364	4.177	4.410

NOTE 5: SEGMENT REPORTING

The table below shows the 2017 data:

DATA CONCERNING INCOME STATEMENT	France	Europe (excluding France)	North America	Other countries	Elimi-nations (1)	2017
External sales	399,160	147,655	66,830	3,895		617,540
Inter-sector sales	101,007	3,368		1,717	(106,092)	0
TOTAL SALES	**500,167**	**151,023**	**66,830**	**5,612**	**(106,092)**	**617,540**
OPERATING INCOME	**126,884**	**(4,384)**	**1,479**	**(1,891)**	**2,893**	**124,981**
• *of which net allowances to amortizations and depreciations on fixed assets*	(26,846)	(1,890)	(559)	(73)		(29,368)
• *of which net changes in depreciations of assets, provisions and social benefits*	2,402	(480)		(308)		1,614
Cash revenue and financing expenses	216	(381)	(44)	175		(34)
Income tax	(41,738)	(533)	(1,625)	(29)	(1,003)	(44,928)
NET INCOME (GROUP SHARE)	**83,577**	**(5,244)**	**(205)**	**(1,775)**	**1,890**	**78,243**
DATA CONCERNING BALANCE SHEET	**France**	**Europe (excluding France)**	**North America**	**Other countries**	**Elimi-nations (1)**	**12/31/2017**
Balance sheet total	**838,051**	**109,040**	**38,139**	**4,988**	**(189,815)**	**800,403**
Goodwill	85,382	2,825	1,436			89,643
Net tangible fixed assets and intangible fixed assets	190,594	12,388	4,789	198		207,969
Deferred taxes assets	29,404	2,941	2,190			34,535
Working Capital Requirements	**14,529**	**38,508**	**11,933**	**1,533**	**(17,199)**	**49,304**
DATA CONCERNING CASH FLOWS	**France**	**Europe (excluding France)**	**North America**	**Other countries**	**Elimi-nations (1)**	**2017**
Acquisition of tangible and intangible assets	52,033	816	315	192		53,356

(1) Of which eliminations of inter-sector flows and internal results.

The 2016 data is shown below:

DATA CONCERNING INCOME STATEMENT	France	Europe (excluding France)	North America	Other countries	Elimi-nations [1]	2016
External sales	391,414	156,921	63,046	3,108		614,489
Inter-sector sales	106,876	2,886		1,577	(111,339)	0
TOTAL SALES	**498,290**	**159,807**	**63,046**	**4,685**	**(111,339)**	**614,489**
OPERATING INCOME	**127,542**	**2,437**	**2,642**	**(1,015)**	**(1,943)**	**129,663**
• *of which net allowances to amortizations and depreciations on fixed assets*	(25,581)	(2,047)	(547)	(26)		(28,201)
• *of which net changes in depreciations of assets, provisions and social benefits*	512	676	374	11		1,573
Cash revenue and financing expenses	596	(915)		132		(187)
Income tax	(47,939)	(960)	(931)	(27)	669	(49,188)
NET INCOME (GROUP SHARE)	**77,744**	**458**	**1,711**	**(914)**	**(1,274)**	**77,725**

DATA CONCERNING BALANCE SHEET	France	Europe (excluding France)	North America	Other countries	Elimi-nations [1]	12/31/2016
Balance sheet total	**799,508**	**124,825**	**45,041**	**6,356**	**(220,696)**	**755,034**
Goodwill	83,489	2,825	1,576			87,890
Net tangible fixed assets and intangible fixed assets	172,013	13,547	5,542	104	8	191,214
Deferred taxes assets	33,890	2,683	3,248			39,821
Working Capital Requirements	**32,128**	**33,530**	**5,668**	**1,319**	**(21,481)**	**51,164**

DATA CONCERNING CASH FLOWS	France	Europe (excluding France)	North America	Other countries	Elimi-nations [1]	2016
Acquisition of tangible and intangible assets	33,071	1,150	430	40		34,691

(1) Of which eliminations of inter-sector flows and internal results.

Consolidated turnover broken down by sales destination, as published in the regulated quarterly information, is as follows for 2017 and 2016:

	2017	2016
France	378,487	370,870
Europe (excluding France)	155,151	163,849
North America	68,572	64,916
Other countries	15,330	14,854
TOTAL GROUP	**617,540**	**614,489**

The breakdown of sales by product line appears in note 23.

The structure of the group customers is atomized. No customer represents more than 10% of the group sales during the periods shown.

NOTE 6: GOODWILL

6.1 Quantified data

	12/31/2016	Increases / Decreases	Currency translation adjustments	12/31/2017
BOIRON S.A. [1]	82,826	1,893		84,719
LES ÉDITIONS SIMILIA	663			663
TOTAL "FRANCE" [2]	**83,489**	**1,893**	**0**	**85,382**
Belgium [3]	2,232			2,232
Italy	2,242			2,242
Spain	583			583
Switzerland	55			55
TOTAL "EUROPE (EXCLUDING FRANCE)"	**5,112**	**0**	**0**	**5,112**
Canada	221		5	226
USA	1,355		(145)	1,210
TOTAL "NORTH AMERICA"	**1,576**	**0**	**(140)**	**1,436**
TOTAL "OTHER COUNTRIES"	**0**			**0**
TOTAL GROSS GOODWILL	**90,177**	**1,893**	**(140)**	**91,930**
Switzerland impairment	(55)			(55)
Belgium impairment [3]	(2,232)			(2,232)
TOTAL NET GOODWILL	**87,890**	**1,893**	**(140)**	**89,643**

(1) Goodwill in France comes from DOLISOS (€70,657 thousand), LHF (€7,561 thousand), SIBOURG (€1,442 thousand), DSA (€1,381 thousand), HERBAXT (€1,785 thousand) and Laboratoire FERRIER (€1,893 thousand).

(2) As goodwill from the various acquisitions made in France had become inseparable, impairment tests are realized in France.

(3) Goodwill in Belgium coming from UNDA (€1,408 thousand) and OMNIUM MERCUR (€823 thousand). Since 2012, it has been totally depreciated; it was not necessary to depreciate additional assets.

On April 7, 2017, BOIRON acquired all of the shares in Laboratoire FERRIER, which were previously owned by Laboratoires ARKOPHARMA (see note 1). The acquisition generated €1,893 thousand in goodwill, representing the difference between the purchase price (€2,960 thousand) and fair asset value (€1,067 thousand).
The goodwill generated by the acquisition was allocated to the France CGU.
Laboratoire FERRIER was merged into BOIRON parent company on August 1, 2017.

Other changes in gross goodwill in 2017 were only due to currency translation adjustments in the "North America" area.

6.2 Impairment tests

As indicated in note 2.5, impairment tests are performed by determining the utility value of CGU using the discounted future cash flow method, implemented according to the following principles:

- Cash-flows are based on medium-term (five years) budgets and forecasts prepared by the group financial controlling and approved by General Management.
- the growth rate assumptions used for the given time frame may vary depending on the different markets' specificities.
- Free cash flows do not take account for any financial items.
- The discount rate is determined using the OAT rate, the market risk premium, a beta coefficient, and if necessary a specific risk premium, generally related to a country-specific risk. Specific risk premiums are adjusted to exclude the risk already taken into account in the forecasts. The rates calculated accordingly have been reconciled with the rates used by certain analysts.
- The discount rate elected for France (95% of net goodwill) was 8.7% in 2017, down from 9.0% in 2016. The rates elected for the other CGUs ranged from 8.4% to 11.4% in 2017 (9.0% to 13.0% in 2016).
- The ending value is calculated by discounting a normative cash flow to infinity; the normative cash flow is generally calculated using the cash flow amount for the last period of the given time frame, based on the discount rate elected for the given time frame and a perpetual growth rate consistent with CGU- and country-related criteria, and in line with analysts' assumptions and industry standards. The rate elected for France was 2.0% in 2017, as against 1.5% in 2016, and the rates elected for the other CGUs ranged from 0.8% to 2.5% in 2017.
- The growth in sales, and more broadly in the different flows, elected per CGU is in line with the organizational structure, current investments and historical evolutions. It therefore only takes account of reorganizations carried out as of the date of the test and is based on renewal investments and not on growth-related investments.

The group conducted tests to assess the sensitivity of the values determined as described to a possible change in:

- the discount rate (more or less 0.5 point);
- the growth rate to infinity (more or less 0.5 point);
- the operating margin rate (more or less 1 point).

The group did not identify any reasonably possible changes in key assumptions which might lead to the recognition of impairment.

NOTE 7: INTANGIBLE FIXED ASSETS

	12/31/2016	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2017
		Acquisitions	Annual amortization				
Brands	**2,115**	131					**2,246**
Software	**85,065**	2,169		(3,679)		2,742	**86,297**
Licenses and ownership rights	**43**						**43**
Patents and formulas	**28**	2,379		(12)		1	**2,396**
Intangible fixed assets in progress (1)	**3,782**	3,073				(2,829)	**4,026**
Other intangible fixed assets	**2,828**	43				(17)	**2,854**
GROSS AMOUNT	**93,861**	**7,795**	**0**	**(3,691)**	**0**	**(103)**	**97,862**
Brands	**(2,111)**		(5)				**(2,116)**
Software	**(58,781)**		(9,483)	3,679		43	**(64,542)**
Licenses and ownership rights	**(42)**						**(42)**
Patents and formulas	**(17)**		(37)	12		(1)	**(43)**
Other intangible fixed assets	**(1,602)**		(361)			(49)	**(2,012)**
AMOUNT OF AMORTIZATION AND PROVISIONS	**(62,553)**	**0**	**(9,886)**	**3,691**	**0**	**(7)**	**(68,755)**
NET INTANGIBLE FIXED ASSETS	**31,308**	**7,795**	**(9,886)**	**0**	**0**	**(110)**	**29,107**

(1) This refers to the capitalization of IT projects in progress based on their implementation, generally amortized over eight years. Portions of the modules related to various IT programs in France were completed in 2017 (see the "Currency translation adjustments and other movements" column); the remainder should be completed primarily in 2018.

Acquisitions during the fiscal year include the acquisition, on November 16, 2017 of brands and patents related to a medical device from the Swiss company ALKANTIS for €2,495 thousand. As indicated in note 1, information on the contractual earn-out is provided in the note on off-balance sheet liabilities (Note 32).

The entries in the column "Disposals and scrapping" include scrapping of unused software for a value of €3,679 thousand. The scrapped software was fully amortized.

The group has not identified any signs of impairment loss on intangible fixed assets in progress related to ERP.

The implementation of impairment tests as of December 31, 2017 did not lead to the recognition of depreciation of intangible assets, as on December 31, 2016.

As at December 31, 2017 and December 31, 2016 no intangible asset was subject to a pledge, guarantee or collateral, with the exception of the Swiss ALKANTIS patent for which escrow was closed during the first quarter of 2018.

Intangible asset movements in 2016 were as follows:

	12/31/2015	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2016
		Acquisitions	Annual amortization				
Gross amount	93,956	6,028	0	(6,034)	0	(89)	93,861
Amount of amortization and provisions	(58,493)	0	(10,041)	6,009	0	(28)	(62,553)
Net intangible fixed assets	35,463	6,028	(10,041)	(25)	0	(117)	31,308

Research costs are recognized as expenses as shown in note 26.

NOTE 8: TANGIBLE FIXED ASSETS

	12/31/2016	Increases: Acquisitions	Increases: Annual amortization	Disposals and scrappings	Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5)	Currency translation adjustments and other movements	12/31/2017
Land and fixtures	**35,737**	4,782		(416)			1,860	**41,963**
Buildings	**171,214**	15,429		(3,098)		(3,578)	16,234	**196,201**
Equipment	**122,890**	9,863		(2,523)			4,062	**134,292**
Tangible fixed assets in progress	**26,491**	8,895		0			(23,234)	**12,152**
Other tangible fixed assets	**36,687**	1,823		(1,882)			(286)	**36,342**
Real estate leasing	**0**	0					0	**0**
GROSS AMOUNT	**393,019**	**40,792**	**0**	**(7,919)**	**0**	**(3,578)**	**(1,364)**	**420,950**
Land and fixtures	**(13,026)**		(1,162)	160			0	**(14,028)**
Buildings	**(109,549)**		(8,293)	3,008	0	2,285	449	**(112,100)**
Equipment	**(80,454)**		(7,473)	2,446			47	**(85,434)**
Tangible fixed assets in progress	**(30,084)**		(2,554)	1,812			300	**(30,526)**
Other tangible fixed assets	**0**		0				0	**0**
AMOUNT OF TOTAL AMORTIZATION	**(233,113)**	**0**	**(19,482)**	**7,426**	**0**	**2,285**	**796**	**(242,088)**
NET TANGIBLE FIXED ASSETS	**159,906**	**40,792**	**(19,482)**	**(493)**	**0**	**(1,293)**	**(568)**	**178,862**

Tangible fixed assets in progress are essentially related to the extension of the Messimy site (see note 1). Partial commissioning occurred in 2017, with the balance scheduled for 2018 through 2020.

As at December 31, 2017 and December 31, 2016, no tangible fixed asset was subject to a pledge, guarantee or collateral.

The movements in tangible fixed assets in 2016 were as follows:

	12/31/2015	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2016
		Acquisitions	Annual amortization				
Land and fixtures	**33,341**	1,281				1,115	**35,737**
Buildings	**169,109**	1,243		(197)		1,059	**171,214**
Equipment	**116,724**	6,453		(2,194)		1,907	**122,890**
Tangible fixed assets in progress	**7,047**	23,517				(4,073)	**26,491**
Other tangible fixed assets	**35,391**	2,063		(1,274)		507	**36,687**
Real estate leasing	**0**						**0**
GROSS AMOUNT	**361,612**	**34,557**	**0**	**(3,665)**	**0**	**515**	**393,019**
Land and fixtures	**(12,060)**		(930)			(36)	**(13,026)**
Buildings	**(101,919)**		(7,754)	183		(59)	**(109,549)**
Equipment	**(75,768)**		(6,841)	2,109		46	**(80,454)**
Tangible fixed assets in progress	**(28,414)**		(2,635)	1,227		(262)	**(30,084)**
Other tangible fixed assets	**0**						**0**
AMOUNT OF TOTAL AMORTIZATION	**(218,161)**	**0**	**(18,160)**	**3,519**	**0**	**(311)**	**(233,113)**
NET TANGIBLE FIXED ASSETS	**143,451**	**34,557**	**(18,160)**	**(146)**	**0**	**204**	**159,906**

NOTE 9: INVESTMENTS

	12/31/2017			12/31/2016		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Financial assets held for sale valued at cost	**778**	**(205)**	**573**	**778**	**(205)**	**573**
Non-consolidated securities [1]	778	(205)	573	778	(205)	573
Financial assets valued at depreciated cost	**2,477**	**0**	**2,477**	**3,274**	**0**	**3,274**
Loans [2]	406	0	406	406		406
Guarantees and other receivables [3]	387	0	387	391		391
Other investments [4]	1,684	0	1,684	2,477		2,477
TOTAL	**3,255**	**(205)**	**3,050**	**4,052**	**(205)**	**3,847**

(1) €566 thousand worth of CEDH shares, a non-consolidated entity held by BOIRON parent company,
€7 thousand worth of CDFH shares, a non-consolidated entity held by BOIRON parent company,
€205 thousand worth of Archibel shares, a non-consolidated entity held by UNDA, fully depreciated.
(2) Including €406 thousand in subsidized home loans (French 1% logement) taken over from DOLISOS S.A. by BOIRON parent company under the merger agreement, revalued in 2012.
(3) Including €387 thousand for real estate guarantees in Russia (€148 thousand), France (€62 thousand), Switzerland (€35 thousand), Romania (€36 thousand) and Hungary (€33 thousand) mainly.
(4) Including €1,668 thousand corresponding to the restricted cash part of the liquidity contract (see note 2.4.4).

As at December 31, 2017 and December 31, 2016, no investment was subject to a pledge, guarantee or collateral.
There are no risk or litigation indicators on non-consolidated companies whose shares are not depreciated.

NOTE 10: TANGIBLE FIXED ASSETS HELD FOR SALE

	12/31/2016	Disposals and scrappings	Impacts of impairment tests (IAS 36)	Allocation of tangible fixed assets	Currency translation adjustments and other movements	12/31/2017
Land and fixtures held for sale	**0**					**0**
Buildings held for sale	**0**			1,293		**1,293**
Equipment held for sale	**0**					**0**
Other assets held for sale	**0**					**0**
NET TANGIBLE FIXED ASSETS HELD FOR SALE	**0**	**0**	**0**	**1,293**	**0**	**1,293**
ADDITIONAL DEPRECIATION OF ASSETS HELD FOR SALE	**0**	**0**	**0**	**0**	**0**	**0**

The line item “Buildings held for sale” refers to the Levallois site in France, which has been listed for sale following the reorganization of the French sites announced in late 2016. The site was closed in July 2017 (see note 1).

In compliance with the IFRS 5 standard, these assets are valued at the lower of their carrying amount and their fair value net of sale fees. They are no longer depreciated once they have been classified within this category (see note 2.7.1). The analysis performed did not lead to any recognition of impairment.

NOTE 11: INVENTORIES AND WORK IN PROGRESS

	12/31/2017	12/31/2016
Raw materials and supplies	12,365	12,632
Semi-finished goods and finished goods	50,793	48,816
Goods	904	965
TOTAL GROSS INVENTORIES	**64,062**	**62,413**
TOTAL DEPRECIATION ON INVENTORIES	**(3,166)**	**(3,317)**
TOTAL NET INVENTORIES	**60,896**	**59,096**

As at December 31, 2017 and December 31, 2016, no inventory had been pledged to guarantee liabilities.
Inventory depreciation is calculated on the basis of criteria defined in note 2.7.2.

NOTE 12: ACCOUNTS RECEIVABLE

	12/31/2017			12/31/2016		
	Gross value	Depreciation	Net value	Gross value	Depreciation	Net value
Net accounts receivable denominated in euros	64,679	(2,502)	62,177	65,940	(2,550)	63,390
Net accounts receivable denominated in other currencies	40,835	(1,191)	39,644	38,391	(651)	37,740
TOTAL	**105,514**	**(3,693)**	**101,821**	**104,331**	**(3,201)**	**101,130**

No outstanding receivables had been sold as at December 31, 2017 or December 31, 2016.
Depreciations on trade receivables are recognized among the principles detailed in note 2.7.3.1.
Credit risk is addressed in note 22.
Accounts receivable denominated in foreign currencies mainly involve Russia, the United States, Poland and Romania (see note 22).

NOTE 13: INCOME TAX RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS

	12/31/2017		12/31/2016	
	Current	Non-current	Current	Non-current
Income tax receivable (non-financial assets)	**5,681**		**5,880**	
Other assets excluding income tax receivable				
Non-financial assets	**15,858**	**38**	**15,415**	**36**
State and local government, excluding income tax	12,623		11,623	
Staff	309	38	285	36
Accrued expenses	2,926		3,507	
Financial assets valued at cost	**4,610**	**0**	**6,398**	**0**
Other debtors	4,610		6,398	
Derivative instruments (1)	**0**	**0**	**0**	**0**
TOTAL	**20,468**	**38**	**21,813**	**36**

(1) See note 22.

NOTE 14: DETAILS OF DEPRECIATIONS ON TRADE RECEIVABLES AND OTHER ASSETS

	12/31/2016	Annual depreciation	Reversal for the period (unused depreciation)	Reversal for the period (used depreciation)	Currency translation adjustments and other movements	12/31/2017
Accounts receivable	3,201	1,253	(277)	(381)	(103)	3,693
Sundry debtors	161	119	(49)		1	232
TOTAL	**3,362**	**1,372**	**(326)**	**(381)**	**(102)**	**3,925**

Depreciations on trade receivables are determined according to the age of receivables and detailed information on customer risks.

NOTE 15: CASH AND CASH EQUIVALENTS

	12/31/2017			12/31/2016		
	Euros	Foreign currencies (euro equivalents)	Total	Euros	Foreign currencies (euro equivalents)	Total
Cash equivalents	33,803	2,292	36,095	24,781	3,351	28,132
Cash	233,738	5,176	238,914	213,927	2,248	216,175
TOTAL	**267,541**	**7,468**	**275,009**	**238,708**	**5,599**	**244,307**

Cash equivalents primarily comprise euro money market funds or similar investments (certificates on deposits and future deposits...) which meet the IAS 7 standard criteria (see note 2.7.3.2).

Fair value changes were not material at the closing date.
No investments instruments had been provided as guarantees or subjected to restrictions as of the end of the period.

The amount of non-available cash and cash equivalents for the group (example: exchange controls) is not material.

NOTE 16: SHAREHOLDERS' EQUITY

As at December 31, 2017, the share capital comprised 19,414,756 fully paid-up shares, each with a par value of €1.
At its meeting on December 14, 2016, the Board of Directors elected to reduce shareholders' equity, effective January 1, 2017, by canceling 26,957 shares held in the company portfolio and allocated for cancellation.

There are no preference shares.
BOIRON parent company is not subject to any external regulatory or contractual constraints on its capital. For monitoring purposes, the company includes the same elements in its shareholders' equity as those integrated into the consolidated shareholders' equity.

16.1 Treasury shares

The capital is comprised as follows (number of shares):

	12/31/2017	12/31/2016
Total number of shares	**19,414,756**	**19,441,713**
Treasury shares	(984,505)	(1,003,535)
Number of shares excluding treasury shares	**18,430,251**	**18,438,178**

Shares registered to the same person for three years or more have double voting rights at shareholders' meetings.

There are no share warrants in circulation and the company has not introduced any employee stock option plans or dilutive instruments.

Treasury shares are valued at the historical cost and their value is directly booked in consolidated shareholders' equity.

As at December 31, 2017, the treasury share portfolio amounted to €70,594 thousand.
Acquisitions made during the fiscal year totaled €12,046 thousand (all via the liquidity agreement). Disposals during the fiscal year totaled €11,474 thousand (in historical acquisition costs), including €85 thousand outside the scope of the liquidity agreement.
The unrealized gain on the portfolio was €2,323 thousand (on the basis of the average price in December 2017).
13,768 shares are held through the liquidity agreement contracted with NATIXIS. No shares have been acquired with a view to cancellation. 1,348 shares held for external growth were sold in 2017.

16.2 Dividend per share

Dividend per share in euro	
Dividend 2016 paid in 2017	**1.60**
Dividend 2017 recommended to SM	**1.60**

16.3 Minority interests

Given the immaterial impact of minority interests, the group does not report their contribution to the main line items on the balance sheet and income statement, with the exception of their contributions to net income and shareholders' equity.

NOTE 17: CURRENT AND NON-CURRENT BORROWINGS AND FINANCIAL DEBTS

	12/31/2016	Increases	Decreases	Currency translation adjustments and other movements	12/31/2017
Total Treasury liabilities	**3,529**	**6,628**	**(35)**	**(53)**	**10,069**
Financial borrowings	**33**		0	1	**34**
Profit-sharing reserve	**5,692**	1,103	(924)	1	**5,872**
Total Borrowings and financial debts	**5,725**	**1,103**	**(924)**	**2**	**5,906**
TOTAL	**9,254**	**7,731**	**(959)**	**(51)**	**15,975**
Including non-current	***5,055***	***1,103***	***(253)***	***(1,112)***	***4,793***
Including current	***4,199***	***6,628***	***(706)***	***1,061***	***11,182***

The change in current and non-current borrowings and financial debts during 2016 was as follows:

	12/31/2015	Increases	Decreases	Currency translation adjustments and other movements	12/31/2016
Total Treasury liabilities	3,545	35	(78)	27	3,529
Total Borrowings and financial debts	**5,241**	**1,358**	**(874)**	**0**	**5,725**
TOTAL	**8,786**	**1,393**	**(952)**	**27**	**9,254**
Including non-current	***4,677***	***1,358***	***(307)***	***(673)***	***5,055***
Including current	***4,109***	***35***	***(645)***	***700***	***4,199***

On December 31, 2017 and December 31, 2016, the majority of financial debts were denominated in euro.

The repayment schedule for the financial liabilities is described in note 22.

Interest rate risk is discussed in note 22.3.1.
Bank loans taken over by the group do not include any financial covenants or “trigger events”.

NOTE 18: NON-CURRENT EMPLOYEE BENEFITS

18.1 Group quantified data

Commitments	Corporate name	Country	12/31/2016	Impact on operating income	Impact on financial income	Impact on other comprehensive income: Actuarial differences	Impact on other comprehensive income: Currency translation adjustments and other movements	12/31/2017
Retirement indemnities	BOIRON parent company	France	**31,242**	(840)	604	(1,886)		**29,120**
Retirement indemnities	BOIRON Caraïbes	France	**48**	3	1	2		**54**
Retirement indemnities	BOIRON (La Réunion)	France	**30**	(5)		21		**46**
Agreement on Preparation for Retirement	BOIRON parent company	France	**82,130**	(1,449)	1,282	(2,583)		**79,380**
Retirement commitments	BOIRON SP	Poland	**1**	0				**1**
Total post-employment benefits (defined contribution plans)			**113,451**	**(2,291)**	**1,887**	**(4,446)**	**0**	**108,601**
Bonuses granted - Long-service bonuses	BOIRON parent company	France	**7,245**	(133)				**7,112**
Bonuses granted - Long-service bonuses	BOIRON Caraïbes	France	**47**					**47**
Bonuses granted	BOIRON Sociedad Iberica de Homeopatia	Spain	**577**	(13)				**564**
Bonuses granted	UNDA	Belgium	**127**	(15)				**112**
Bonuses granted	BOIRON	Belgium	**200**	(22)				**178**
Prepension	UNDA	Belgium	**560**	(128)				**432**
Total other long-term benefits			**8,756**	**(311)**	**0**	**0**	**0**	**8,445**
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES			**122,207**	**(2,602)**	**1,887**	**(4,446)**	**0**	**117,046**

The column "Impact on operating income" includes the recovery of €447 thousand due to the reorganization of the sites in France (see note 33).
In 2016, employee benefits changed as follows:

	12/31/2015	Impact on operating income	Impact on financial income	Impact on other comprehensive income: Actuarial differences	Impact on other comprehensive income: Currency translation adjustments and other movements (1)	12/31/2016
Total Post-employment benefits (defined contribution plans)	**109,851**	**(1,120)**	**2,384**	**2,337**	**(1)**	**113,451**
Total other long-term benefits	**8,164**	**(75)**	**0**	**0**	**667**	**8,756**
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES	**118,015**	**(1,195)**	**2,384**	**2,337**	**666**	**122,207**

(1) The amount of €667 thousand corresponds to the early retirement due to the UNDA employees laid off in 2014 as part of the reorganization. It was reallocated in 2016 from provisions for reorganizations to employee benefits.

18.2 Employee benefits in BOIRON parent company

18.2.1 Main actuarial assumptions

Actuarial assumptions in France	2017	2016	2015
Discount rate	1.70%	1.60%	2.20%
Annual salary revaluation (1)	2.00%	1.80%	2.00%
Social charges rate	50.00%	50.77%	49.94%

(1) Except differentiated increases by age bracket.

Total pre-tax actuarial differences have varied significantly for several years: -€4,446 thousand in 2017, +€2,337 thousand in 2016, -€9,251 thousand in 2015 and +€19,391 thousand in 2014. As indicated in note 2.1, until 2016 these variations were essentially due to the volatility of the discount rate, which was evaluated at the closing date in line with the provisions of IAS 19 revised standard.

As in 2016, the group analyzed the various rates on the market and selected the most relevant benchmark as defined in IAS 19 revised standard, namely a market yield based on high-quality corporate bond issuances, which is conservative in light of the group employee commitments (fifteen years) and observed on an adequately liquid market.
A 0.5 point increase in the discount rate, the annual salary revaluation rate or turnover rate would have an impact of less than 6.0% on retirement indemnities and the agreement on preparation for retirement; this impact would be recognized in “Other comprehensive income”.

Sensitivity to outsourced fund yields is insignificant given that yields on general assets, which account for 71.9% of investments, cannot fall below the annual guaranteed minimum on general assets.

18.2.2 Retirement indemnities

The provisions for BOIRON parent company retirement indemnities changed as follows between 2016 and 2017:

	12/31/2016	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2017
		Service costs	Payments	Plan changes	Interest cost net of estimated return on investment	Actuarial differences (1)	
Actual value of liabilities	**60,077**	2,160	(2,952)		931	(1,212)	**59,004**
Investments value	**(28,835)**		(48)		(327)	(674)	**(29,884)**
Retirement indemnity provision BOIRON parent company	**31,242**	**2,160**	**(3,000)**	**0**	**604**	**(1,886)**	**29,120**

(1) Of which -€677 thousand of actuarial differences linked to the discount rate increase.

The provisions for BOIRON parent company retirement indemnities changed as follows between 2015 and 2016:

	12/31/2015	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2016
		Service costs	Payments	Plan changes	Interest cost net of estimated return on investment	Actuarial differences (1)	
Actual value of liabilities	**57,161**	2,092	(2,469)		1,236	2,057	**60,077**
Investments value	**(27,733)**		(531)		(583)	12	**(28,835)**
Retirement indemnity provision BOIRON parent company	**29,428**	**2,092**	**(3,000)**	**0**	**653**	**2,069**	**31,242**

(1) Of which +€4,165 thousand of actuarial differences linked to the discount rate decrease.

Payments comprise contributions paid to the outsourced fund and refunds obtained from the fund following employees' departures. These refunds cover the payments made to employees.

The net expense for the fiscal year recognized in income before tax, taking into account the payments reported in income (service costs and interest cost net of estimated return on investment) amounted to €2,764 thousand versus €2,745 thousand in 2016 (see notes 25 and 28).

The average duration of this employee benefit liability in 2017 was 15.69 years (versus 15.96 years in 2016).

The estimated cash flow on this employee benefit liability was allocated as follows, coherent with 2016:
- 5% less than one year,
- 20% between one and five years,
- 75% more than five years.

Cash flows are limited to the payments made to the outsourced fund. The group is not in a position to determine the amount of the payments that will be made to the fund in 2018, as this amount is subject to arbitrage during the year.

Outsourced fund:

Investments are made in two types of funds: a euro fund and unit-linked funds.

Investments are distributed between these fund types as follows:
- Cardif Sécurité (general assets): 71.9%,
- Immobilier 21 AC: 8.5%,
- SCI Primonial Capimmo: 6.3%,
- MFS Meridian Global Equity: 13.3%.

The overall make-up of investments at December 31, 2017 is as follows:

	12/31/2017	12/31/2016
Bonds	56.3%	79.5%
Equities	22.1%	11.6%
Money market	0.6%	3.2%
Real estate	19.7%	5.6%
Other	1.3%	0.1%

Fair asset value is determined according to:
- level 1 for 87% of investments (shares, bonds, money market funds and some real estate investments), i.e. the market value of assets as per FININFO, given that the return provided to the group cannot be less than the guaranteed minimum annual amount,
- level 3 for certain real estate investments.

Most of these investments are made in the euro area.
The 2017 actual yield of these funds was 2.60% (1.95% in 2016).

18.2.3 Agreement on Preparation for Retirement

As indicated in note 2.9.1.2, BOIRON parent company employees benefit from an Agreement on Preparation for Retirement (APR).

Between 2016 and 2017, the change in provisions for this agreement was as follows:

	12/31/2016	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2017
		Service costs	Payments	Plan changes	Interest cost	Actuarial differences (1)	
Agreement on Preparation for Retirement provision - BOIRON parent company (actual value of liability)	**82,130**	3,322	(4,771)		1,282	(2,583)	**79,380**

(1) Including -€962 thousand of actuarial differences linked to the discount rate increase.

Between 2015 and 2016, the change in provisions for this agreement was as follows:

	12/31/2015	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2016
		Service costs	Payments	Plan changes	Interest cost	Actuarial differences	
Agreement on Preparation for Retirement provision - BOIRON parent company (actual value of liability)	**80,336**	2,862	(3,081)		1,729	284	**82,130**

Payments consist of paid services, there is no investment in an outsourced fund.

The net expense for the fiscal year taking into account the payments reported in income (service costs, interest cost and plans changes impact) amounted to €4,604 thousand versus €4,591 thousand in 2016 (see notes 25 and 28).

The average period of this employee benefit liability in 2017 was 14.48 years (versus 14.63 years in 2016).

The estimated cash flow on this employee benefit liability was allocated as follows, coherent with 2016:
• 6% less than one year,
• 18% between one and five years,
• 76% more than five years.

18.2.4 Long-service bonuses

As indicated in note 2.9.1.3, the change in long-service bonuses, including actuarial differences, is wholly recognized as operating income.

The change in actuarial debt on long-service bonuses at BOIRON parent company between 2016 and 2017 was as follows:

	12/31/2016	Cost 2017	Actuarial differences	Plan changes	Payments	12/31/2017
Long-service bonuses provision - BOIRON parent company	**7,245**	606	(188)		(551)	**7,112**

The change in actuarial debt on long-service bonuses at BOIRON parent company between 2015 and 2016 was as follows:

	12/31/2015	Cost 2016	Actuarial differences	Plan changes	Payments	12/31/2016
Long-service bonuses provision - BOIRON parent company	**7,132**	644	23		(554)	**7,245**

Actuarial differences were not material in 2017 or 2016.

The cost breakdown between service cost and interest cost for 2017 and 2016 was as follows:

	2017	2016
Service cost	495	494
Interest cost	111	150
TOTAL COST IN OPERATING INCOME	**606**	**644**

NOTE 19: CURRENT AND NON-CURRENT PROVISIONS

	12/31/2016	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements [1]	12/31/2017
Current						
Provisions for returned goods	5,965	5,297	(475)	(4,947)	(271)	5,569
Provisions for contingencies and lawsuits	1,817	703	(284)	(138)	(153)	1,945
Provisions for reorganizations		621		(54)		567
Other provisions for other expenses	30		(30)			0
TOTAL CURRENT PROVISIONS	**7,812**	**6,621**	**(789)**	**(5,139)**	**(424)**	**8,081**
Non-current						
Provisions for contingencies and lawsuits	368	5		(242)	125	256
TOTAL NON-CURRENT PROVISIONS	**368**	**5**	**0**	**(242)**	**125**	**256**

A provision of €621 thousand was allocated for the reorganization of the sites in France in 2017. €54 thousand of that provision was recovered to cover the costs incurred during the year (see note 33).
The net impact of restructuring costs amounted to €467 thousand (see note 1).

The change in current and non-current provisions during 2016 was as follows:

	12/31/2015	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements [1]	12/31/2016
Current						
Provisions for returned goods	6,648	5,531	(740)	(5,547)	73	5,965
Provisions for contingencies and lawsuits	1,389	1,157	(372)	(372)	15	1,817
Provisions for reorganizations	744		(77)		(667)	0
Other provisions for other expenses	30		(1)		1	30
TOTAL CURRENT PROVISIONS	**8,811**	**6,688**	**(1,190)**	**(5,919)**	**(578)**	**7,812**
Non-current						
Provisions for contingencies and lawsuits	364	4				368
TOTAL NON-CURRENT PROVISIONS	**364**	**4**	**0**	**0**	**0**	**368**

(1) The amount of -€667 thousand corresponds to the early retirement payments due to the UNDA employees laid off in 2014 as part of the reorganization. It was reallocated in 2016 from provisions for reorganizations to employee benefits.

Other contingent assets and liabilities are mentioned in note 33.

NOTE 20: ACCOUNTS PAYABLE

	12/31/2017	12/31/2016
Accounts payable denominated in euros	32,919	20,302
Accounts payable denominated in other currencies	10,350	18,770
TOTAL	**43,269**	**39,072**

NOTE 21: INCOME TAX PAYABLE AND OTHER CURRENT AND NON-CURRENT LIABILITIES

	12/31/2017		12/31/2016	
	Current	Non-current	Current	Non-current
Income tax payable (non-financial liabilities)	**2,141**	**0**	**4,591**	**0**
Other liabilities except income tax payable				
Non-financial liabilities	**79,830**	**1,616**	**81,341**	**1,589**
• State and local government, excluding income tax	9,466		9,987	
• Personnel and social security organizations	69,049	1,616	70,182	1,589
• Deferred revenue	1,315		1,172	
Financial liabilities valued at cost	**14,661**	**0**	**19,103**	**0**
• Fixed asset suppliers	5,442		10,212	
• Other creditors	9,219		8,891	
Derivative instruments[(1)]	**2**	**0**	**29**	**0**
TOTAL	**94,493**	**1,616**	**100,473**	**1,589**

(1) See note 22.

Other non-current liabilities correspond to the debt related to the Italian TFR (see note 2.9.1.2).

NOTE 22: FINANCIAL INSTRUMENTS

22.1 Information on balance sheet

With regard to the financial assets and liabilities the following tables show:

- Their breakdown according to the categories specified by IAS 39 standard and recalled in note 2.10:
  - A: assets available for sale valued at cost. These are primarily non-consolidated non-traded securities,
  - B: assets and liabilities at fair value through income. These are primarily short-term investments; their valuation is conducted by an external service provider,
  - C: assets and liabilities measured at amortized cost,
  - D: held-to-maturity investments. No asset met this definition during the presented fiscal years,
  - E: derivative instruments recognized at fair value in income.

- Their breakdown into the levels provided for amendments to IFRS 7 standard and recalled in note 2.10,

- The comparison between carrying amounts and fair values,

- Their breakdown by maturity.

12/31/2017	Refer to notes	Category of financial instruments	Levels required by amendments to IFRS 7 standard (1)	Net Book Value	Fair value
FINANCIAL ASSETS				**384,490**	**384,490**
Non-consolidated securities	Note 9	A	N/A	573	573
Other financial investments	Note 9	C	N/A	2,477	2,477
Other non-current financial assets	Note 13	C	N/A		
Accounts receivable	Note 12	C	N/A	101,821	101,821
Derivative instruments	Note 13	E	2		
Other current financial assets	Note 13	C	N/A	4,610	4,610
Cash and cash equivalents	Note 15	B	1 or 2	275,009	275,009
FINANCIAL LIABILITIES				**73,907**	**73,907**
Cash liabilities	Note 17	B	N/A	10,069	10,069
Borrowings and financial debts except treasury liabilities	Note 17	C	N/A	5,906	5,906
Other non-current financial liabilities	Note 21	C	N/A		
Accounts payable	Note 20	C	N/A	43,269	43,269
Derivative instruments	Note 21	E	2	2	2
Other current financial liabilities	Note 21	C	N/A	14,661	14,661

(1) See definition in note 2.10.

Data on December 31, 2016 was as follows:

12/31/2016	Refer to notes	Category of financial instruments	Levels required by amendments to IFRS 7 standard (1)	Net Book Value	Fair value
FINANCIAL ASSETS				**355,682**	**355,682**
Non-consolidated securities	Note 9	A	N/A	573	573
Other financial investments	Note 9	C	N/A	3,274	3,274
Other non-current financial assets	Note 13	C	N/A		
Accounts receivable	Note 12	C	N/A	101,130	101,130
Derivative instruments	Note 13	E	2		
Other current financial assets	Note 13	C	N/A	6,398	6,398
Cash and cash equivalents	Note 15	B	1 or 2	244,307	244,307
FINANCIAL LIABILITIES				**67,458**	**67,458**
Cash liabilities	Note 17	B	N/A	3,529	3,529
Borrowings and financial debts except treasury liabilities	Note 17	C	N/A	5,725	5,725
Other non-current financial liabilities	Note 21	C	N/A		
Accounts payable	Note 20	C	N/A	39,072	39,072
Derivative instruments	Note 21	E	2	29	29
Other current financial liabilities	Note 21	C	N/A	19,103	19,103

(1) See definition in note 2.10.

Schedule

Less than 1 year	Between 1 and 5 years	More than 5 years
381,440	**0**	**0**
N/A	N/A	N/A
N/A	N/A	N/A
101,821		
4,610		
275,009		
69,114	**4,793**	**0**
10,069		
1,113	4,793	
43,269		
2		
14,661		

This table does not include the outsourced fund for employment benefits, covered in note 18, which is assessed at fair value at closing.

The net booking value represents a reasonable estimate of the fair value for the categories A and C.

No financial instruments were reclassified in another category or sold to a third party in 2016 or 2017.

There are no discounted loans or financial liabilities. Furthermore, non-accrued interests are not taken into account in the schedules, given their immaterial impact.

Schedule

Less than 1 year	Between 1 and 5 years	More than 5 years
351,835	**0**	**0**
N/A	N/A	N/A
N/A	N/A	N/A
101,130		
6,398		
244,307		
62,403	**5,055**	**0**
3,529		
670	5,055	
39,072		
29		
19,103		

The only financial instruments valued at fair value are marketable securities and derivative instruments, corresponding to levels 1 and 2 of the hierarchy defined in IFRS 13 standard (see note 2.10). The group did not find any adjustments related to counterparty risks (non-payment risk of an asset) or credit risks (non-payment risk of a liability).

Implementation of IFRS 7 standard did not lead to the recognition of any adjustments for non-performance risk (counterparty risk and own funds risk).

Derivative instruments

The only such instruments are exchange risk hedging derivatives.
On December 31, 2017, the current foreign exchange derivatives corresponded only to fair value hedges and not to cash flows. Consequently, changes in the fair value of derivatives were recognized in full as income.

The following table presents these instruments by contract type and the main currencies covered, for 2017 and 2016:

		12/31/2017		12/31/2016	
Local currency	**Type of contract**	**Notional (in thousands of currency)**	**Fair Value (in thousand of euros)**	**Notional (in thousands of currency)**	**Fair Value (in thousand of euros)**
Russian Rouble	Currency options				
	Futures contracts			(36,000)	(32)
	TOTAL	**0**	**0**	**(36, 000)**	**(32)**
US Dollar	Currency options				
	Futures contracts			(3,300)	3
	TOTAL	**0**	**0**	**(3,300)**	**3**
Canadian Dollar	Currency options				
	Futures contracts	(750)	(2)		
	TOTAL	**(750)**	**(2)**	**0**	**0**
	GLOBAL TOTAL		**(2)**		**(29)**

At the closing date, the fair value of these instruments, as determined by an external consultant and including all currencies, amounted to -€2 thousand, as against -€29 thousand on December 31, 2016. These amounts were recognized in other current liabilities (see note 21).

In the income statement, their change between 2016 and 2017 was recognized in other operating revenue and expenses because they constitute fair value hedges which are considered effective.

22.2 Impact on income statement

The impact of revenue and expenses related to financial assets and liabilities is disclosed:
- for revenue and expenses recognized in operating income: in note 14 (impairment of trade receivables and other receivables) and in note 27 (foreign exchange gains and losses on commercial transactions and gains and losses on derivative instruments related to hedging of commercial transactions);
- for income and expenses recognized in financial income: in note 28 (gains and losses on derivatives related to financial hedges).

22.3 Market risk management

The main features of the group's market risk management policy are:

- a centralization of risks within BOIRON parent company,
- a hedging target,
- a risk-assessment using detailed forecasts over a one-year time frame,
- a detailed monitoring of differences between forecasts and actual figures,
- a separation of decision-making, execution and control responsibilities:
  - General Management approves the annual market risk management policy proposed by the finance department,
  - the group treasury department assesses risks, implements and monitors hedging transactions,
  - the treasury committee controls the transactions made by the group treasury department.

22.3.1 Interest rate risk

Cash surpluses and group companies' financing requirements are centralized as part of a cash pooling process and managed by the group treasury department. During the year 2017, the group consolidated cash was constantly in excess, as it was in 2016.

Cash surplus investment vehicles are selected by the group treasury department in compliance with a management policy which prioritizes the criteria of liquidity and security. The rules are as follows:

- use of monetary and assimilated products,
- product selection based on liquidity,
- distribution of risk by diversifying the types of financial instruments and the counterparties,
- selection of issuers and counterparties based on their creditworthiness.

As at December 31, 2017, the interest rate risk can be analyzed as follows, given the terms of the rates applied to the assets/liabilities position:

	Daily - 1 year	1 - 5 years	> 5 years
ASSETS - short-term investments and cash equivalents	275,009		
LIABILITIES - cash liabilities, borrowings and financial debts	(11,182)	(4,793)	
NET CASH POSITION	**263,827**	**(4,793)**	**0**

An immediate one-point increase in short-term interest rates, applied to the closing net cash balance, would have a positive impact (before tax effect) of €2,638 thousand on financial revenue.

22.3.2 Counterparty risk

BOIRON group's exposure to financial counterparty risk is mainly linked to its surplus cash and cash equivalents invested with by leading counterparties. The treasury department monitors their external ratings and ensures that these investments are split among an appropriate number of counterparties.

22.3.3 Foreign exchange risk

BOIRON group faces two types of foreign exchange risk:
- a foreign exchange risk on assets, related to BOIRON parent company's interests in its foreign subsidiaries. This risk is assessed but is not subject to specific management as these interests are held for the foreseeable future;
- a foreign exchange risk on transactions stemming from commercial and financial transactions carried out in currencies other than the euro, which is the reference currency of the group.

The foreign exchange risk on transactions is centralized on BOIRON parent company and mainly comes from:
- sales in local currencies,
- the financing needs of certain foreign subsidiaries,
- dividends in local currency paid by the subsidiaries.

The foreign exchange risk on transactions is hedged to protect the group's earnings from unfavorable exchange rate fluctuations against the euro. However, these hedges are flexible and implemented gradually in order to take advantage of favorable trends.

The permitted hedging transactions are: foreign currency loans and borrowings, cash or forward currency translation, currency options, over a maximum twelve-month term.

On December 31, 2017, the breakdown of the main assets and liabilities in foreign currencies on the books of BOIRON parent company was as follows:

		Russian Rouble	US Dollar	Romanian Leu	Polish Zloty	Canadian Dollar	Hungarian Forint	Other currencies	TOTAL
Cash and cash equivalents	in thousands of currency	7,161		28	39	2	543		
Other financial assets		129,031	4,353	3,575	1,802	1,045	93,543		
Cash liabilities			(53)						
Other financial liabilities		(619)	(10)						
Net position before management		**135,573**	**4,290**	**3,603**	**1,841**	**1,047**	**94,086**		
Fair value hedges						(750)			
Net position after management		**135,573**	**4,290**	**3,603**	**1,841**	**297**	**94,086**		
NET POSITION AFTER MANAGEMENT (EURO EQUIVALENTS)	in thousands of euros	**1,954**	**3,577**	**773**	**441**	**197**	**303**	**(1,052)**	**6,193**

The net positions before and after management were converted at the closing rates presented in note 4. Only fair value hedges are presented in this table, insofar as hedges on future cash flows do not cover assets and liabilities recorded in 2017. In addition, there were no future cash flow hedges as of December 31, 2017.

The impact of an immediate +10% increase in the exchange rates (drop in other currencies against the euro) would be as follows as at December 31, 2017:

		Russian Rouble	US Dollar	Romanian Leu	Polish Zloty	Canadian Dollar	Hungarian Forint	Other currencies	TOTAL
On net position after management at closing date	in thousands of euros	(178)	(325)	(70)	(40)	(18)	(28)		**(659)**
On sales		(2,568)	(5,191)	(770)	(667)	(885)	(283)	(1,817)	**(12,181)**
On income before tax of subsidiaries		65	(90)	13	78	(41)	70	2,928	**3,023**
On shareholders' equity		(2,018)	(1,123)	(195)	(126)	(201)	(1)	(1,055)	**(4,719)**

22.3.4 Credit risk

BOIRON group pays particular attention to debt collection and continues to develop its credit risk management tools in light of the current economic context.

Each group entity has its own department tasked with monitoring accounts receivable and handling recovery. Consolidated monitoring of accounts receivable outstanding, late payments and the associated risk is managed centrally by a dedicated department.

Hedging mechanisms (credit insurance, bank guarantees, letters of credit) are put in place when clients are overly concentrated or where there is a high loss exposure in a particular country or geographic area.

The group's guarantees amounted to €98,678 thousand (compared to €94,369 thousand in 2016) on December 31, 2017.

At December 31, 2017, accounts receivable outstanding and not depreciated amounted to €8,903 thousand, or 8.4% of trade receivables (compared to €4,662 thousand, or 4.6% of trade receivables on December 31, 2016). This increase is essentially due to payment delays in Tunisia. These payments should be received in 2018.

Accounts receivable overdue for less than a month accounted for 55% of this amount.
The remainder was overdue for less than a year.

The group average days of sales outstanding were 53 days (+2 days year-on-year).

There were no major accounts receivable restructuring agreements or offsetting agreements as of December 31, 2017.

Losses on bad debts, net of amortizations and reversal on depreciations for bad debts amounted to -€1,024 thousand (0.17% of consolidated sales) compared to -€127 thousand (0.02% of consolidated sales) in 2016 (see note 14).

The group did not observe any material failures in 2017, as in 2016.

As indicated in note 2, the group does not expect the application of IFRS 9 standard in 2018 to have a significant impact on the amount of depreciation recognized.

22.3.5 Liquidity risk

The company conducted a specific review of its liquidity risk and is confident in its ability to meet the upcoming maturities.

Historically, short-term assets of BOIRON group were always superior to its short-term liabilities and its cash position is structurally in excess. BOIRON group's financial structure remained unchanged in 2017. For that reason, the details are not given for maturities under one year.

22.3.6 Equity, bond and other asset risk

The group does not directly hold a portfolio of shares and bonds.

The breakdown by asset type for outsourced fund related to employee benefits appears in note 18.

72% of investments are covered by a guaranteed minimum rate and do not involve any equity risk.

22.3.7 Country risk

• Russia
In 2014, sales in Russia reached €52,009 thousand and made up 8.5% of group sales.
In 2017, sales were €28,201 thousand, down €3,659 thousand (€6,826 thousand at constant exchange rate) compared to 2016.
They were affected by low levels of winter diseases, increased competition, and a media crisis.
Sales are generated by a limited number of specialties and are highly dependent on winter disease levels.
Assets in Russia are immaterial and the subsidiary had 221 employees at the end of 2017.
Throughout the year, the group exercised vigilance in choosing its partners by defining the acceptable level of sales to realize with each of them, given the coverage levels obtained from its credit insurers. This vigilance will continue in 2018.
The sensitivity of income with respect to fluctuations of the rouble is provided in note 22.3.3.

• Tunisia
In 2017, the group achieved sales of €6,696 thousand to the Pharmacie Centrale de Tunisie, the country's sole importer of medications. Due to the healthcare system funding crisis which has affected Tunisia since late 2016, BOIRON has suffered delays in the payment of accounts receivable and longer payment times. Note that all accounts receivable are covered by a credit insurer and that no losses were recognized in 2017. No accounts receivable were depreciated as of December 31, 2017 for the reasons described above.
The situation is being monitored at the group level.
The assets in Tunisia are immaterial and the subsidiary had 27 employees at the end of 2017.

NOTE 23: OPERATING REVENUE

	2017	%	2016	%
Non-proprietary homeopathic medicines	310,594	50.3	313,365	51.0
OTC specialties	305,552	49.5	299,672	48.8
Other [1]	1,394	0.2	1,452	0.2
TOTAL SALES	**617,540**	**100.0**	**614,489**	**100.0**
Other operating revenue (fees)	2		2	

(1) The "Other" heading in net sales includes sales of books as well as invoicing for services (training).

The product lines presented in this breakdown of sales do not constitute operating segments according to IFRS 8 standard.

NOTE 24: AMORTIZATIONS, DEPRECIATIONS IMPAIRMENTS AND PROVISIONS

AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENT AND PROVISIONS ON OPERATING INCOME	2017	2016
Allowances to amortizations and impairments on intangible fixed assets	(9,886)	(10,041)
Allowances to amortizations and impairments on tangible fixed assets	(19,482)	(18,160)
TOTAL OF THE NET ALLOWANCES TO AMORTIZATIONS AND DEPRECIATIONS ON INTANGIBLE AND TANGIBLE FIXED ASSETS ON OPERATING INCOME	**(29,368)**	**(28,201)**
Depreciations on current assets	(532)	(39)
Provisions	(456)	417
Employee benefits	2,602	1,195
TOTAL NET CHANGES IN DEPRECIATIONS ON ASSETS AND PROVISIONS ON OPERATING INCOME	**1,614**	**1,573**
TOTAL AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS ON OPERATING INCOME	**(27,754)**	**(26,628)**

AMORTIZATIONS, DEPRECIATIONS AND PROVISIONS ON FINANCIAL INCOME	2017	2016
Depreciations on financial assets		
Provisions		
Employee benefits	(1,887)	(2,384)
TOTAL NET CHANGES IN DEPRECIATIONS ON ASSETS AND PROVISIONS ON FINANCIAL INCOME	**(1,887)**	**(2,384)**
TOTAL AMORTIZATIONS, DEPRECIATIONS, IMPAIRMENTS AND PROVISIONS	**(29,641)**	**(29,012)**

The net changes in amortizations, depreciations, impairments and provisions (recognized in operating income) by activity are detailed below:

	2017	2016
Sales	92	271
Industrial production costs	(12,737)	(12,189)
Preparation and distribution costs	(5,071)	(5,763)
Marketing costs	(1,685)	(2,005)
Research costs	(184)	(210)
Regulatory affairs costs	(51)	(42)
Support functions costs	(7,587)	(7,977)
Other operating revenue and expenses	(531)	1,287
TOTAL	**(27,754)**	**(26,628)**

NOTE 25: PERSONNEL EXPENSES IN OPERATING INCOME

	2017	2016
Salaries and social charges	(200,391)	(197,207)
Profit-sharing	(18,369)	(20,641)
Employee benefits (total cost)	(6,602)	(6,258)
Other personnel expenses	(7,691)	(7,351)
TOTAL	**(233,053)**	**(231,457)**

The total cost of employee benefits (excluding financial costs), included in personnel expenses is broken down as follows:

	2017	2016
Retirement indemnities	(2,163)	(2,097)
Agreement on Preparation for Retirement	(3,322)	(2,862)
Italian TFR	(653)	(627)
Belgium prepension	(11)	0
Long-service bonuses and bonuses granted	(453)	(672)
TOTAL	**(6,602)**	**(6,258)**

Personnel expenses by activity have changed as follows:

	2017	2016
Industrial production costs	(44,454)	(43,240)
Preparation and distribution costs	(68,852)	(71,162)
Marketing costs	(72,685)	(71,470)
Research costs	(1,169)	(1,350)
Regulatory affairs costs	(5,701)	(4,926)
Support functions costs	(40,192)	(39,309)
Other operating revenue and expenses	0	0
TOTAL	**(233,053)**	**(231,457)**

The amount paid by BOIRON parent company for mandatory and supplemental retirement plans was €16,936 thousand in 2017, compared to €16,507 thousand in 2016.

NOTE 26: RESEARCH COSTS

Research costs, which correspond to the costs of pharmacological, clinical and fundamental research (see note 2.4.2), amounted to €3,586 thousand in 2017 compared to €3,952 thousand in 2016: the main costs were fees of €1,825 thousand in 2017 (compared to €1,911 thousand in 2016) and personnel expenses (see note 25).

NOTE 27: OTHER OPERATING REVENUE AND EXPENSES

	2017	2016
Income on disposable assets (1)	3,518	(109)
Tax credit competitiveness employment(2)	3,407	3,126
Other tax credits (including research tax credits)(2)	1,634	1,439
Net changes in provisions	(78)	569
Gains and losses on derivative instruments (related to operating hedges)	(67)	(687)
Foreign exchange gains and losses on operating transactions	(645)	962
Other	(367)	(10)
TOTAL	**7,402**	**5,290**
Including other operating revenue	***9,102***	***6,222***
Including other operating expenses	***(1,700)***	***(932)***

(1) Including a capital gain of €3,293 thousand on the sale of the site located in the 8th district of Lyon on January 4, 2017. This site was closed in 2014 following the consolidation of the two sites in the Lyon area on the Francheville site.
(2) See note 2.6.

NOTE 28: OTHER FINANCIAL REVENUE AND EXPENSES

	2017	2016
Other financial revenue	**429**	**628**
Including net financial return on outsourced investments of employee benefits[1]	327	583
Including gains and losses on cash and financial accounts	60	
Including gains and losses on derivative instruments (related to financial hedges)	31	24
Other financial expenses	**(2,245)**	**(3,202)**
Including interest cost of employee benefits[1]	(2,214)	(2,967)
Including gains and losses on cash and financial accounts		(91)

(1) See note 18.

NOTE 29: INCOME TAX

29.1 Breakdown of the tax charge

	2017	2016
Current taxes payable	(42,131)	(46,400)
Deferred taxes	(2,797)	(2,788)
TOTAL	**(44,928)**	**(49,188)**
Effective rate	**36.5%**	**38.8%**

The difference between the recognized tax charge and the tax that would have been recognized at BOIRON parent company's theoretical rate breaks down as follows for 2016 and 2017:

	2017	%	2016	%
Theoretical tax	(42,394)	34.4	(43,693)	34.4
Impact of subsidiaries tax rates[1]	(2,008)	1.6	(127)	0.1
Impact of reduced tax rates in France[2]	(768)	0.6	(3,062)	2.4
Permanent differences	(197)	0.2	(407)	0.3
Fiscal loss or gain without recognition of income tax	(1,469)	1.2	(765)	0.6
Tax credits, deferred income tax adjustment and other	1,908	(1.5)	(1,134)	0.9
ACTUAL TAX	**(44,928)**	**36.5**	**(49,188)**	**38.8**

(1) An additional deferred tax charge was recognized as net income as at December 31, 2017 in respect of the anticipated lowering of income tax rate:
- €1,148 thousand in the United States (the tax rate will fall to 24% in 2018 from 37.1% in 2017),
- €344 thousand in Belgium (the tax rate will fall to 29% in 2018 then 25% in 2020 from 33.99% in 2017).

(2) An additional charge of deferred taxes of €779 thousand has been recognized as net income as at December 31, 2017 in respect of the anticipated lowering from 2019 of income tax rate in France (gradual decrease until 2022 to reach 25.83% versus 34.43% currently).

The group's theoretical tax (34.4%) is calculated on the basis of the rate applicable in France.

29.2 Breakdown of deferred taxes in the balance sheet

The position of deferred taxes in the balance sheet has changed as follows:

	12/31/2016	Impact on net result	Impact on other comprehensive income: Actuarial differences on employee benefits	Impact on other comprehensive income: Currency translation adjustments and other movements	12/31/2017
Deferred taxes on regulated provisions	(10,742)	(445)			(11,187)
Deferred taxes on capital leases	158	(14)			144
Deferred taxes on loss carry-forwards	1,311	250			1,561
Deferred taxes on employee benefits	33,695	(955)	(2,155)		30,585
Deferred taxes in relation to local taxation	7,351	(686)		(327)	6,338
Deferred taxes on other items	7,978	(947)		27	7,058
NET DEFERRED TAX (1)	**39,751**	**(2,797)**	**(2,155)**	**(300)**	**34,499**
Including net deferred tax assets	***39,821***	***(2,830)***	***(2,155)***	***(301)***	***34,535***
Including net deferred tax liabilities	***(70)***	***33***		***1***	***(36)***

(1) The anticipated lowering of income tax rate in France has led to the recognition of:
- expense of €2,271 thousand in net income (see note 29.1),
- expense of €617 thousand in other comprehensive income, in France.

Deferred tax assets and liabilities are offset within the same company, since taxes are deducted by the same tax authorities.

As at December 31, 2017, deferred taxes not recorded on loss carryforwards, in accordance with the principles set out in note 2.6, amounted to €4,706 thousand, compared to €3,936 thousand at December 31, 2016. They mainly concern Brazil, UNDA and Switzerland.

NOTE 30: EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	2017	2016
Net earnings (in thousand of euros)	78,243	77,725
Average number of shares for the fiscal year	18,429,643	18,429,701
EARNINGS PER SHARE (in euros)	**4.25**	**4.22**

The method for the calculation of the weighted average number of shares is described in note 2.11.4.
In the absence of dilutive instruments, the average earnings per share are the same as the average diluted earnings per share.

NOTE 31: STATEMENT OF CASH FLOWS

Group net cash reached €264,940 thousand at the end of 2017, compared to €240,778 thousand at the end of 2016.

The reconciliation between the cash flow on the consolidated balance sheet and the net cash flow on the statement of cash flows is as follows:

			2017	2016
Cash and cash equivalents	Consolidated balance sheet	Note 15	275,009	244,307
Cash liabilities (included in current borrowings and financial debts)	Consolidated balance sheet	Note 17	10,069	3,529
NET CASH POSITION	**Statement of consolidated cash flows**		**264,940**	**240,778**

Cash position variation (including the impact of foreign currency exchange rates) was €24,162 thousand in 2017, compared to €48,823 in 2016. This €24,661 thousand decrease is mainly due to the increase in cash flows related to investment activities and, to a lesser extent, to the decrease in cash flows related to operating activities.

The cash flows related to operating activities amounted to €104,745 thousand in 2017, compared to €110,131 thousand in 2016, a decrease of €5,386 thousand. This decrease is mainly explained by:
- the decrease in consolidated cash flow (€7,405 thousand), related to the drop in operating income,
- the decrease in tax paid (€3,135 thousand),
- the decreased change in working capital requirements (€1,116 thousand). In 2017, the €1,340 thousand change in working capital requirements was mainly due to the following elements:
  - an increase in accounts receivable (€3,258 thousand), mainly in Romania, the USA and Tunisia,
  - an increase in inventories (€2,614 thousand) essentially in France and the USA,
  - an increase in accounts payable (€6,059 thousand), mainly in France.

The cash flows related to investment activities amounted to €51,182 thousand compared to €34,220 thousand in 2016. This €16,962 thousand change is mainly due to investments in the Messimy site (see note 1). In 2017, cash flows mainly involved:
- the production sites in France, particularly the Messimy site expansion (€23,592 thousand),
- various group IT projects (€5,595 thousand),
- the acquisition of the ALKANTIS patents and brands (€2,495 thousand),
- the acquisition of 100% of the shares of Laboratoire FERRIER (€1,826 thousand),
- the sale of the Lyon 8th site (€3,293 thousand).

The differences with the amounts indicated in the table of movements of tangible (Note 8) and intangible (Note 7) fixed assets correspond to changes in debt on fixed assets (-€4,769 thousand).

Cash flows related to financing activities amounted to €29,253 thousand versus €27,365 thousand in 2016. They concern the distribution of dividends (€29,485 thousand in 2017 versus €27,646 thousand in 2016).

NOTE 32: OFF-BALANCE SHEET LIABILITIES

BOIRON group has no off-balance sheet liabilities related to acquisitions and disposals of subsidiaries (agreements to repurchase shares, etc.).

The off-balance sheet liabilities related to asset acquisitions are related to the acquisition of the ALKANTIS patents and brands (see note 1). This equity-financed acquisition cost €2,495 thousand. The contract also includes an earn-out clause:

- In 2023, if annual net sales of the product in fiscal year 2022 exceed 10 million euros, the earn-out payment will be equal to 10% of net sales in excess of 10 million euros during fiscal year 2022. It will be capped at 2 million euros.

- In 2028, if annual net sales of the product in fiscal year 2027 exceed 20 million euros, the earn-out payment will be equal to 10% of net sales in excess of 20 million euros in fiscal year 2027. It will be capped at 4 million euros.

No amounts were recognized for these earn-out payments, because the recognition criteria had not yet been met at closing.

Off-balance sheet liabilities related to group operating activities are presented below:

	12/31/2016	12/31/2017	Schedule Less than 1 year	From 1 to 5 years	More than 5 years
Received commitments	**1,969**	**2,232**	**2,232**	**0**	**0**
• Real estate guarantees	1,969	2,232	2,232		
Given commitments	**26,591**	**29,002**	**12,081**	**14,194**	**2,727**
• Bank securities	622	5,026	5,026		
• Customs and tax deposits	822	822			822
• Leases	25,147	23,154	7,055	14,194	1,905

Leasing expenses amounted to €9,096 thousand in 2017 and €8,939 thousand in 2016.
The group's operating leases are mainly:
- Vehicle leases (approximately 50%), with an average duration of three years,
- Real estate leases (approximately 30%), mainly preparation and distribution sites in France and subsidiary headquarters in Russia and Italy. The duration of the contracts varies between five and nine years and they are generally renewed.

The ongoing analysis of contracts has not identified any specific characteristics (such as variable leases, indemnities owed by lessors at the end of leases, etc.).

As at December 31, 2017, there were no clauses that could lead to additional liabilities other than those set out in note 9.

NOTE 33: CONTINGENT ASSETS AND LIABILITIES

33.1 Litigation in the United States

In the USA, the last class action suit against the Oscillococcinum® medicine was unanimously rejected by the jury of the Court of Los Angeles in California. In consequence, the judge refused all the plaintiff's requests in a verdict issued on January 3, 2017. On October 20, the plaintiff appealed against the ruling. The Appeals Court should rule on the case in 2018.

No amount was provisioned for this litigation as of December 31, 2017.

33.2 Litigation in Canada

BOIRON Canada was the subject of two consumer lawsuits, on March 16, 2012 in Ontario and April 13, 2012 in Quebec, seeking to begin class actions.

In Quebec, the Superior Court of Montreal refused the request in its judgment dated January 19, 2015. The Quebec Appeals Court overruled this judgment on October 26, 2016 and authorized the start of class action proceedings. Our Canadian subsidiary appealed against the judgment of the Appeals Court before the Supreme Court of Canada.
The Supreme Court rejected our appeal in May 2017. Substantive proceedings are under way before the Superior Court of Quebec.

In Ontario, proceedings have not evolved since the suit was filed by the plaintiff.

No amount was provisioned for this litigation as of December 31, 2017.

33.3 Commercial litigation

At the end of 2014, our Belgian subsidiary UNDA revised its prices. Those price changes were refused by its Italian distributor, Ce.M.O.N.

Pending an agreement, deliveries to Ce.M.O.N. were suspended. Ce.M.O.N. initially decided to suspend payment of its invoices, prior to unilaterally terminating its distribution contract with UNDA.

Faced with the impossibility of reaching an amicable agreement, UNDA has initiated arbitration proceedings before the International Court of Arbitration of the International Chamber of Commerce in Paris, in accordance with the contractual terms.

By partial decision on December 14, 2016, the arbitration tribunal ordered Ce.M.O.N. to transfer ownership of the marketing authorizations for the UNDA products which were distributed in Italy by Ce.M.O.N to UNDA, no later than December 31, 2016.

The arbitration procedure continued with regard to the substantive questions opposing the parties. The arbitration court should issue its ruling during the second half of 2018.

In 2015, the accounts payable and inventories of products made for Ce.M.O.N. were depreciated by €1,596 thousand and €787 thousand respectively.

33.4 Project concerning the reorganization of the sites in France

On November 15, 2016, employees were informed of a project concerning a new organization of the sites in France. An information-consultation meeting was held with the Central Works Council on December 14, 2016 to explain the contents:
• first, the consolidation of sites close to each other on a single site, existing or to be built;
• second, the transfer of the preparation activities from certain sites to other sites.

78 employees would be offered either the same job on another site or a different job on their current site. 38 employees whose jobs would no longer exist would be offered other positions within the company.

In 2017, the implementation phase of this new organization began;
The first step, the transfer of five preparation departments to other sites and one site transfer, was completed in January 2018. Six people refused the proposed geographic modification of their employment contracts. €914 thousand in costs (indemnities and support measures for reassignments) were recorded in 2017; these costs were partially offset by the recovery of €447 thousand in provisions for employee benefits. The impact on group operating income is €467 thousand.

The second step, which aims to concentrate sites on three new locations and transfer two preparation departments, will be completed in 2018 and 2019.

The application of the principles defined in note 2.9.3 did not lead to the recognition of a provision for the second step as at December 31, 2017.

There are no other governmental, judicial or arbitration proceedings, including all proceedings of which the company is aware, or which are pending or threatened, which may have or have had a material impact upon the financial position or profitability of the company or the group in the past twelve months.

NOTE 34: RELATED PARTIES

34.1 Related companies

	SODEVA [(1)]		CDFH [(2)]		IFCH [(2)]		CEDH [(2)]		ARCHIBEL	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Purchases of goods							66	70	None	None
Disposals of goods									None	None
Services provided	8	7	275	211			230	270	None	None
Services received			28	36			2,408	1,873	None	None
Total receivables			79	104			72	125	None	None
Total payables			19	39			540	803	None	None

(1) BOIRON family holding company.
(2) Associations for the development of homeopathy.

34.2 Compensation due to administrative and management bodies

Managers' and company officers' due gross compensation is described as follows:

	Managers	Other directors who are not executive managers
Fixed compensation	1,019	133
Variable compensation linked to employment contract [(1)]	630	26
Variable compensation linked to corporate manager function [(2)]	563	
Other compensation		
Fees		105
Attendance fees	39	186
In kind compensation [(3)]	38	
TOTAL DUE GROSS COMPENSATION 2017	**2,289**	**450**
Total due gross compensation 2016 (reminder)	**2,120**	**399**
Post-employment benefits (retirement indemnities and agreement on preparation for retirement)	1181	114
Other long-term benefits (long-service bonuses)	69	

(1) The variable compensation linked to employment contracts includes incentive bonus, profit-sharing, company savings plan (PEE) and retirement saving plan (PERCO).
(2) The variable compensation linked to the corporate manager function consists of incentive bonus for corporate managers without an employment contract.
(3) It consists of retirement and insurance premium contribution (€18 thousand) and a company car (€20 thousand).

NOTE 35: STATUTORY AUDITORS' FEES

The fees of the statutory auditors recognized as expenses in 2017 and 2016 are shown below:

STATUTORY AUDITORS' FEES ACCOUNTED FOR (1) (2) (Amount before tax, in thousands of euros)	Mazars	Mazars	Deloitte	EY
	2017	2016	2017	2016
Certification of financial statements	128	141	124	138
Services other than certification of financial statements (3)		6		
TOTAL	128	147	124	138

(1) The period in question includes services rendered during an accounting year and recorded in the income statement for the year.
(2) The fees presented here include those provided by BOIRON parent company's statutory auditors to consolidated companies. They do not include fees invoiced by their networks.
(3) This item includes work and services rendered by the statutory auditors. They may be required by statutory provisions or provided at the group's or its subsidiaries' request.

The information shown in this table was prepared in compliance with ANC regulation no. 2016-09.

NOTE 36: SUBSEQUENT EVENTS

No post-closing events which might have a material impact on the group's financial statements have been identified.

4.2 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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For the year ended December 31, 2017

To the Boiron Annual General Meeting,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Boiron for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities, and of the financial position of the company as of December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.
The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework
We conducted our audit in accordance with professional standards applicable in France and the provisions of Regulation (EU) N° 537/2014. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *"Statutory auditors' Responsibilities for the Audit of the Financial Statements"* section of our report.

Independence
We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) N° 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of matter
We draw attention to the following matter described in note 1.1 "Accounting policies" to the financial statements relating to the first-time application of ANC Regulation 2015-05 on forward financial instruments and hedging transactions. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L823-9 and R823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Retirement termination benefit and retirement preparation agreement commitments

(Notes 19.2, 19.3 and 19.4 to the financial statements)

Risk identified

Boiron SA employees receive post-employment benefits, including retirement termination benefits pursuant to the collective bargaining agreement and benefits granted pursuant to an internal retirement preparation agreement.

Post-employment benefit commitments are calculated each year by an independent actuary. Commitments are not recognized in the accounts, except for an amount of K€1,274 resulting from a merger. They are disclosed in off-balance sheet commitments in the notes to the company financial statements for the year ended December 31, 2017 in the amount of K€107,225. The commitment valuation method is disclosed in notes 19.3 and 19.4 to the company financial statements and the actuarial assumptions adopted are presented in note 19.2.

We considered the measurement of post-employment benefit commitments to be a key audit matter for the following reasons:

- The determination of actuarial assumptions involves Group Management judgment. The main assumptions concern discount rates, the forecast increase in salaries, employee turnover and the mortality table applied.
- Commitment amounts are sensitive to the calculation assumptions and methods used. A change in these assumptions compared to observations could have a material impact on off-balance sheet commitments in the Boiron financial statements.

Our response

As part of our audit of the financial statements, our work consisted in:

- Familiarizing ourselves with the retirement preparation agreements;
- Examining the compliance of the post-employment benefit commitment calculation method applied by the group with ANC Recommendation N° 2013-02 of November 7, 2013 and recognized actuarial techniques;
- Reconciling, through sample testing, individual employee data used in the commitment calculation with data taken from the payroll software and recent payslips;
- Performing a critical review of the method of implementing this calculation methodology for Boiron SA commitments. This critical review was performed by our specialists and notable involved:
  - A review of demographic and financial assumptions used to calculate commitments (discount rate, rate of salary increase, employee turnover, mortality table, etc.) with respect to regulations and comparison of these assumptions with observations (benchmarks, statistics, etc.).
  - Recalculating retirement termination benefit and pension preparation agreement commitments.
- Comparing asset amounts of outsourced funds deducted from commitments with amounts confirmed by the insurance company;
- Controlling the commitment amounts presented and verifying the appropriateness of disclosures in the financial statements.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L225-37-3 and L225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to Article L225-37-5 of the French Commercial Code (code de commerce), we have verified its compliance with the source documents communicated to us. Based on this work, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the statutory auditors

We were appointed as statutory auditors of Boiron by the annual general meeting held on May 18, 2017 for Deloitte & Associés and on May 19, 2011 for Mazars.

As of December 31, 2017, Deloitte & Associés and Mazars were in the 1st year and 7th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not

a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.
As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards

Villeurbanne and Lyon, April 12, 2018

The statutory auditors

MAZARS	**DELOITTE & ASSOCIÉS**
Nicolas Dusson	Vanessa Nicoud-Girardet

4.3 Table showing the subsidiaries and holdings

Country	Subsidiaries and interests	Local currency	Capital	Shareholders' equities except share capital, including result before profit distribution	Share of the held capital	Book value shares Gross
			currency, thousands	currency, thousands	as a %	euros, thousands
	Subsidiaries (> 50% of the share capital held by the company)					
Italy	LABORATOIRES BOIRON	EUR 1,000	2,500	9,275	99.91	624
USA	BOIRON USA consolidated owns 100% of BOIRON (USA)	USD 1,000	3,588	- 31	100.00	3,452
Spain	BOIRON SOCIEDAD IBERICA DE HOMEOPATIA	EUR 1,000	1,099	2,880	99.99	2,295
Canada	BOIRON CANADA	CAD 1,000	2,395	1,054	100.00	1,614
Germany	BOIRON	EUR 1,000	511	- 644	100.00	517
Belgium	UNDA	EUR 1,000	2,850	- 2,507	61.07	4,627
France	BOIRON CARAIBES	EUR 1,000	1,660	1,275	99.04	1,898
France	C.D.F.H.	EUR 1,000	8	301	100.00	8
Czech Republic	BOIRON CZ	CZK 1,000	3,600	56,046	100.00	99
Slovakia	BOIRON SK	EUR 1,000	406	122	100.00	390
Poland	BOIRON SP	PLN 1,000	10,099	- 4,313	100.00	2,624
Romania	BOIRON RO	RON 1,000	80	10,021	100.00	43
Tunisia	BOIRON TN	TND 1,000	105	1,143	99.90	84
Hungary	BOIRON	HUF 1,000	49,000	-28,811	100.00	188
Bulgaria	BOIRON BG	BGN 1,000	650	1,274	100.00	332
Russia	BOIRON	RUB 1,000	127,000	693,176	100.00	13,775
Brazil	BOIRON MEDICAMENTOS HOMEOPATICOS	BRL 1,000	43,812	- 40,573	99.99	16,462
Belgium	BOIRON BELGIUM	EUR 1,000	3,650	- 1,544	100.00	3,650
France	BOIRON	EUR 1,000	555	834	100.00	555
Italy	LABORATOIRES DOLISOS ITALIA	EUR 1,000	1,000	28	100.00	3,214
Switzerland	BOIRON	CHF 1,000	1,900	- 79	100.00	2,505
France	LES EDITIONS SIMILIA	EUR 1,000	43	197	97.52	752
Portugal	BOIRON	EUR 1,000	400	588	100.00	400
Belgium	BOIRON	EUR 1,000	11,019	- 2,057	100.00	11,019
France	C.E.D.H.	EUR 1,000	508	120	100.00	566
India	BOIRON LABORATORIES	IND 1,000	150,000	- 49,104	99.99	1,990

of the held Net	Loans and advances granted	Loans and advances received	Pledges and approvals given	Average rate for the fiscal year	Yearly sales, taxes excluded	Yearly profit and loss	Dividends received during the fiscal year	Comments
euros, thousands	euros, thousands	euros, thousands	euros, thousands		currency, thousands	currency, thousands	euros, thousands	
624		4,301			47,884	1,079	4,996	
3,452	2,786			0.88552		11	466	Holding
2,295	2,143				17,892	- 545		
1,614	219			0.68288	16,718	449	193	
					-	- 3	-	No activity
1,262	3,167				5,715	- 2,413		
1,898		2,632			8,503	496	206	
8		216			993	- 26	-	
99		533		0.03798	182,832	281	32	
390	376				2,319	- 437		
1,385	3,360		68	0.23495	31,308	- 3,633		
43	2,530			0.21888	41,786	- 746	178	
84				0.36622	4,687	161	-	
9	337			0.00323	956,451	- 213,346		
332				0.51130	4,614	186		
13,775			576	0.01518	1,857,587	- 40,731		
2,326				0.27746	14,965	- 4,743		
2,247		117				- 1,607	-	Holding
555		881			6,078	364	155	
1,028		965			-	93		Company in liquidation
1,556		814		0.89965	4,412	205	-	
233		181			220	1	-	
400	550				4,076	204	32	
10,623		95			14,030	- 1,212		
566		246			3,946	29		
1,317			21	0.01361	2,288	- 37,021		

4.4 BOIRON parent company results for the last five years

Data converted into thousands of euros	2013	2014	2015	2016	2017
I - Capital at the end of the fiscal year					
a - Share capital	19,442	19,442	19,442	19,442	19,415
b - Number of existing ordinary shares	19,442	19,442	19,442	19,442	19,415
c - Number of existing preferred shares (without right to vote) existing					
d - Maximum number of future shares to be created					
d1 by conversion of bonds					
d2 by exercise of application rights					
II - Operations and results of the fiscal year					
a - Sales excluding taxes	455,860	448,447	470,020	487,095	488,858
b - Income before tax, employees' holding provisions	157,448	151,622	163,840	174,322	162,823
c - Income tax	41,233	38,790	42,580	43,062	38,368
d - Employee profit-sharing for the fiscal year	7,859	6,956	7,171	7,877	7,650
e - Result after taxes, employees profit-sharing, and depreciation allowance	79,226	83,150	88,677	95,871	82,584
f - Distributed profit	23,330	29,163	29,163	31,064	31,064
III - Earnings per share					
a - Result after taxes, employees profit-sharing, but before depreciation allowance and provisions	5.57	5.45	5.87	6.35	6.02
b - Result after taxes, employees profit-sharing, depreciation	4.08	4.28	4.56	4.93	4.25
c - Dividend distributed by share	1.20	1.50	1.50	1.60	1.60(1)
IV - Staff					
a - Average workforce in full-time equivalents for the workers employed during the fiscal year	2,463	2,424	2,409	2,400	2,398
b - Amount of the payroll for the fiscal year	94,916	94,736	96,933	97,328	100,162
c - Amount of the sums paid in respect of fringe benefits in the fiscal year (Social Security, charitable works, etc.)	50,961	51,080	52,444	51,309	51,433

(1) According to the resolutions proposed by the annual Shareholders' Meeting.

4.4.1 SUPPLIER AND CUSTOMER PAYMENT TIMES

Unpaid invoices received and issued at year-end for which the deadline has passed (table set out under section I of articles D441-4)

	Article D441-I.1°: Invoices received but not paid at year-end and for which the payment deadline has passed						Article D441-I. 1°: Invoices issued but not paid at year-end and for which the payment deadline has passed					
	0 day (for guidance)	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 days and over**	**Total (1 day and over)**	**0 day** (for guidance)	**1 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 days and over**	**Total (1 day and over)**
A - Late payment periods												
Number of invoices concerned						2,078						578
Total amount of invoices concerned excl. tax		6,509,748	1,036,249	419,686	552,849	8,518,532		42,885	454,514	325,854	1,016,534	1,839,787
Percentage of total purchases excl. tax during the year		3.17%	0.50%	0.20%	0.27%	4.14%						
Percentage of sales excl. tax for the year								0.01%	0.13%	0.09%	0.28%	0.51%
B - Invoices excluded from (A) relating to these disputed or unrecorded payables and receivables												
Number of invoices excluded	81						347					
Total amount of excluded invoices (incl. tax)	579,867						814,762					
C - Reference payment deadlines applied (contractual or statutory deadlines - Article L441-6 or Article L443-1 of the French Commercial Code)												
Payment deadlines applied for the calculation of late payments	■ Contractual deadlines: 30 days end of month, on the 15th						■ Contractual deadlines: 30 days end of month					
	□ Statutory deadlines						□ Statutory deadlines					

5

Legal information about the company and its capital

5.1 Share capital

The share capital is fixed at NINETEEN MILLION FOUR HUNDRED AND FOURTEEN THOUSAND SEVEN HUNDRED AND FIFTY-SIX EUROS (€19,414,756) divided into NINETEEN MILLION FOUR HUNDRED AND FOURTEEN THOUSAND SEVEN HUNDRED AND FIFTY-SIX (19,414,756) ordinary shares, of ONE EURO (€1) each, fully paid-up and to which are associated, as at February 28, 2018, 31,758,393 theoretical voting rights and 30,768,956 voting rights which can be exercised in Shareholders' Meetings.

The difference between the number of shares and the number of voting rights is due to the existence of double voting rights, while the difference between the actual voting rights and theoretical voting rights corresponds to the treasury shares held.

5.1.1 CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

Date	Transaction type	Capital increase (or reduction)	Number of shares after transactions	Capital after transactions
BOARD OF DIRECTORS OF 12/19/2012	**As from January 1, 2013:** Cancellation of the 2,040,843 shares acquired by the company and a €2,040,843 capital reduction corresponding to the nominal value of the acquired shares.	(€2,040,843)	19,441,713	€19,441,713
BOARD OF DIRECTORS OF 12/14/2016	**As from January 1, 2017:** Cancellation of 26,957 shares acquired by the company and a €26,957 capital reduction corresponding to the nominal value of the acquired shares.	(€26,957)	19,414,756	€19,414,756

Non-representative shares: none
Financial instruments potentially providing access to the share capital: none.

5.1.2 STATUTORY PROVISIONS

DOUBLE VOTING RIGHTS (ARTICLE 35 OF THE ARTICLES OF ASSOCIATION)

A double voting right compared with that granted to other shares, in respect of the proportion of capital that they represent, is allotted to all fully paid-up shares that are proven to have been registered for at least three years in the name of the same shareholder.
This right is also granted from their issue in the case of capital increases by incorporation of reserves, profits or issue premiums, for registered shares allocated free of charge to a shareholder as a result of old shares for which he/she/it was entitled to this right.
Registered shares with a double voting right, that are converted to bearer shares for any reason whatsoever, lose their double voting right.

DISTRIBUTION OF VOTING RIGHTS BETWEEN USUFRUCTUARY AND BARE OWNERS (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

The voting right associated with a share shall be exercised by the owner of any share pledged as a security. In the case of a division in the ownership of a share, that share shall belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings.

In the event of a transfer of shares under the provisions of Article 787 B of the French General Tax Code with reserve of usufruct, and by way of derogation from the above, the voting rights of the usufructuary will then be limited, for shares transferred, only to decisions concerning the distribution of profits.

IDENTIFIABLE BEARER SHARES (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

The company is entitled to request from the central depository body at any time the information permitted by law on the identity of holders of shares conferring an immediate or future right to vote at Shareholders' Meetings.

The company is also entitled to request, under the conditions indicated in the French Commercial Code, the identity of shareholders if it believes that some holders whose identities have been disclosed to it hold shares on behalf of third parties.

The company may ask any legal entity holding more than 2.5% of the share capital or voting rights to disclose the identity of any persons directly or indirectly holding more than one third of its shares or voting rights at its Shareholders' Meetings.

PERCENTAGE OF SHARE CAPITAL AND VOTING RIGHTS DIRECTLY HELD (1) BY MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE CORPORATE OFFICERS (AS OF FEBRUARY 28, 2018)

	% Shares	% of voting rights exercisable at the Shareholders' Meeting
Christian Boiron (Board member - executive corporate officer)	1.25	1.51
Thierry Boiron (Board member - executive corporate officer)	3.94	4.95
Valérie Poinsot (Board member - executive corporate officer)	0.01	0.01
Jean-Christophe Bayssat (Board member)	0.00	0.00
Jacky Abécassis (Board member)	0.00	0.00
Michèle Boiron (Board member)	1.40	1.70
Michel Bouissou (Board member)	0.00	0.00
Christine Boyer-Boiron (Board member)	1.02	1.29
Jean-Pierre Boyer (Board member)	0.02	0.02
Stéphanie Chesnot (Board member)	0.02	0.03
Bruno Grange (Board member)	0.00	0.00
Virginie Heurtaut (Board member)	0.02	0.03

(1) Please note that certain Board members also hold stakes in SODEVA and SHB (see paragraph 5.2).

STATUTORY THRESHOLDS (ARTICLE 10 OF THE ARTICLES OF ASSOCIATION)

Any natural person or legal entity having a shareholding of over 2% of the share capital is required to inform the company of the total number of shares that he/she/it possesses, within 15 days of the date at which this threshold is exceeded.
The information indicated in the previous paragraph must also be provided within the same timeframe when the shareholding falls below the abovementioned threshold.

When determining the abovementioned shareholding threshold, the following are deemed to be shares held by the person bound to provide the information indicated in the previous paragraph:
1. shares held by other persons on behalf of this person;
2. shares held by the companies that he/she/it controls;
3. shares held by a third party with whom/which he/she/it acts jointly;
4. shares that one of the persons referred to in points 1, 2, and 3 above, is entitled to acquire, at his/her/its own initiative, under an agreement.

FINANCIAL INSTRUMENTS GIVING POSSIBLE RIGHTS OVER THE SHARE CAPITAL

There are no financial instruments that, if implemented or exercised, would result in the creation of new shares.

STOCK-OPTIONS GRANTED TO EACH CORPORATE OFFICER AND OPTIONS EXERCISED BY THEM

The company has not granted any stock options.

LOANS AND WARRANTS GRANTED OR PROVIDED TO MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES

No loans or warrants have been granted or provided to members of the administrative, management or supervisory bodies.

5.1.3 SHARE BUYBACK PROGRAM

The company has implemented several successive shares buy-back program. The most recent share buyback program was authorized by the Combined Shareholders' Meeting on May 18, 2017 and implemented immediately.

This program, limited to 10% of share capital, if necessary adjusted to take into account any capital increases or reductions which might occur during the course of the program, has the following goals:
- support the secondary market or the liquidity of the BOIRON stock through a market maker under a liquidity agreement that complies with the code of ethics of the AMAFI, as recognized under current regulations; it being stipulated that, in this case, the number of shares taken into account for the purposes of the calculation of the above-mentioned limit corresponds to the number of shares acquired, after deduction of the number of shares resold,
- possibly cancellation of the shares bought back, in accordance with the authorization granted in the sixteenth resolution of the Combined Shareholders' Meeting on May 18, 2017,
- retain shares that are bought back and subsequently put them back on the market or use them as consideration in potential external growth transactions,
- cover investment securities giving rights to shares in the company in line with applicable regulations.

These share purchases may be performed by any means, including the purchase of blocks of shares, and may take place at any time elected by the Board of Directors. The company does not intend to use option mechanisms or derivative instruments.

The maximum purchase price was set at €150 per share and the maximum amount of the operation was fixed at €291,221,250.

5.1.3.1 NUMBER OF SHARES BOUGHT OR SOLD BY THE COMPANY DURING THE FISCAL YEAR

Pursuant to Article L225-211 of the French Commercial Code, below is the required information on the implementation of the share buyback program during the 2017 fiscal year:

As at December 31, 2017:
- Percentage of treasury shares: 5.07%
- Number of treasury shares held in portfolio: 984,505
- Number of treasury shares broken down by intended use:
    - Supporting the stock price through an AMAFI liquidity agreement: 13,768
    - External growth transactions: 970,737
    - Coverage of stock purchase options or other employee share ownership systems: None
    - Coverage of securities giving the right to the granting of shares: None
    - Cancellation: None
- Book value of the portfolio: €70,594,316
- Market value of the portfolio: €73,960,199 (based on the closing price on December 31, 2017).
- Total nominal value: €984,505

From January 1,2017 to December 31,2017		Liquidity agreement	External growth	Cancellation	Total
Purchases	Number of shares	144,615			144,615
	Price [1]	€83.29			€83.29
	Negotiation costs				
	Amount	€12,045,577			€12,045,577
Sales / Transfers	Number of shares	135,340	1,346	26,957	163,643
	Price [1]	€84.15	€76.37	€80	€83.41
	Negotiation costs				
	Amount	€11,389,526	€102,940	€2,156,560	€13,649,026

(1) Average share price.

Note that the Board of Directors meeting on December 14, 2016, decided, with effect from January 1, 2017, to cancel 26,957 shares acquired by the company and to reduce the share capital in the amount of €26,957 corresponding to the nominal value of the acquired shares, as indicated in section 5.1.1 of this Reference document. The share capital was therefore reduced from €19,441,713 to €19,414,756.

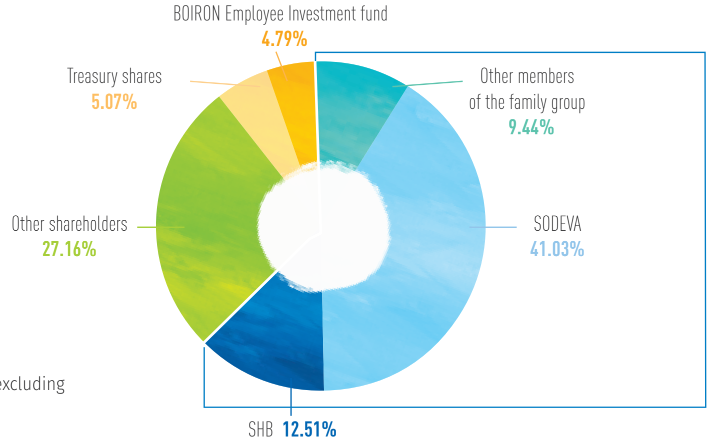
5.1.3.2 AUTHORIZATION TO IMPLEMENT A NEW SHARE BUYBACK PROGRAM

The Combined Shareholders' Meeting of May 17, 2018 will be called to approve the introduction of a new share buyback program, according to Articles L225-209 and seq. of the French Commercial Code, to replace the current program, which would be terminated in advance (see paragraph 5.6).
This plan would be limited to 10% of the share capital and would pursue the same objectives as the buybacks authorized within the framework of the existing program (see paragraph 5.1.3.1).

The maximum purchase price would be €150 per share, for a total maximum of €291,221,250 for the entire operation.

5.2 Main shareholders

At December 31, 2017, the capital was distributed as follows:



BOIRON family consortium
62.98%
(Voting rights : 75.39%)

Voting rights held by:
- SODEVA: 47.92%
- SHB: 15.73%
- Other members of the BOIRON family consortium: 11.74%

Voting rights are expressed excluding shares held in treasury.

Following the cancellation on January 1, 2017 of the shares bought back by the company in accordance with the decision made by the Board of Directors on December 14, 2016, the capital of the company comprised 19,414,756 shares.

In application of Article L233-7-13 of the French Commercial Code, persons holding the percentages of shares or voting rights (excluding treasury shares) listed in Article L233-7 of the French Commercial Code on December 31, 2017 are, to the company's best knowledge, listed below:

Shareholders	% of capital	% of voting rights
Holding over 5%		FCPE BOIRON (employee investment fund)
Holding over 10%	SHB (1)	
Holding over 15%		SHB (1)
Holding over 20%		
Holding over 25%		
Holding over 30%		
Holding over 33 1/3%	SODEVA (2)	SODEVA (2)
Holding over 50%	BOIRON family consortium (3)	
Holding over 66 2/3%		BOIRON family consortium (3)

(1) Public limited liability company controlled by the Henri Boiron family branch.
(2) Public limited liability company controlled by the Jean Boiron family branch.
(3) The Boiron family consortium includes: SODEVA, SHB and the members of the Jean and Henri Boiron families.

The company is controlled by the BOIRON family consortium as indicated above.
The measures taken in order to ensure that control is not exercised in an abusive manner are the following:
- the presence of an independent Board member on the Board of Directors and its Audit Committee;
- the separation of the duties of the Chairman and the General Manager.

At December 31, 2017, the BOIRON family consortium held 12,228,079 shares (registered and bearer) representing 62.98% of the share capital and 75.39% of the voting rights (excluding treasury shares).

CHANGES IN SHARE CAPITAL BREAKDOWN

	Number of shares	% of share capital	Number of voting rights exercisable at Shareholders' Meeting	% of voting rights exercisable at Shareholders' Meeting	Theoretical number of voting rights	Theoretical % number of voting rights
December 31, 2015						
BOIRON family consortium	12,136,462	62.42	23,081,954	75.08	23,081,954	72.67
• *of which SODEVA*	*7,896,410*	*40.62*	*14,652,753*	*47.66*	*14,652,753*	*46.13*
• *of which SHB*	*2,416,647*	*12.43*	*4,829,794*	*15.71*	*4,829,794*	*15.20*
• *of which natural persons*	*1,823,405*	*12.43*	*3,599,407*	*11.71*	*3,599,407*	*11.33*
Public	5,398,684	27.77	5,889,657	19.16	5,889,657	18.54
FCPE (Employee Investment fund)	885,000	4.55	1,770,000	5.76	1,770,000	5.57
Treasury shares	1,021,567	5.25	0	0	1,021,567	3.22
TOTAL	**19,441,713**	**100**	**30,741,611**	**100**	**31,763,178**	**100**
December 31, 2016						
BOIRON family consortium	12,179,364	62.65	23,150,268	75.21	23,150,268	72.83
• *of which SODEVA*	*7,927,478*	*40.78*	*14,708,821*	*47.79*	*14,708,821*	*46.28*
• *of which SHB*	*2,422,147*	*12.46*	*4,835,294*	*15.71*	*4,835,294*	*15.21*
• *of which other natural persons*	*1,829,739*	*12.46*	*3,606,153*	*11.72*	*3,606,153*	*11.34*
Public	9.41	4,835,294	5,833,871	18.95	5,833,871	18.35
FCPE (Employee Investment fund)	3,606,153	15.71	1,797,000	5.84	1,797,000	5.65
Treasury shares	11.72	4,835,294	0	0	1,003,535	3.16
TOTAL	**19,441,713**	**100**	**30,781,139**	**100**	**31,784,674**	**100**
December 31, 2017						
BOIRON family consortium	12,228,079	62.98	23,198,883	75.39	23,198,883	73.05
• *of which SODEVA*	*7,966,313*	*41.03*	*14,747,656*	*47.92*	*14,747,656*	*46.44*
• *of which SHB*	*2,428,247*	*12.51*	*4,841,394*	*15.73*	*4,841,394*	*15.24*
• *of which other natural persons*	*1,833,519*	*12.51*	*3,609,833*	*11.74*	*3,609,833*	*11.37*
Public	5,273,172	27.16	5,760,939	18.72	5,760,939	18.14
FCPE (Employee Investment fund)	929,000	4.79	1,814,000	5.89	1,814,000	5.71
Treasury shares	984,505	5.07	0	0	984,505	3.10
TOTAL	**19,414,756**	**100**	**30,773,822**	**100**	**31,758,327**	**100**

Christian Boiron is the General Manager of BOIRON and President/CEO of SODEVA. The BOIRON family consortium is made up of two companies (SODEVA and SHB) and 21 natural persons.

BOIRON was founded by Jean and Henri Boiron. SODEVA is a limited company controlled by the Jean Boiron family group. SHB is a limited company controlled by the Henri Boiron family group.

To the company's knowledge, no other shareholder holds, directly or indirectly, acting alone or jointly, more than 5% of the capital or voting rights.

No threshold violations were reported during the 2017 fiscal year.

No material changes have taken place in the shareholder structure or voting rights since December 31, 2017.

5.2.1 SECURITY TRANSACTIONS BY CORPORATE OFFICERS, SENIOR EXECUTIVES AND THEIR FAMILIES CONDUCTED DURING THE FISCAL YEAR

Last name, first name, and business name	Role held within the issuer	Name of the person linked to the previous person	Total number of shares sold	Weighted average price	Total sales	Total number of shares purchased	Weighted average price	Total purchases
Christian BOIRON	Board Member and General Manager					3,880	€77.17	€299,410.375
SODEVA		Christian BOIRON				38,835	€77.25	€2,999,959.98
SHB	Board Member	Jean-Pierre BOYER				6,100	€76.21	€464,860.00

5.3 Employee shareholding

Employee shareholding at BOIRON was developed in several stages:

- at the end of the seventies, BOIRON benefited from a very favorable economic environment with strong growth in its business. Labor relations were also favorable, with new profit sharing agreements put in place to share sharing growth and profits.
- At the end of 1978, employees made their first request to become BOIRON shareholders at the central works committee.
- In October 1984, a BOIRON employee investment fund (referred to as an FCPE in French) was created following a capital increase reserved for employees, permitting them to purchase 2% of company's share capital.
- In June 1987, BOIRON was introduced to the stock market.

Employees can invest in the BOIRON employee investment fund via:

- The employee savings plan: approximately 40% of employee savings in 2017 were transferred into the BOIRON employee investment fund (FCPE).
- Profit sharing: 47% of the funds from the profit sharing incentive were invested in the BOIRON employee investment fund in 2017.
- Voluntary contributions: Employees can also make voluntary transfers into the BOIRON employee investment fund. In 2017, 1,748 employees contributed a total of €2,586 thousand.
- Employer matching on voluntary payments into the BOIRON employee investment fund is based on a declining scale in three tranches providing eligibility for a maximum employer contribution of €1,500 for €2,950 in annual payments.

At December 31, 2017, the BOIRON employee investment fund's assets amounted to more than €94 million, 74% of that in BOIRON shares. About 90% of employees own a portion of the BOIRON employee investment fund.

The BOIRON employee investment fund held 4.79% of BOIRON's share capital at December 31, 2017 (4.69% at December 31, 2016).

The Chairman of the BOIRON employee investment fund's supervisory board serves on the Board of Directors as a representative of employee shareholders.

The BOIRON share is also part of the employee shareholder index Euronext FAS IAS®, which tracks the stock market performance of listed companies with significant employee ownership.

5.4 Incorporation and articles of association

5.4.1 LEGAL IDENTITY OF BOIRON PARENT COMPANY

SUBSIDIARIES AND INTERESTS:

BOIRON

HEADQUARTERS:

2, avenue de l'Ouest Lyonnais - 69510 MESSIMY - France
Tel.: 04 78 45 61 00

LEGAL FORM:

A public limited liability company governed by the French Commercial Code and the French Public Health Code.

DATE OF CREATION AND LIFETIME:

The company's lifetime is set at 99 complete years from June 7, 1932, the date of its registration in the Trade and Companies Register, to June 6, 2031, unless the company is dissolved before that or its lifetime is extended.

CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION):

BOIRON's corporate purpose in France and abroad is as follows:

- the trading of all products or services designed to improve health, such as:
  - the manufacture, distribution and sale of medicines, in particular homeopathic medicines, dietary products, hygiene and health products, as well as medicines for human or veterinary use,
  - the storage and distribution of pharmaceutical specialties for one or more manufacturers,
  - fundamental and applied research,
  - teaching, training, and awareness campaigns targeted at health professionals and the general public,
  - publishing, publication, documentation, communication,
  - either directly by creation, contribution, merger, demerger, purchase, taking over the management or any other method,
  - or indirectly via specialized subsidiaries, by contribution, management, merger, demerger or any other method,
- and more generally, all commercial, financial, industrial, real estate, or property transactions directly or indirectly relating to the corporate purpose and a similar or related purpose.

The company may carry out any transactions that are compatible with these objects, relate to them or help achieve them.

TRADE AND COMPANIES REGISTER:

967 504 697 Lyon Trade and Companies Register
(NAF code 2120 Z)

MANAGEMENT NUMBER AT THE LYON COMMERCIAL COURT CLERK:

1967 B 00469

LOCATION WHERE THE LEGAL DOCUMENTATION RELATING TO THE COMPANY MAY BE CONSULTED:

2, avenue de l'Ouest Lyonnais - 69510 MESSIMY - France

FISCAL YEAR (ARTICLE 44 OF THE ARTICLES OF ASSOCIATION):

The fiscal year starts on January 1 and ends on December 31.

5.4.2 ARTICLES OF ASSOCIATION

There is no specific statutory provision relating to the modification of shareholders' rights or the modification of capital, which are carried out as prescribed by the regulations in force.

RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES (ARTICLE 13 OF THE ARTICLES OF ASSOCIATION):

Ownership of a share automatically implies acceptance of the articles of association and resolutions passed from time to time by all the company's General Meetings. The rights and obligations attached to the share shall pass with the share however many times it changes hands.
Shareholders shall only be liable for the company's losses up to the extent of the face value of their shares. No majority decision may increase their liability in this respect. Each share gives its holder the right to a prorated share of the company's profits and assets.

In the event of a transfer of shares as a result of a merger or spin-off, a reduction in the company's share capital, consolidation or splitting, or distribution of shares by liquidation of the company's reserves or in connection with a reduction in its capital, or of the distribution of free shares, the Board of Directors shall be entitled to sell those shares that are not claimed by those entitled to them in accordance with current rules and regulations.

All shares, both old and new, provided they are all of the same type and face value and are paid up to the same extent, shall be treated entirely alike, given that they confer the same rights upon their owners; in the event of the allocation of dividends just as with the total or partial reimbursement of their nominal share of the company's capital, each share shall be allocated the same net sum of money and any resulting taxes and duties shall be divided uniformly among them.

PREFERENTIAL ALLOCATION SHARES (ARTICLE 14 OF THE ARTICLES OF ASSOCIATION):

On the decision of the Extraordinary General Meeting, preferential allocation shares may be created, through an increase in capital or by conversion of ordinary shares already issued, which themselves can be converted into ordinary shares or into preferential allocation shares in the same category, all under the conditions and within the limits laid down and current legislative provisions in force. The company does however have the option to require, by decision of the Extraordinary General Meeting, the purchase or conversion of the totality of its own preferential allocation shares, in accordance with the provisions of the French Commercial Code.
It may also delegate this power to the Board of Directors.

DISTRIBUTION OF PROFITS (ARTICLE 46 OF THE ARTICLES OF ASSOCIATION):

The difference between income and expenses for the fiscal year, after deduction of amortization and provisions, represents the profit or loss for the fiscal year.

Five percent is deducted from the profit less any prior losses for the legal reserve fund. This deduction is no longer mandatory

once the reserve fund reaches one tenth of the share capital. The obligation once again applies when for any reason the reserve falls below said one tenth.
Distributable income is made up of the profit for the fiscal year, less prior losses and the abovementioned deduction, plus retained profits.

This income is available to the Shareholders' Meeting that, following a proposal from the Board of Directors, may, fully or partly, carry it forward, or allocate it to general or special reserve funds.

The Meeting may, moreover, decide to pay out the amounts deducted from the reserves that are available to it; in this case, the resolution must expressly identify the reserve line items from which the deductions are to be made. Dividends are, nevertheless, firstly paid out from the distributable income for the fiscal year.

The Meeting approving the financial statements for the fiscal year is entitled to grant each shareholder, for all or part of the dividend being paid out, besides interim dividends, the option to receive payment in cash or in shares.

SHAREHOLDERS' MEETINGS:

Article 29 - Calling body and location of Meetings

Shareholders' Meetings are convened by the Board of Directors. Failing this, they may be convened by the persons referred to in the French Commercial Code, in particular, the statutory auditors, or by a representative appointed by the Chairman of the Commercial Court, ruling in summary proceedings at the request of shareholders representing at least 5% of the share capital or, in the case of a Special Meeting, one tenth of the shares of the relevant class.

Shareholders' Meetings are held either at the headquarters or at any place in the same department as the headquarters, or in PARIS.

Article 30 - Ways of calling meetings and deadlines

At least thirty five days prior to the date of the Meeting, the company has a meeting notice published in the French Journal of Mandatory Legal Notices (BALO, Bulletin des Annonces Légales Obligatoires) which sets out the Meeting agenda and contains the draft resolutions to be submitted to the Meeting by the Board of Directors. It also indicates the deadline by which requests for the inclusion of draft resolutions must be sent in by shareholders.

Invitations are sent by means of notices published in newspapers authorized to carry legal notices in the department in which the headquarters is located, and also in the French Journal of Mandatory Legal Notices, as prescribed by law.

Persons having held registered shares for at least one month at the date the meeting notice is published are convened to the Meeting in line with the terms and conditions prescribed by law.

Co-owners of full shares registered in this respect within the timeframe set out in the previous paragraph have the same rights. In the event of division of share ownership, they belong to the party holding the voting right.
When a Meeting could not lawfully act, having failed to meet the required quorum, a second Meeting is called in the same manner as the first and the meeting notice mentions the date thereof. The same applies to calling an adjourned Meeting pursuant to the French Commercial Code.

The timeframe between the publication of the meeting notice and the sending out of letters and the date of the Meeting must be at least fifteen days for the first notice and ten days for the next notice.

Article 31 - Agendas for Shareholders' Meetings

Meeting agendas are drawn up by the party giving notice of the meeting or by judicial order appointing the agent responsible for calling the Meeting. One or more shareholders representing a proportion of the capital determined by legal and regulatory provisions is/are entitled to request the inclusion of draft resolutions in the Meeting's agenda.

The Works Council is entitled to request the inclusion of draft resolution in the Meeting's agenda.

The Meeting may not discuss matters that are not on the agenda, and the latter may not be modified in the second notice. It may, however, dismiss and replace one or more Board members under all circumstances.

Article 32 - Attendance at Shareholders' Meetings

All shareholders are entitled to participate in Shareholders' Meetings or be represented at such Meetings, regardless of how many shares he/she/it owns, provided said shares are fully paid-up.

Owners of shares who/that are not domiciled in France may be represented by an intermediary who is registered pursuant to applicable legislation and regulations. In the event of division of share ownership, the holder of the voting right may attend or have him/her/itself represented at the Meeting notwithstanding the bare owner's right to attend all Shareholders' Meetings. The owners of joint shares are represented as set out in Article 12.
Nevertheless, the right to participate in Shareholders' Meetings is subject to the accounting registration of the shares at the name of the shareholder or of the intermediary registered on his/her/it behalf on the second day prior the meeting by midnight, Paris time, either in the shares registers maintained by the company, or in the register of bearer shares maintained by the authorized intermediary.

All shareholders owning shares of a given class may participate in Special Shareholders' Meetings of that class, in line with the abovementioned terms and conditions.

For the purposes of calculating the quorum and majority, shareholders participating in the Meeting by videoconferencing or via telecommunication methods that allow for their identification, and in accordance with applicable regulations, are deemed to be present, where the Board of Directors decides to use such means of participation prior to calling the Shareholders' Meeting.

Article 33 - Proxy representation of shareholders and voting by mail

All shareholders may be represented by the natural person or legal entity of their choice. The proxy is granted for a single Meeting, but may be granted for two Meetings, one Ordinary and the other Extraordinary, if they are held on the same day or within fifteen days of each other. This also applies to successive Meetings convened with the same agenda.
All shareholders may vote by correspondence in accordance with the terms and conditions laid down by applicable legislation and regulations.

The company must enclose the information provided for by applicable legislation with any proxy or correspondence voting form it sends out to shareholders.

5.4.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

Pursuant to the deliberation dated March 7, 2007, the BOIRON Board of Directors established an internal regulation which provides the possibility of Board members to participate in Board meetings by videoconference or telecommunications.

To that end, the following procedures were approved.

Article 1 - Board of Directors' meetings

Use of video conferencing facilities or telecommunications

The Board members may participate in Board meetings by videoconference or telecommunications.

This method of participation is not applicable for decisions related to the approval of the annual financial statements including the consolidated financial statements.

The means used should allow the identification of participants and ensure their effective participation in the Board meeting whose deliberations shall be transmitted live.

The minutes to the deliberation shall refer to the participation of Board members by means of videoconference or telecommunications.

Article 2 - Approval, amendments and disclosure of internal regulations

These internal regulations may be amended or modified by decision of the Board of Directors taken within the guidelines defined by the articles of association.
Any new member of the Board of Directors will be requested to ratify it concomitantly to taking up his or her position on the Board.

Where appropriate, all or a portion of these internal regulations may be made disclosed to the public.

5.5 Report of the Board of Directors to the Combined Shareholders' Meeting of May 17, 2018 - extraordinary part

Dear Shareholders,

We have convened this Meeting in order to deliberate, in the extraordinary part, on the modification of your company's articles of association in order to:

- specify the appointment procedure for board members representing employees;
- harmonize the articles of association with the legal provisions regarding the headquarters transfer procedure and the elimination of the report by the Chairman of the Board of Directors.

1. Modification of article 16 of the articles of association in order to define the appointment procedure for board members representing employees (fifteenth resolution)

The law on social dialogue and employment of August 17, 2015, which modified article L225-27-1 of the French Commercial Code, requires public limited liability companies to forecast in their articles of association that the modalities for the appointment of members representing employees if they employ at least 1,000 permanent employees within the company itself and its subsidiaries headquartered in France or at least 5,000 permanent employees within the company itself and its subsidiaries headquartered in France or abroad at the closing of two consecutive fiscal years.

The number of Board members who represent employees must be at least two, if there are more than twelve members of the Board of Directors, and one, if there are twelve or fewer Board members. The board member who represents employee shareholders is not included in this calculation. Because there are currently fewer than twelve board members included in this calculation, only one board member representing employees must be appointed.

Because your company has employed at least 1,000 permanent employees within the company itself and its subsidiaries headquartered in France for more than two consecutive fiscal years, the Shareholder's Meeting, must, following an opinion from the Central Works Committee, modify the articles of association within six months after the end of the 2017 fiscal year and adopt one of the following appointment modalities:

- organization of an election for employees of the company and its subsidiaries headquartered in France;
- appointment by the Central Works Committee;
- appointment by the union which obtained the most votes in the first round of employee elections within the company and its subsidiaries headquartered in France;
- if at least two board members are to be appointed, one must be appointed using one of the three preceding procedures and the other must be appointed by the European Works Council, if one exists.

The Central Works Committee has come out in favor of the second modality, and we recommend that you follow its opinion.

Finally, the board member representing employees must be appointed within six months of the modification of the articles of association. He shall be appointment for a three years term.

You are therefore asked to modify article 16 of the articles of association to specify the modality of appointment for board members representing employees and to specify that the board members representing employees, like the board members representing employee shareholders, are not required to own shares in the company, unlike the other board members, who are required by the articles of association to own at least ten shares in the company.

2. Harmonization of article 4 of the articles of association on the transfer of headquarters, and article 19 of the articles of association on the elimination of the Chairman's report (sixteenth resolution)

1) Regarding the transfer of headquarters:

The new text of article L225-36 of the French Commercial Code, from the law of December 9, 2016 on transparency, prevention of corruption and the modernization of the economy, directly impacts the text of article 4 of the articles of association.

We therefore call on you to modify this article to take into account the fact that the company's headquarters can be transferred to any location within France, and no longer only within the same department or a neighboring department, by decision of the Ordinary Shareholders' Meeting or by a decision of the Board of Directors ratified by the next Ordinary Shareholders' Meeting.

2) Regarding the elimination of the Chairman's report:

The new provisions of article L225-37 of the French Commercial Code, as modified by the order of July 12, 2017 on various measures to simplify and clarify companies' obligations of information, require the modification of article 19 of the articles of association.

We therefore call on you to modify this article relating to the Chairman of the Board, to apply the elimination of the report of the Chairman of the Board of Directors. The information which previously appeared in the Chairman's report will now be included in the management report or in the corporate governance report, as applicable.

If these proposals meet with your agreement, please approve them by voting for the texts of the resolutions which will be given to you.

Messimy,
March 14, 2018

The Board of Directors

5.6 Draft resolutions put to the Combined Shareholder's Meeting of May 17, 2018

Ordinary nature:

FIRST RESOLUTION
Approval of the annual financial statements for the period ended on December 31, 2017 - Approval of non tax-deductible expenditure and expenses

The Shareholders' Meeting, following its review of the reports issued by the Board of Directors and the statutory auditors for the period ended December 31, 2017, approves as presented the annual financial statements closed at that date showing a profit of €82,583,513.66.

The Shareholders' Meeting expressly approves the total amount of €256,735.23 in expenditure and expenses subject to item 4 of Article 39 of the French General Tax Code, as well as the corresponding tax.

SECOND RESOLUTION
Approval of the consolidated financial statements for the period ended on December 31, 2017

The Shareholders' Meeting, following its review of the reports issued by the Board of Directors and the statutory auditors on the consolidated financial statements as at December 31, 2017, approves these financial statements as presented, showing a profit (group share) of €78,242,827.26.

THIRD RESOLUTION
Allocation of net income and setting of dividends

The Shareholders' Meeting, following a proposal made by the Board of Directors, decides to allocate the profits of the fiscal year ended December 31, 2017 as follows:

Profit for the 2017 fiscal year	€82,583,513.66
+ Profit carried forward	€32,884,155.16
= DISTRIBUTABLE INCOME	€115,467,668.82
- Dividend of €1.60 per share on the basis of 19,414,756 shares	-€31,063,609.60
= Remainder	€84,404,059.22
- Other reserves	-€52,000,000.00
= CARRIED FORWARD	€32,404,059.22

The Shareholder's meeting notes that the gross dividend allocated to each share is set at €1.60.

Dividends paid to individuals resident in France for tax purposes are subject either to a single flat-rate withholding tax of 12.8% on the gross dividend (article 200 A of the French General Tax Code), or, at the express, irrevocable and comprehensive choice of the taxpayer, to the progressive income tax scale, after a 40% exemption (articles 200 A, 13 and 158 of the French General Tax Code). Dividends are also subject to a 17.2% social charges withholding rate.

The ex-dividend will be realized on May 31, 2018.
The dividends will be paid out on June 04, 2018.

Note that if the company holds treasury shares at the ex-dividend date, the amounts corresponding to dividends not paid in respect of such shares will be carried forward.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the Shareholders' Meeting notes that it was reminded that, during the last three full-year periods, the dividend distributions and incomes were as follows:

Fiscal Year	Revenues eligible for the allowance		Revenues not eligible for the allowance
	Dividends (1)	Other distributed income	
2014	€29,162,569.50 i.e. €1.50 per share	-	-
2015	€29,162,569.50 i.e. €1.50 per share	-	-
2016	€31,063,609.60 i.e. €1.60 per share	-	-

(1) of which carried forward (corresponding to dividends not paid out on treasury shares):
- €1,506,837.00 in 2014
- €1,516,512.00 in 2015
- €1,578,148.80 in 2016

FOURTH RESOLUTION
Statutory auditors' special report on regulated agreements and approval of these agreements - Approval of a new agreement

The Shareholders' Meeting after having read the statutory auditors' special report on regulated agreements pursuant to article L225-38 of the French Commercial Code, approves the new agreement mentioned in the report.

FIFTH RESOLUTION
Renewal of Ms. Christine Boyer-Boiron as a Board Member

The Shareholders' Meeting resolves to reappoint Ms. Christine Boyer-Boiron as a Board Member, for a three-year term, expiring at the end of the Meeting called in 2021 to approve the financial statements for the past fiscal year.

SIXTH RESOLUTION
Renewal of Ms. Stéphanie Chesnot as a Board Member

The Shareholders' Meeting resolves to reappoint Ms. Stéphanie Chesnot as a Board Member, for a three-year term, expiring at the end of the Meeting called in 2021 to approve the financial statements for the past fiscal year.

SEVENTH RESOLUTION
Renewal of Mr. Jean-Pierre Boyer as a Board Member

The Shareholders' Meeting resolves to reappoint Mr. Jean-Pierre Boyer as a Board Member, for a three-year term, expiring at the end of the Meeting called in 2021 to approve the financial statements for the past fiscal year.

EIGHTH RESOLUTION
Amount of the attendance fees allocated to the Board Members

The Shareholders' Meeting sets the total annual amount of the attendance fees to be granted to the Board of Directors at €235,514 for the 2018 fiscal year.

NINTH RESOLUTION
Approval of the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Mr. Thierry Boiron, Chairman of the Board of Directors, for the past fiscal year

The Shareholders' Meeting, ruling in application of article L225-100 paragraph 2 of the French Commercial Code approves the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Mr. Thierry Boiron, Chairman of the Board of Directors, for his service in that role during the past fiscal year, as shown in paragraph 2.5.1.2 of the 2017 Reference document.

TENTH RESOLUTION
Approval of the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Mr. Christian Boiron, General Manager, for the past fiscal year

The Shareholders' Meeting, ruling in application of article L225-100 paragraph 2 of the French Commercial Code approves the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Mr. Christian Boiron, General Manager, for his service in that role during the past fiscal year, as shown in paragraph 2.5.1.2 of the 2017 Reference document.

ELEVENTH RESOLUTION
Approval of the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Ms. Valérie Poinsot, Deputy General Manager, for the past fiscal year

The Shareholders' Meeting, ruling in application of article L225-100 paragraph 2 of the French Commercial Code approves the fixed, variable and exceptional components comprising the total compensation and benefits or any kind paid or allocated to Ms. Valérie Poinsot, Deputy General Manager, for her service in that role during the past fiscal year, as shown in paragraph 2.5.1.2 of the 2017 Reference document.

TWELFTH RESOLUTION

Approval of the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Mr. Jean-Christophe Bayssat, Deputy General Manager, for the past fiscal year

The Shareholders' Meeting, ruling in application of article L225-100 paragraph 2 of the French Commercial Code approves the fixed, variable and exceptional components comprising the total compensation and benefits of any kind paid or allocated to Mr. Jean-Christophe Bayssa, Deputy General Manager, for his service in that role during the past fiscal year, as shown in paragraph 2.5.1.2 of the 2017 Reference document.

THIRTEENTH RESOLUTION

Approval of the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components comprising the total compensation and benefits of any kind payable to the Chairman of the Board of Directors, the General Manager and the Deputy General Managers

The Shareholders' Meeting, ruling in application of Article L225-37-2 of the French Commercial Code, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total compensation and benefits of any kind allocated to the Chairman of the Board of Directors, the General Manager, and the Deputy General Managers, for 2017, as presented in the corporate governance report, which appears in paragraph 2.5.1.1 of the 2017 Reference document.

FOURTEENTH RESOLUTION

Authorization to be given to the Board of Directors to buy back company shares, under the provisions of Article L225-209 of the French Commercial Code

Having read the Board of Directors' report, the Shareholders' Meeting authorizes the latter, for a period of eighteen months, pursuant to Articles L225-209 and seq. of the French Commercial Code, to buy back, on one or more occasions, and whenever it so decides, company shares within the limits of 10% of the shares composing the share capital, if necessary adjusted to take into account any capital increases or reductions which might occur during the course of the program.

This authorization withdraws the authorization granted to the Board of Directors by the Shareholders' Meeting of May 18, 2017 under its fifteenth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of BOIRON shares through a market maker under a liquidity agreement that complies with the code of conduct of the AMAFI agreed by the regulation, it being stipulated that, in this case, the number of shares taken into account for the purposes of the calculation of the above-mentioned limit corresponds to the number of shares acquired, after deduction of the number of shares resold,

- possibly cancel the shares bought back, in accordance with the authorization granted in the sixteenth extraordinary resolution of the Combined Shareholders' Meeting on May 18, 2017.

- retain shares that are bought back and subsequently put them back on the market, or use for external growth transactions;

- ensure coverage for securities granting entitlement to some of the company's shares pursuant to applicable regulations.

These share purchases may be performed by any means, including the purchase of blocks of shares, and may take place at any time selected by the Board of Directors.

The company does not intend to use option mechanisms or derivative instruments.

The maximum purchase price is set at €150 per share. In the event of a change to the capital, in particular in case of splitting or grouping of shares or free share grants, the amount mentioned above will be adjusted in the same proportions (coefficient equal to the ratio of the number of shares in the capital prior to the change and the number of shares following the change).

The maximum amount of the transaction is set at €291,221,250.

The Shareholders' Meeting hereby fully empowers the Board of Directors to carry out these transactions, to decide upon the terms and conditions and means thereof, to enter into any necessary agreements and to complete all formalities.

Extraordinary nature:

FIFTEENTH RESOLUTION
Modification of article 16 of the articles of association in order to define the modalities of appointment of board members representing employees

The Shareholders' Meeting, having read the report of the Board of Directors, decides to insert the following paragraphs at the end of article 16 of the articles of association:

"Pursuant to article L225-27-1 of the French Commercial Code, the Board of Directors also includes a board member representing the group's employees, who is not included in the determination of the minimum and maximum numbers of Board Members defined by these articles of association.

In the event that the number of Board Members appointed by the Shareholder's meeting exceeds twelve, a second Board Member representing employees will by appointed in accordance with the provisions below, within six months of the appointment of the new Board Member by the Shareholders' Meeting.

The number of members of the Board of Directors used to determine the number of Board Members representing employees is determined on the date of appointment of the employee representatives to the Board of Directors. The Board Member representing employee shareholders appointed in virtue of article L225-23 of the French Commercial Code is not included in this calculation.

The Board Members representing employees are appointed for a three-year term.

The reduction of the number of Board Members appointed by the Shareholder's Meeting to twelve or fewer shall not affect the duration of the term of any of the employee representatives on the Board of Directors, which will end at its normal expiration.

In the event that the seat of a Board Member representing employees falls vacant for any reason, the vacancy will be filled as stipulated in article L225-34 of the French Commercial Code.

The Board Members representing employees are appointed by the Central Works Committee.

In the event that the company is no longer subject to the requirement to appoint a Board Member to represent employees, the term of the Board Member or Board Members representing employees on the Board shall be terminated at the end of the meeting during which the Board of Directors recognizes the end of applicability of the obligation. "

The Shareholders' Meeting, having read the report of the Board of Directors, also decides to modify paragraph 4 of article 16 of the articles of association as follows, the rest of the article remaining unchanged:

"Each Board Member is required to own a number of shares set at 10 (TEN), with the exception of ***the Board Member representing employee shareholders and the Board Members representing employees****."*

SIXTEENTH RESOLUTION
Harmonization of articles 4 and 19 of the articles of association

The Shareholders' Meeting, having read the report of the Board of Directors, decides:

1 - Regarding the transfer of headquarters:

- to harmonize the articles of association with the provisions of article L225-36 of the French Commercial Code, as modified by law no. 2016-1691 of December 9, 2016;
- in consequence, to modify paragraph 2 of article 4 of the articles of association as follows, the rest of the article remaining unchanged:

"It may be transferred to any location ***within France****, either by decision of the Ordinary Shareholders' Meeting or by decision of the Board of Directors, subject to ratification of this decision by the next Ordinary Shareholders' Meeting."*

2 - Regarding the elimination of the Chairman's report:

- to harmonize the articles of association with the new provisions article L225-37 of the French Commercial Code, as modified by the order of July 12, 2017;
- in consequence, to modify paragraph 3 of article 19 of the articles of association as follows, the rest of the article remaining unchanged:

"The Chairman of the Board of Directors organizes and directs its work. He or she ensures that the company's bodies operate properly, and particularly that the Board Members are competent to perform their role."

SEVENTEENTH RESOLUTION
Powers for formalities

The Shareholders' Meeting grants full powers to the bearer of an original, copy or extract of these minutes to accomplish all filing formalities and disclosures as required by law.

6

Other information

6.1 Person responsible for the Reference document

Certification of the Reference document

I certify that, having taken all reasonable measures to that effect, the information included in this Reference document is, to my knowledge, accurate and does not contain any material omissions which could make it misleading.

I certify that, to my knowledge, the financial statements are prepared in accordance with applicable accounting standards and give a fair view of the assets, financial position and income of the company and all companies included in the consolidation, and that the management report included in this Reference document, for which the concordance table is included in paragraph 6.7, presents a true picture of business developments, income and the financial position of the company and all companies included in the consolidation and a description of the principal risks and uncertainties they face.

I have obtained from the statutory auditors a letter advising me of the completion of their audit, in which they state that they have reviewed the information concerning the financial position and financial statements contained in this document and have read the entire document.

Messimy
April 12, 2018

Christian Boiron
General Manager

Pursuant to Article 28 of European regulation n°809/2004, the following information is incorporated by reference in this Reference document:
- the consolidated financial statements and the audit reports for the fiscal year 2016 shown on pages 92 to 149 and on page 150 respectively of the Reference document of the fiscal year 2016 filed with the AMF on April 10, 2017 under number D.17-0357;
- the consolidated financial statements and the audit reports for the fiscal year 2015 shown on pages 90 to 147 and on page 148 respectively of the Reference document of the fiscal year 2015 filed with the AMF on April 8, 2016 under number D.16-0303.

6.2 Statutory auditors

	DATE OF APPOINTMENT	TERM DURATION	END OF TERM
STATUTORY AUDITORS			
DELOITTE & ASSOCIÉS (Ms. Vanessa Nicoud-Girardet) Immeuble Higashi 106, cours Charlemagne 69002 Lyon Cedex - France Tel.: +33 (0)4 78 63 16 16	CSM 05/18/2017	6 fiscal years	OSM 2023
MAZARS (Mr. Nicolas Dusson) Le Premium 131, boulevard Stalingrad 69624 Villeurbanne Cedex - France Tel.: +33 (0)4 26 84 52 52	First appointment: CSM 05/19/2011 Renewal: CSM 05/18/2017	6 fiscal years	OSM 2023

Note that the Shareholders' Assembly of May 18, 2017 appointed the firm DELOITTE & ASSOCIES to replace ERNST & YOUNG AND OTHERS, whose term had expired, as Statutory Auditors for a term of six fiscal years, meaning until the end of the Ordinary Shareholders' Meeting to be held in 2023 and convened to approve the financial statements for the fiscal year ended December 31, 2022.

This same Shareholders' Meeting also took due note of the non-renewal and non-replacement of the firm AUDITEX and of Mr. Emmanuel Charnavel as substitute Statutory Auditor, in compliance with article L823-1 of the French Commercial Code.

6.3 Public information

During the duration of validity of the Reference document, the articles of association, the statutory auditors' reports and the financial statement of the last three years, as well as any reports, mails and other documents, historic financial information of BOIRON and its subsidiaries of the last three years, the evaluations and the statements prepared by an expert, when these documents are required by law and any other statutory documents, can be consulted at the company's headquarters (BOIRON - 2, avenue de l'Ouest Lyonnais - 69510 MESSIMY - France).

SHAREHOLDER INFORMATION

BOIRON uses all available means to provide regular information to all of its individual and institutional shareholders and make detailed information available to them.

News and financial information on BOIRON group is available on **www.boironfinance.com.** In particular, in accordance with Article 221-3 of the AMF General Regulation, all of the regulated information as defined by Article 221-1 of the AMF General Regulation is available on **www.boironfinance.com** as well as on www.info-financiere.fr

Information notes are published by analyst firms that regularly follow the share, including: GILBERT DUPONT, ODDO MIDCAP, SOCIETE GENERALE, FINANCIÈRE D'UZÈS. articles of association, financial statements, reports, minutes of Shareholders' Meetings and all documents made available to shareholders can be viewed at the company's headquarters (BOIRON - 2, avenue de l'Ouest Lyonnais - 69510 - Messimy - France).
In accordance with AMF recommendation No. 2012-05, BOIRON's updated articles of association are available on its website **www.boironfinance.com.**

Director of financial information:
Christian Boiron, General Manager

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6.4 Provisional publication schedule

Quiet period: during the period prior to publication, BOIRON limits its communication with the financial community.

PUBLICATIONS	PUBLICATION DATE (AFTER STOCK EXCHANGE CLOSING)	INFORMATIONAL MEETINGS
1st Quarter 2018 Sales Quiet period starts Wednesday April 11, 2018	Thursday April 26, 2018	
2018 Shareholders' Meeting	Thursday May 17, 2018	
1st Half 2018 Sales Quiet period starts Wednesday July 4, 2018	Thursday July 19, 2018	
1st Half 2018 Results Quiet period starts Friday July 20, 2018	Wednesday September 5, 2018	Thursday September 6, 2018 At 2:30 p.m. at the SFAF
3rd Quarter 2018 Sales Quiet period starts Wednesday October 3, 2018	Thursday October 18, 2018	

6.5 List of BOIRON parent company establishments as at December 31, 2017

FRANCE

ANTIBES
Allée Charles Victor Naudin
Z.A.C. St Philippe I
Parc Sophia Antipolis
06410 BIOT

AVIGNON LE PONTET
4, avenue de la Farandole
84130 LE PONTET

BELFORT
Les Hauts de Belfort
Z.A.C. des Hauts de Belfort
6, rue Albert Camus
90000 BELFORT

BOIS D'ARCY
Z.A.C. Croix Bonnet
Rue Charlie Chaplin
78390 BOIS D'ARCY

BORDEAUX CANEJAN
8, avenue de Guitayne
Z.A. du Courneau
33610 CANEJAN

BREST GUIPAVAS
Parc d'Activités de Kergaradec
Rue Augustin Fresnel
9490 GUIPAVAS

CLERMONT-FERRAND
Parc Technologique de la Pardieu
19, allée Evariste Galois
63170 AUBIERE

DIJON
20, rue du Golf
21800 QUETIGNY

FRANCHEVILLE
Chemin du Torey
69340 FRANCHEVILLE

GRENOBLE MONTBONNOT
ZIRST 2
545, avenue de l'Europe
38330 MONTBONNOT SAINT MARTIN

IVRY-SUR-SEINE
Centre d'Activités Parivry
14, rue Jules Vanzuppe
94200 IVRY-SUR-SEINE

LILLE - LAMBERSART
Z.I. des Conquérants
42, rue Ferdinand de Lesseps
59130 LAMBERSART

LILLE - VILLENEUVE D'ASCQ
Parc d'Activités du Triolo
51, rue Trémière
59650 VILLENEUVE D'ASCQ

LIMOGES
5, rue Gémini
Parc d'Ester
87100 LIMOGES

MARSEILLE
Château Gombert
Rue John Maynard Keynes
Technopole de Château Gombert
13013 MARSEILLE

MONTPELLIER PEROLS
75, impasse John Locke
Parc d'Activités de l'Aéroport
34470 PEROLS

NANCY
2, rue du Bois de la Civrite
Z.A.C. du Plateau de Brabois
54500 VANDOEUVRE LES NANCY

NANTES ORVAULT
Z.A.C. du Bois Cesbron
9, rue Marcel Lalouette
44700 ORVAULT

NIORT CHAURAY
47, rue de Gabiel
79180 CHAURAY

PANTIN
89/91, rue Cartier Bresson
93500 PANTIN

PAU
3, passage de l'Europe
64000 PAU

REIMS
Parc Technologique H. Farman
Esplanade Roland Garros
51100 REIMS

RENNES
Technopole Atalante Villejean
4, rue Jean-Louis Bertrand
35000 RENNES

ROUEN-ISNEAUVILLE
Z.A.C. Plaine de la Ronce
71, rue de la Ronce
76230 ISNEAUVILLE

SAINT-ETIENNE
18, rue de l'Innovation
42000 SAINT-ETIENNE

STRASBOURG ILLKIRCH
Parc de l'Innovation
Boulevard Sébastien Brant
67400 ILLKIRCH GRAFFENSTADEN

TOULON LA FARLEDE
101, rue Pasteur
Z.A.C. Toulon Est
83210 LA FARLEDE

TOULOUSE
20, avenue Marcel Dassault
Parc d'Activités de la Plaine
31500 TOULOUSE

TOURS
Z.A. ARCHE D'OE 2
2 rue du Tertreau
37390 NOTRE DAME D'OE

INTERNATIONAL

HONG KONG
No.136 des Vœux Road Central
Central, HONG KONG - China

6.6 Concordance table of the Reference document

1. RESPONSIBLE PERSONS	
1.1 Persons responsible for this Reference document	**6.1**
1.2 Statements by persons responsible for this Reference document	**6.1**
2. STATUTORY AUDITORS OF THE FINANCIAL STATEMENTS	
2.1 Name and address of the issuer's statutory auditors	**6.2**
2.2 Changes on statutory auditors	**6.2**
3. SELECTED FINANCIAL INFORMATION	
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3.2 Financial information selected for interim periods	**N/A**
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5. INFORMATION CONCERNING THE ISSUER	
5.1 History and development of the company	
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5.1.2. Issuer's registration place and number	5.4.1
5.1.3. Founding date and term	5.4.1
5.1.4. Company headquarters and legal form, legislation covering its activities, country of origin, address, and telephone number	5.4.1
5.1.5. Significant events in the development of the activity History	1.4.1
5.2 Investments	
5.2.1 Primary investments made by the issuer	1.3.3 4.1.2 - notes 7 and 8
5.2.2 Current primary investments	1.3.3 4.1.2 - notes 7 and 8
5.2.3 Primary investments that the issuer intends to carry out	1.4.7
6. OVERVIEW OF ACTIVITIES	
6.1 Primary activities	
6.1.1. Nature of operations carried out and primary activities	1.2.1.3 / 1.4.2
6.1.2. Significant products or services launched on the market	1.4.1 / 1.4.2
6.2 Main markets	**1.2.2.2**
6.3 Events that influenced the information supplied in accordance with points 6.1 and 6.2	**4.1.2 - note 32**
6.4 Degree of dependence relative to patents and licenses; industrial, commercial, and financial contracts; and new production procedures	**1.3.4**
6.5 Factors serving as the basis for all statements from the issuer about its competitive position	**1.2.2.2**
7. ORGANIZATIONAL CHART	
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7.2 List of the subsidiaries	**1.3.1 / 4.3**

8. REAL ESTATE, PLANT, AND EQUIPMENT	
8.1 Major investments in tangible capital assets	**1.3.2** **4.1.2 - note 8**
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10. LIQUIDITY AND CAPITAL RESOURCES	
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10.5 Information concerning financing sources for future investment	**1.4.3.2 / 4.1.1.4**
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12. TRENDS	
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13. PROFIT FORECAST OR ESTIMATE	
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14. EXECUTIVE, MANAGEMENT, SUPERVISORY, AND GENERAL MANAGEMENT BODIES	
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16.3 Committee	**2.2.3**
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AMF AUTORITÉ DES MARCHÉS FINANCIERS

This reference document was deposited with the French Financial Market Authority (AMF) on April 12, 2018, in accordance with Regulation n°212-13 of the General Regulation of the AMF. It may be used in is supplemented by a transaction memorandum approved by the AMF. This document has been prepared by the issuer and is legally binding on its signatories.

6.7 Concordance table of financial annual report and management report

Sections	Information on	Paragraphs
Statement bythe individuals responsible for the AFR	**AFR**	**6.1**
Corporate financial statements	**AFR**	
Statutory auditors' report on the corporate finacial statements	**AFR**	
Consolidated financial statements	**AFR**	**4.1**
Statutory auditors' report on the consolidated financial statements	**AFR**	**4.2**
Management report		
Information about the company and group's activities		
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Company and group activity and results by sector.		1.4 & 4.3.3
Objective and exhaustive analysis of trends in the company and group's business, results, and financial situation (particularly debts).	**AFR**	1.4
Key financial and where relevant non-financial 2 performance indicators on the company and the group.	**AFR**	1.1 & 3
Key risks and uncertainties facing the company and the group.	**AFR**	1.5
Internal control and risk management procedures used in preparation and processing of the company and group accounting and financial information.	**AFR**	1.5.2
Objective of and hedging policy for transactions in which company and group hedge accounting is used. Company and group exposure to price, credit, liquidity and cash risks. Company and group' se of financial instruments.	**AFR**	1.5 4.1.2 notes 22 & 33
Financial risks linked to climate change and presentation of the measures taken to reduce them (low carbon strategy) for the company and the group.		1.5.1.2
Company and group research and development activities.		1.2.1.4 3.2.3.1 4.1.2 note 26
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Cross-holdings		N/A
Status of employee share capital ownership.		N/A
Acquisition and sale by the company of its own shares (share buybacks).		5.3
Adjustment of equities granting share capital access in the case of financial transactions.	AFR	5.1.3
Adjustment of equities granting share capital access and stock-options in the case of buybacks.		N/A
Dividends allocated for distribution during the three previous fiscal years.		N/A
Non tax-deductible expenditure and expenses.		1.4.7 / 5.6
Injunctions or financial sanctions for anti-trust violations.		5.6
Payment times and breakdown of the balance of accounts payable and accounts receivable.		N/A
Amount of inter-company loans.		4.4.1
Information on the operation of a SEVESO installation.		N/A
Information on the corporate officers		
Overview of securities transactions conducted during the fiscal year by individuals with executive responsibilities and individuals close to them.		5.2.1
CSR Information		
Treatment of the social and environmental impacts of the activity, including its impact on climate change and the use of the goods and services produced, as well as societal commitments to sustainable development, the circular economy, food waste prevention, prevention of discrimination and promotion of diversity.		3
Documents appended to the management report		
Report on payments to governments.		N/A
Table showing company income for each of the past five fiscal years.		4.4
Corporate governance report.		2

6.8 Concordance table of employee, environmental and societal information

EMPLOYEE INFORMATION	
Employment	
Total number of employees and their distribution by gender, age and region	3.1.1 / 3.1.2
Hiring and terminations	3.1.3
Compensation and its trend	3.1.7
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Working arrangements and work time	3.1.4
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Organization of employee dialogue including procedures for information, consultation and negotiations with staff	3.1.8
Overview of collective bargaining agreements	3.1.8
Health and safety	
Health and safety conditions at work	3.2.5
Review of agreements with trade unions or employee representatives on health and safety at work	3.2.5
Workplace accidents, including their frequency and severity, as well as occupational diseases	3.1.6
Training	
Training policy implemented	3.1.5
Total number of training hours	3.1.5
Equality	
Measures taken to promote gender equality	3.1.2
Measures taken to promote employment and the hiring of handicapped	3.1.2
Policy towards the fight against discrimination	3.1.9
Promotion and enforcement of the provisions of the fundamental conventions of the International Labor Organization concerning:	
- The respect of freedom of association and collective bargaining	3.1.9
- The elimination of discrimination in employment and occupation	3.1.9
- The elimination of forced or compulsory labor	3.1.9
- The effective abolition of child labor	3.1.9

ENVIRONMENTAL INFORMATION	
General environmental policy	
Organization of the company for the consideration of environmental issues and, where appropriate, the assessment and certification procedures regarding the environment	3.2.1
Initiatives taken relating to training and information for employees regarding environmental protection	3.2.1
Resources devoted to the prevention of environmental risks and pollution	3.2.2
Amount of provisions and guarantees for risks to the environment, provided that such information is not likely to cause serious harm to the company for litigation in-process	3.2.2
Pollution	
Measures taken for the prevention, reduction or repair of emissions to the air, water and soil seriously affecting the environment	3.2.3.3.2
Consideration of noise and any other form of pollution specific to an activity	3.2.3.3.4
Circular economy	
Prevention and waste management: - prevention, recycling, reuse measures and other forms of recycling and eliminating waste - actions combating food waste [(1)].	3.2.3.3.3
Use of sustainable resources: - water use and water supply based on local constraints - consumption of raw materials and measures taken to improve the efficiency of their use - energy consumption and the measures taken to improve energy efficiency and the use of renewable energy	3.2.3.3.1
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The protection of biodiversity	
Measures taken to preserve or promote biodiversity	3.2.3.2
INFORMATION RELATING TO CORPORATE COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT	
Regional, economic and social impact of the company's business	
Regarding employment and regional development	3.3.1
On surrounding or local populations	3.3.1
Relationships with persons or organizations having an interest in the company's business, including associations combatting social exclusion, educational institutions, environmental protection associations, consumer associations and surrounding populations	
Conditions for dialogue with those persons or organizations	3.3.2
Partnership or sponsorship initiatives	3.3.2
Sub-contracting and suppliers	
Employment and environmental considerations taken into consideration in the purchasing policy	3.3.2
Importance of sub-contracting and the consideration of the environmental and social responsibilities of suppliers and subcontractors	3.3.2
Fair practices	
Initiatives taken to prevent corruption	3.3.3
Measures taken to promote the health and safety of consumers	3.3.4
Other initiatives taken to promote human rights	**3.1.9**

(1) To date, there is no specific action to combat waste in the company canteens.

6.9 Glossary

Agreement on Preparation for Retirement

Company agreement which provides for all BOIRON France staff, a paid number of days to be taken prior to retirement, to prepare for retirement, on the basis of their seniority.

Other operating revenue and expenses

They include on one hand, unusual components which are non-recurring and material, on the other hand, exchange gains and losses on operating transactions, the income on derivative instruments on trade transactions as well as the research tax credit and the tax credit competitiveness employment.

Income statement by function

Presentation used by the group for the consolidated income statement. Expenses are reported by function (industrial production, preparation and distribution, marketing, research, regulatory affairs, support function, other operating revenue and expenses...).

Industrial production costs

All expenses recorded against production performed by our five production sites including production, production management, quality assurance and control.

Preparation and distribution costs

All expenses attributed to the distribution of products and to the preparation activity in distribution branches.

Marketing costs

All expenses attributed to product promotion (marketing, advertising and sales promotion in particular).

Research costs

Expenses related to research on OTC specialties and non-proprietary homeopathic medicines.

Regulatory affairs costs

All expenses attributed to the regulatory affairs function, in particular, personnel expenses, fees, registration taxes and expenses.

Support function costs

The costs of management and support functions which are not directly attributed to production or any other specific functions such as sales or R&D. Support function costs may include costs related to general management, financial, legal, IT and human resource departments.

Employee benefits

Employee benefits are provided to employees pursuant to laws applicable in the countries where the companies which employ them are located or to agreements signed with local authorities or stakeholders.
BOIRON group employee benefits include, in particular, in France, the agreement on preparation for retirement, the retirement indemnities and the bonuses granted.

Homeopathic Registration (HR) and Marketing Authorization (MA)

In 1992, a European Directive established the regulatory framework for the market for industrially produced homeopathic medicines:

- Homeopathic Registration (HR) sets out the rules for homeopathic medicines that correspond to the following criteria: the absence of any therapeutic indication, a controlled level of dilution, oral or external administration.
- The Marketing Authorization (MA) concerns homeopathic specialties which claim a traditional homeopathic self-medication therapeutic indication or which cannot fulfill the three criteria provided above for Registration.

Evolution at current exchange rates / evolution at constant exchange rates

The “variance at current exchange rates” provides the change, in euros, of a financial indicator between two periods, which results following each period’s respective exchange rate being used for the conversion of that indicator. That variance therefore also takes into account the impact of changes in exchange rates on that indicator.

A “variance at constant exchange rates” is estimated by the group (especially for sales) by using the same exchange rate for the current year as for the period under comparison. That permits the elimination of any impact related to changes in exchange rates.

Retirement indemnities

Compensation paid to an employee when he leaves in retirement, governed in France by pharmaceutical industry collective agreement.

Bonuses granted / Seniority awards

Bonus paid to an employee at an anniversary date, aimed at rewarding his professional seniority.

Non-proprietary homeopathic medicines
Non-proprietary homeopathic medicines are generally presented in the form of tubes of granules or doses of globules.

Generally, there is no therapeutic indication or dosage stated on the packaging, because it is the healthcare professional who determines the indication and dosage for the medicine depending on the individual patient.
Any laboratory may sell non-proprietary homeopathic medicines. Their names cannot be protected as trademarks, as these are non-proprietary names.

OTC specialties
Each laboratory may also develop its own “specialties”. These branded homeopathic medicines are developed to treat a particular infection (colds, coughs, hot flushes, for instance) and generally come with a therapeutic indication and a dosage. Detailed instructions are contained in each packet to facilitate their use and self-medication.

Unlike non-proprietary homeopathic medicines, these brands can be protected, as they are invented names.

Operating Income
Performance indicator used by the group. It corresponds to income of the consolidated group prior to taking account of:
- the cost of net long-term debt,
- other financial revenue and expenses,
- the group’s share of the net income or loss of companies accounted for under the equity method,
- income from activities held for sale,
- income and deferred taxes.

It includes the result of group activities and other operating revenue and expenses.

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Limited company with capital of €19,414,756
Lyon Commercial Register n° 967 504 697