

REFERENCE DOCUMENT 2018



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This is a free translation into English of the BOIRON 2018 Reference document issued in 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 THIERRY BOIRON

Serving people through homeopathy

At the start of this year, the Board of Directors appointed Valérie Lorentz-Poinsot as General Manager to continue to develop homeopathy worldwide with unswerving confidence and determination and to give all patients the freedom to choose homeopathy.

As it has throughout its history, homeopathy is currently experiencing a certain degree of turmoil, particularly in France where the government has called its reimbursement into question despite the fact that:

- for generations, millions of French patients have regularly chosen the safety and effectiveness of homeopathic medicines, like 300 million patients worldwide.
- when used as a first-line treatment, homeopathic medicines help ensure that medicines which present the risk of toxicity are used appropriately, as shown by the recent EPI3 study in France.
- ending reimbursement would increase healthcare spending due to a shift to more expensive treatments.

While we await the day when researchers will develop the means to understand exactly how homeopathic medicines work, their benefits in terms of both public health and individual wellness are clearly shown by top scientific journals as well as decades of clinical results achieved by doctors, pharmacists, nurses, midwives, and other healthcare professionals.

Their active ingredients, which are effective, non-toxic, and have no environmental impact, are not patented by pharmaceutical companies. Preserving this part of our human heritage to guarantee freedom of choice to future generations is our shared responsibility.



Thierry Boiron
Chairman

A FEW WORDS FROM VALÉRIE LORENTZ-POINSOT

Because people worldwide are increasingly refusing to take risks with their health, Laboratoires BOIRON uses its unique pharmaceutical expertise in homeopathy to bring them the safe medicines they need.

Some things never change. Laboratoires BOIRON has been the world leader in homeopathy for many years. Our business has always been driven by the growing demand among both patients and healthcare providers for the effective, safe, and gentle treatments offered by homeopathy.

Even so, 2018 was a turning point for our business. In 2018, we updated our industrial organization to better meet customer demand by concentrating all our production teams on the Messimy site and developing the Les Olmes logistics platform to secure our distribution. We also faced extremely high demand in the United States and Asia, which at times put our logistics chain under pressure. 2018 also saw e-commerce come into its own as a viable sales channel that makes our medicines freely and easily available to the public, particularly in our new regions.



As we look to the future, we can enter 2019 firm in our assurance that:

- Our teams and their well-being will always remain a core concern;
- Our organization will continue to grow and change, especially in France, due to the steady decline in prescriptions for compounded preparations;
- We must further increase our agility in production to manage increasingly urgent and differentiated requests;
- We must continue our research in homeopathy and ensure that its objectives are in line with the needs of the business, regulatory agencies, and healthcare professionals.

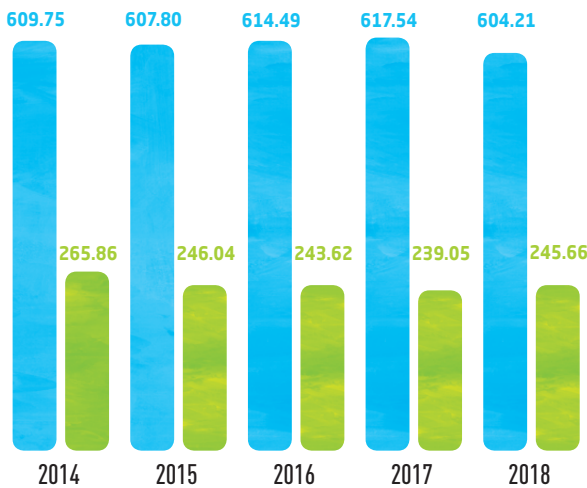
And as it has been since the beginning, the global development of homeopathy remains our ultimate goal.

Valérie Lorentz-Poinsot
General Manager

PRESENTATION OF BOIRON GROUP AND ITS BUSINESSES

1.1 - Indicators and key figures

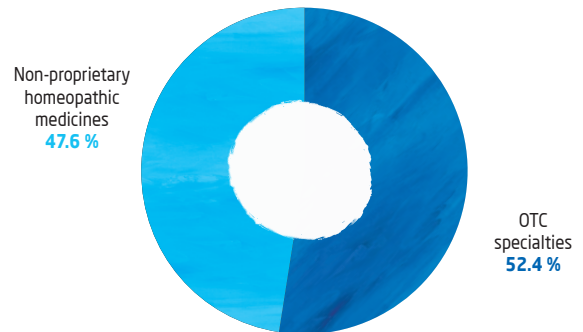
Change in sales (in millions of euros)



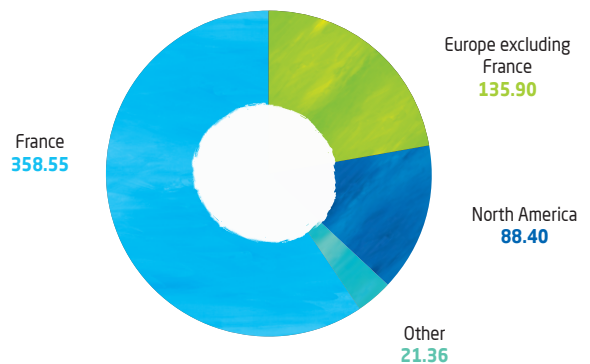
■ Consolidated Sales
■ International Consolidated Sales

In 2018, group sales were down -2.2% from 2017 (-0.8% at constant exchange rate).

Distribution of sales by product category

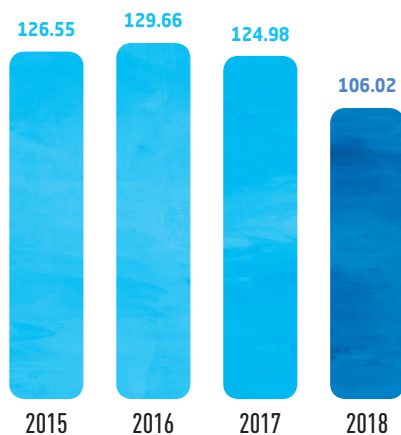


Distribution of sales by geographic area (in millions of euros)



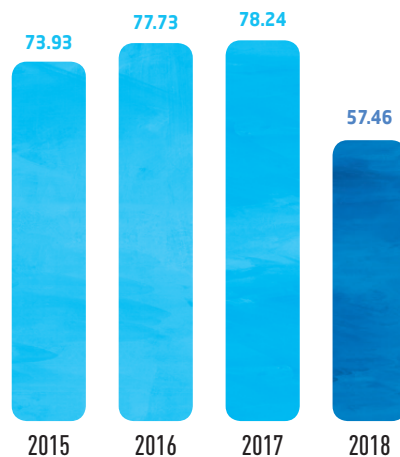
Change in operating income

(in millions of euros)



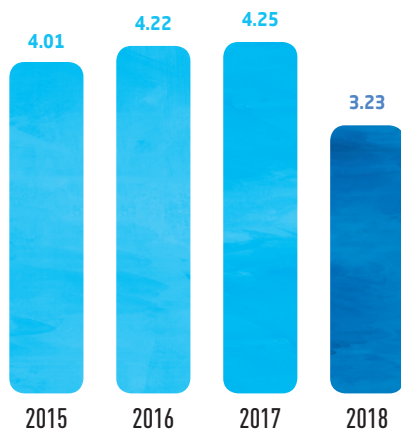
Change in net income

(in millions of euros)



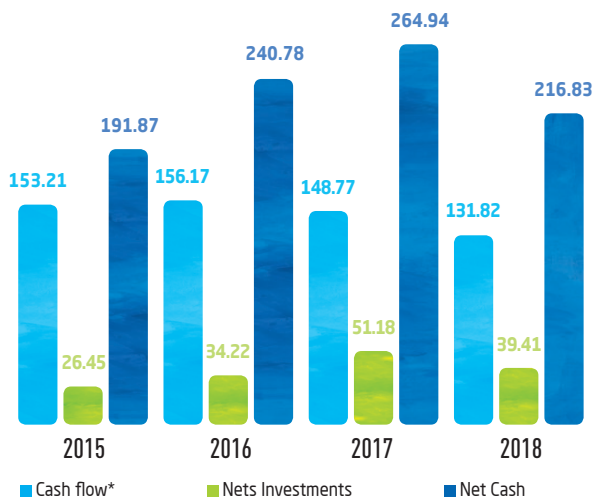
Change in earnings per share

(in euros)



Investments, cash flow and net cash

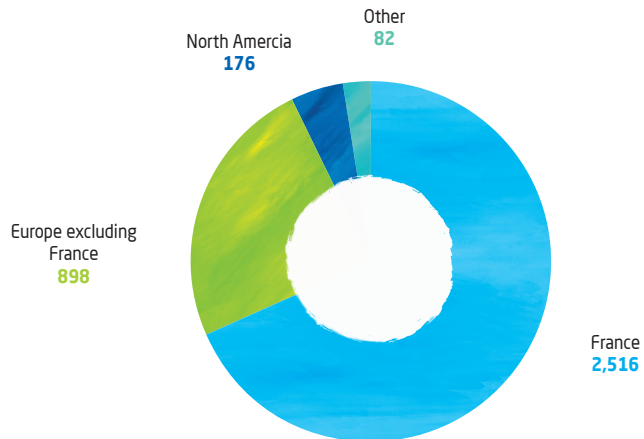
(in millions of euros)



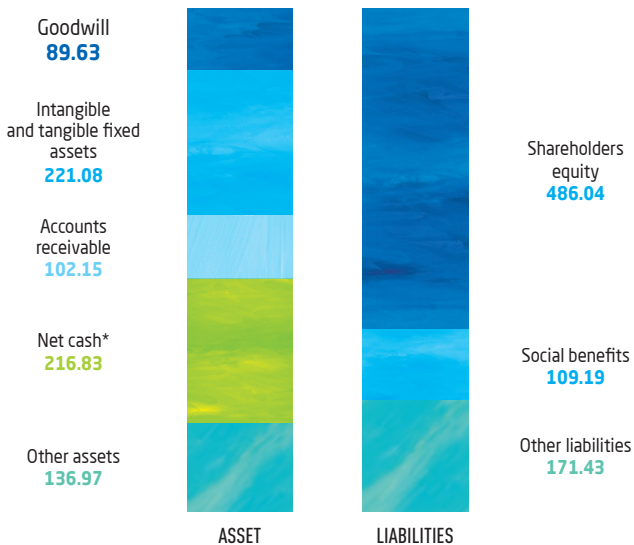
Earnings per share are determined after deducting the number of shares held by the company over the year.

* Before cash income, financing costs and taxes.

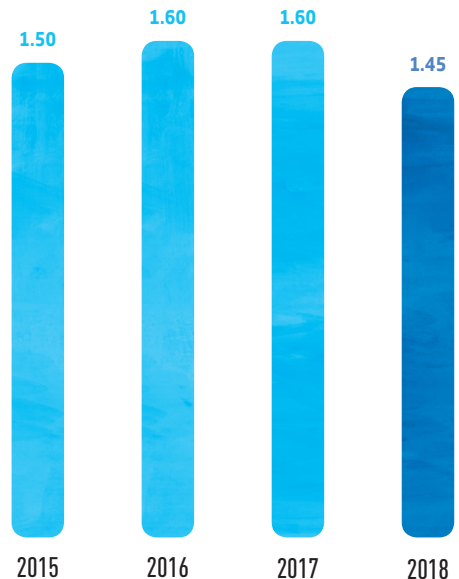
Distribution of headcount by geographic area: 3,672 employees at December 31, 2018



Simplified balance sheet (in millions of euros)



Change in dividend per share (in euros)



* Net cash corresponds to the line item "Cash and cash equivalents" less cash liabilities (included in current borrowings and financial debts). See note 30 in the notes to the consolidated financial statements.

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 and a drinkable solution in a single dose container	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® is a blend of Chamomilla vulgaris 9 CH, Phytolacca decandra 5 CH and Rheum 5 CH and is packaged as a single dose sterile oral solution which can be easily administered to babies.

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 2018, 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 establishments, 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. Research fits into that strategy by constantly increasing homeopathy's effectiveness so it can be better understood and prescribed.

In 2018, the research department continued its work 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 correspond to the following criteria: the absence of any therapeutic indication, a controlled level of dilution, oral or external administration;
- the Marketing Authorization (MA) applies to homeopathic specialties which claim a traditional homeopathic self-medication therapeutic indication or which cannot fulfill the three criteria provided above for Homeopathic 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 2018, of the 1,163 stocks authorized by the French health authorities, 389 HRs had already been granted and 165 were repealed. The other filings are currently under review. The schedule of response times for homeopathic medicine registration has not been defined and will depend on the French drug safety agency (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, 2019. Medicines which have not received an authorization by that date must be withdrawn from the market.

On April 27, 2018, following a complaint filed at the European level **Spain**, published a ministerial order on marketing authorizations for homeopathic medicines which are already on the market. A shared submissions schedule for all laboratories was published; the schedule runs from November 2018 to April 2022.

In **Belgium**, the evaluation of homeopathic drugs by the Belgian drug agency (AFMPS) is pending. Registration applications are submitted on a schedule defined separately for each company in cooperation with the AFMPS. The agency's current projected deadline is 2025.

⁽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 regulatory system for homeopathic medicines underwent a public consultation in 2017 and an update was published on July 25, 2018. These regulations should simplify our access to the Brazilian market and remove prescription requirements for certain medicines.

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. European and French pharmacopoeias are recognized by the Indian authorities. A publication is expected in 2019; this should facilitate recognition of our manufacturing processes.

1.2.1.6 - Reimbursement by health authorities

1.2.1.6.1 - In France

In France, industrially-produced non-proprietary homeopathic medicines are reimbursed by the national health insurance scheme at a rate of 30% if they are prescribed by a healthcare provider, 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.

In late August, the Ministry of Health tasked the Haute Autorité de Santé (HAS) with assessing the justification for the reimbursement policy on homeopathic medicines. The different homeopathy players were consulted. The laboratories drafted and submitted a report in early 2019. French homeopathy industry representatives also submitted a contribution in late January. The HAS is slated to submit its opinion to the Minister of Health sometime in 2019. Furthermore, an IPSOS study published in November 2018 showed that French consumers support homeopathy: 3 out of 4 French people (76%) have a positive image of homeopathic medicines and 74 % French people oppose ending their reimbursement.

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 FIFTY 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.

The first BOIRON pharmacy catering directly to the public opened in São Paulo, Brazil in October 2018. Its objective is to fully meet the expectations of Brazilian physicians and their patients by offering a wide range of BOIRON homeopathic medicines.

1.2.2.2 - Market and strategy

In 2017, the worldwide medicine market topped \$1,000 billion (approximately 826 billion euros), with 6% growth over 2016 ⁽¹⁾.

BOIRON group achieved 2017 sales of €617.5 million (€604.2 million in 2018). Its 2017 market share was therefore less than 0.1% of the worldwide medicine 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

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.

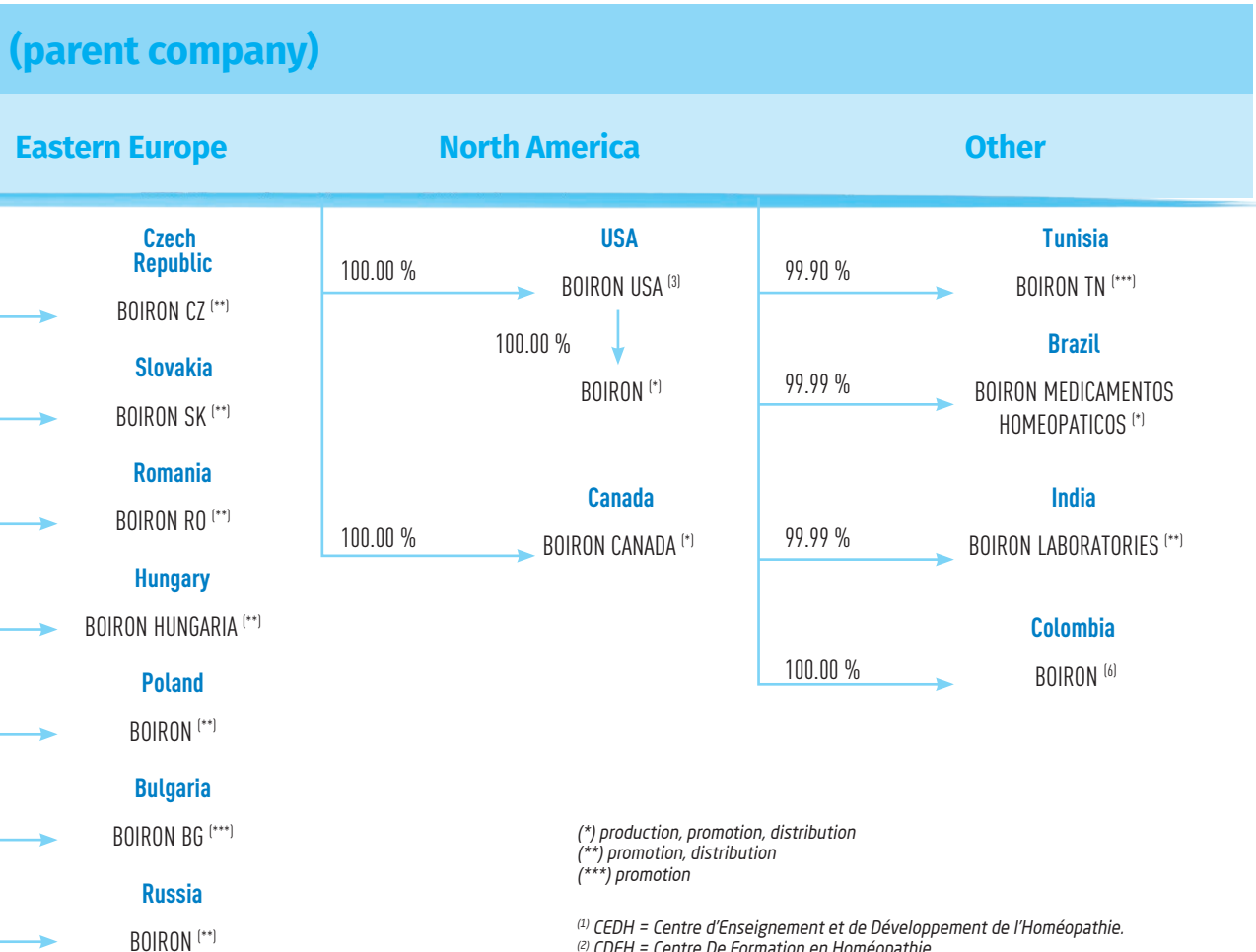
Valérie Lorentz-Poinsot shares these convictions and will continue to wear them as part of her new role.

At December 31, 2018, BOIRON group had **3,672 employees**, including 2,516 in France.

1.3 - Other information about BOIRON group

1.3.1 - ORGANIZATIONAL STRUCTURE OF THE GROUP AT DECEMBER 31, 2018

BOIRON (*)		
France	Western Europe	Central and
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 ^(**)	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⁾ 98.28 % → UNDA ⁽⁴⁾ ^(*) 100.00 % → BOIRON ^(*) Switzerland 100.00 % → BOIRON ^(**) Germany 100.00 % → BOIRON ⁽⁶⁾ Portugal 100.00 % → BOIRON ^(**)	100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 % 100.00 %



(*) 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 parent company and BOIRON BELGIUM.

⁽⁵⁾ Company in liquidation.

⁽⁶⁾ No activity.

■ 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. The work on extending the Messimy site has been completed.

Construction of the building for the group's future logistics center in Les Olmes was completed in 2018 and the initial fit-out enabled finished product storage to start by the end of the year. The first shipments will leave the center during the last quarter of 2019.

BOIRON group also owns or rents twenty-nine distribution establishments 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 establishments 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 that could influence use of the group's sites, please refer to paragraph 3.3 of this Reference Document.

■ 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 fifteen 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.

The fit-out of the Les Olmes logistics center will be completed in late 2019.

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 2018

During the Board of Directors meeting on September 5, 2018, chaired by Thierry Boiron, **Christian Boiron** announced that he would resign his position as General Manager, effective January 1, 2019. **Valérie Lorentz-Poinsot**, Deputy General Manager for the past seven years, was appointed as his replacement.

The year 2018 was marked by the **launch** of the following products:

- **Arnicrème®** in France and Italy, a cosmetic product used to treat muscle fatigue and cramps,
- **Camilia®** in a pack of 30 single doses in Russia,
- **Coryzalia®** in a pack of 20 single doses in France.

In the **United States**, sales increased significantly in 2018 (+€23,808 thousand at constant exchange rate) against a backdrop of high levels of winter illnesses. The subsidiary purchased a building for €3,235 thousand with the goal of moving into it in 2019 and selling its current building.

In **France**, in late August, the Ministry of Health tasked the Haute Autorité de Santé (HAS) with assessing the justification for the reimbursement policy on homeopathic medicines. The different homeopathy players were consulted. The laboratories drafted and submitted a report in early 2019. French homeopathy industry representatives also submitted a contribution in late January. The HAS is slated to submit its opinion to the Minister of Health sometime in 2019. Furthermore, an IPSOS study published in November 2018 showed that French consumers support homeopathy: 3 out of 4 French people (76%) have a positive image of homeopathic medicines and 74 % French people oppose ending their reimbursement.

In **Spain**, the Ministerial Order on the formalities to be completed by proprietors of homeopathic medicines on the market since 1994 was adopted on April 27, 2018, after a wait of more than a decade. The medicines that the group intends to keep on the market were reported in late July. The Spanish Drug Administration published the list of homeopathic medicines to be brought into compliance on October 29, 2018, with a submission calendar that extends into 2022. At the end of the year, the business was also affected by the Spanish government's offensives against homeopathy, such as the presentation of an action plan against "pseudo-therapeutic" practices including homeopathy. However, these challenges to homeopathy were unsuccessful at the European legislative level when brought to the Commission.

Operations at the **group's future logistics center in Les Olmes** began at the end of 2018 with finished product storage. The first shipments will leave the site during the last quarter of 2019.

The first BOIRON pharmacy catering directly to the public opened in São Paulo, **Brazil** in October 2018. Its objective is to fully meet the expectations of Brazilian physicians and their patients by bringing them a wide range of BOIRON homeopathic medicines.

Thanks to the increase in sales generated by the office in Hong Kong, the BOIRON parent company earned €5,175 thousand in **Hong Kong, China and Taiwan**.

The **deployment of the new organization of the French sites** continues. The second step, which aims to concentrate establishments on three new sites and transfer two preparation departments, began in late 2018. The impact on the group's operating income was insignificant (-€358 thousand).

As part of this process:

- The **Levallois-Perret site** was sold on June 6, 2018, generating a €6,207 thousand capital gain. The site had been closed in 2017, when it was folded into the Pantin site.
- A new site is currently being built in **Lille**, to bring together the teams from two rented sites.
- Construction has started on the **Sainte-Foy-lès-Lyon** site, which will concentrate the Francheville and Saint-Etienne sites as well as the Clermont-Ferrand and Grenoble preparation facilities.

Under the provisions of the program renewed by the Shareholders' Meeting of May 17, 2018, **the company bought back 898,611 shares** at a total cost of €63,510 thousand.

All treasury shares held on September 5, 2018, a total of 1,849,196 shares, were canceled. Following their cancellation, the share capital comprised 17,565,560 shares.

After the French Constitutional Council struck down the **3% tax on dividends paid**, the BOIRON parent company requested and, at the end of March obtained, reimbursement of the €3,297 thousand spent on this tax for the 2013-2016 fiscal years. Because part of that sum, €1,817 thousand, was recognized in 2017, the difference generated tax savings in 2018.

The arbitration tribunal ruled on the **litigation between our Belgian subsidiary UNDA and its former Italian distributor** on December 18, 2018. The ruling may be appealed. Its impact on 2018 income was insignificant (-€171 thousand).

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 southand of euros)	2018	2017	Variation at current exchange rate	Variation at constant exchange rate
France	358,555	378,487	- 5.3%	- 5.3%
Mainland France	348,475	367,713	- 5.2%	
Caribbean	5,013	5,401	- 7.2%	
Réunion	3,777	3,948	- 4.3%	
Others France	1,290	1,425	- 9.5%	
Europe (excluding France)	135,901	155,151	- 12.4%	- 10.3%
Italy	33,467	47,544	- 29.6%	
Russia	24,914	28,201	- 11.7%	- 0.7%
Belgium	16,988	16,767	+ 1.3%	
Spain	16,380	17,832	- 8.1%	
Romania	9,238	8,473	+ 9.0%	+ 11.1%
Poland	7,555	7,332	+ 3.0%	+ 3.2%
Bulgaria	5,771	5,524	+ 4.5%	
Czech Republic	5,363	6,420	- 16.5%	- 18.6%
Portugal	4,278	4,025	+ 6.3%	
Switzerland	3,465	3,685	- 6.0%	- 2.3%
Slovakia	2,667	2,319	+ 15.0%	
Hungary	2,596	3,112	- 16.6%	- 14.0%
Others Europe	3,219	3,917	- 17.8%	
North America	88,400	68,572	+ 28.9%	+ 34.7%
USA	78,022	57,786	+ 35.0%	+ 41.2%
Canada	10,378	10,786	- 3.8%	+ 0.1%
Other countries	21,356	15,330	+ 39.3%	+ 44.4%
Tunisia	7,366	6,696	+ 10.0%	
Hong Kong / China / Taiwan	5,175	419		
Brazil	3,909	3,863	+ 1.2%	+ 21.0%
India	206	31	+ 564.5%	+ 629.0%
Others	4,700	4,321	+ 8.8%	
BOIRON GROUP	604,212	617,540	- 2.2%	- 0.8%

Sales (in thousand of euros)	Non-proprietary homeopathic medicines 2018	Non-proprietary homeopathic medicines 2017	Variation at current exchange rate	OTC Specialties 2018	OTC Specialties 2017	Variation at current exchange rate
BOIRON GROUP	287,243	310,594	- 7.5%	315,577	305,552	+ 3.3%
France ⁽¹⁾	233,304	250,217	- 6.8%	124,220	127,151	- 2.3%
Europe (excluding France)	34,305	39,903	- 14.0%	101,466	115,076	- 11.8%
North America	17,515	18,361	- 4.6%	70,863	50,182	+ 41.2%
Other countries	2,119	2,113	+ 0.3%	19,028	13,143	+ 44.8%

Group sales amounted to €604,212 thousand in 2018, a 2.2% decrease from 2017. This decrease was due to a drop in volumes (-1.9%) and an unfavorable exchange rate effect (-1.3%), which were partially offset by price increases (+1.0%):

- The quantities of non-proprietary medicines sold dropped in most countries, with the exception of the USA. Specialties sales rose in the USA and the Hong Kong/China/Taiwan zone, but decreased in France, Italy, Russia and Spain.
- The negative exchange rate effect amounted to €8,122 thousand, mainly due to the depreciation of the US Dollar (-€3,571 thousand), the rouble (-€3,088 thousand) and the Brazilian real (-€764 thousand).
- Price increases mainly affected all products in Mainland France and specialties in Russia.

In France, sales of non-proprietary homeopathic medicines decreased by 6.8%. Specialties sales decreased by 2.3%, with particularly significant drops in Oscilloccinum® and Calendula® cream sales. Coryzalia® (launch of the 20 single dose package) and Arnicroème® (launched in spring 2018) sales increased, however.

In the “Europe excluding France” zone, non-proprietary medicine sales fell by 14.0% while specialties sales dropped by 11.8%. At constant exchange rates, the decrease amounted to 10.3 %:

- In Italy, sales fell 29.63%, with decreases on non-proprietary medicines (-25.0%), Calendula® cream (-68.7%), Oscilloccinum® (-26.8%) and eye drops (-27.7%).
- Sales were also down in Spain (-8.1%), Czech Republic (-18.6%) and Hungary (-14.0%), for both non-proprietary medicines and specialties.
- On the other hand, sales increased in Romania (+11.1%), particularly on Oscilloccinum® and Sédatif PC® and in Slovakia (+15.0%), mainly on Oscilloccinum®.

In North America, sales increased by 28.9%. At constant exchange rates, the increase amounted to 34.7%:

- Sales in the USA increased by 41.2%. That growth was mainly generated by Oscilloccinum® (+135.9%), arnica gels and creams (+13.4%), Coryzalia® (+74.1%) and Camilia® (+73.3%).
- Sales in Canada remained stable (+0.1%): non-proprietary medicine sales were up by 7.8% while specialties dropped by 2.0%, particularly on Coryzalia® and Stodal®.

In the “Other Countries” zone, specialties sales increased 44.8%, mainly in Hong Kong, China and Taiwan (+€4,756 thousand, mainly generated by Calendula®, Homeoplasmine® and Oscilloccinum®). 2018 also saw an increase in specialties sales in Tunisia (+12.2%) and Colombia (+48.0%), which was offset by the lack of sales in Chile.

⁽¹⁾ Mainland and overseas departments and territories.

1.4.3 - GROUP FINANCIAL POSITION

BOIRON group income statement (in thousands of euros)	2018	2017	Variation
Sales	604,212	617,540	- 2.2% ⁽¹⁾
Operating income	106,022	124,981	- 15.2%
Net income - Group share	57,459	78,243	- 26.6%
Cash flow ⁽²⁾	131,821	148,766	- 11.4%
Net investments	39,407	51,182	- 23.0%
Net cash position	216,830	264,940	- 18.2%

1.4.3.1 - Group profit and loss account

The group's **operating income** amounted to €106,022 thousand versus €124,981 thousand in 2017. It represented 17.5% of sales versus 20.2% in 2017.

Industrial production costs amounted to €134,645 thousand compared to €128,151 thousand in 2017, an increase of 5.1%. Gross margin rate amounted to 77.7% for 2018 versus 79.2% in 2017, which is explained by:

- Increased depreciation charges on fixed assets (+€3,382 thousand), due to the commissioning of:
 - new buildings and industrial equipment, the quality control laboratory and construction of roads on the Messimy site,
 - a production machine in Montévrain,
- increased shipping costs (+€2,446 thousand) due to the increase in volumes shipped and the increased use of air shipping to the United States, where sales were particularly strong.
- a €1,761 thousand rise in personnel costs (excluding incentives and profit sharing), mainly in France, due to pay raises, increased headcount in the quality control and assurance departments, and the use of temporary staff.
- increased outsourcing (+€1,325 thousand), due to the additional quality control and assurance and site maintenance costs on the Messimy site and the cost of transferring tube and dose production from Sainte-Foy-lès-Lyon to Messimy,
- a decrease in the cost of goods (-€3,084 thousand) relating to the decrease in volumes sold.

Preparation and distribution costs decreased by 1.5% and amounted to €128,483 thousand. These savings are primarily explained by:

- the €1,925 thousand decrease in personnel costs (excluding incentives and profit sharing), mainly in France. Group headcount devoted to this activity was 1,252, as opposed to 1,298 at the end of 2017,
- the decrease in French taxes (-€791 thousand), mainly on taxes based on sales and purchases consumed (-€446 thousand) due to the decrease in business.
- on the other hand, shipping and outsourcing costs in the USA increased (+€1,393 thousand) due to the increase in sales and inventory in the country.
- Finally, net costs of €358 thousand for the French site reorganization plan were recognized in 2018.

Promotion costs amounted to €155,622 thousand versus €149,920 thousand in 2017, an increase of 3.8 % mainly due to:

- the increase in outsourced services (+€1,910 thousand), particularly agents' commissions and e-commerce consulting fees in the USA, and event planning and market study costs in Russia.

⁽¹⁾ -0.8% at constant exchange rate.

⁽²⁾ Before cash income, financing costs and taxes.

- the €1,785 thousand increase in personnel costs (excluding incentives and profit sharing), mainly in the USA and France, due to increases in bonuses, salaries and retirement indemnities.
- the increase in advertising costs (+€1,300 thousand), mainly on digital in the USA and in France, particularly for product launches.

Research costs amounted to €3,825 thousand, compared to €3,586 thousand in 2017.

Regulatory affairs costs increased by 14.7% to reach €11,227 thousand due to:

- increased use of outsourcing (+€728 thousand), mainly consulting and regulatory support fees in France and the USA,
- the increase in taxes (+€499 thousand), particularly due to the registration of medicines in compliance with the Ministerial Order in Spain.

Support function costs fell by 1.6% to €76,783 thousand, down from €78,027 thousand in 2017. This was caused by:

- a slight increase in IT spending (+€387 thousand) in France and the USA,
- a €1,400 thousand drop in personnel costs (excluding incentives and profit sharing), mainly in France, Belgium and Spain, particularly due to the base effects on retirement indemnities in 2017.

Other operating income amounted to €12,865 thousand compared to €9,102 thousand in 2017. This includes:

- the French tax credit for competitiveness and employment (CICE) (€2,768 thousand versus €3,407 thousand in 2017),
- the research tax credit in France (€1,683 thousand versus €1,634 thousand in 2017),
- the €6,207 thousand capital gain on the sale of the Levallois-Perret site (in 2017, the profit on the sale of the Lyon 8th site was €3,293 thousand),
- foreign exchange gains of €779 thousand on commercial transactions.

Other operating expenses amounted to €474 thousand compared to €1,700 thousand in 2017. They included the resolution of the commercial dispute in Belgium (-€171 thousand) and a loss on derivative instruments (-€152 thousand).

Cash revenue and financing expenses amounted to net income of €385 thousand, versus a net expense of €34 thousand in 2017.

Other financial income and expenses amounted to a net expense of €2,414 thousand versus €1,816 thousand in 2017. They mainly comprise the expense related to the decrease over time of the impact of the interest cost related to employee benefits (€2,292 thousand, versus €2,214 thousand in 2017) and financial exchange gains and losses (-€201 thousand versus +€90 thousand in 2017).

The **effective tax rate** amounted to 44.8% versus 36.5% in 2017. This increase is mainly due to the recognition of a provision of €8,961 thousand for the tax audit currently being performed on the BOIRON parent company (proposed tax adjustment notice received at the end of 2018).

Net income amounted to €57,459 thousand versus €78,243 thousand in 2017. Earnings per share amounted to €3.23 in 2018, versus €4.25 in 2017.

1.4.3.2 - Consolidated cash flow

Group net cash amounted to €216,830 thousand at the end of 2018, compared to €264,940 thousand at the end of 2017.

The change in cash (including the impact of fluctuations in foreign currencies) amounted to -€48,110 thousand in 2018, compared to +€24,162 thousand in 2017. This decrease was mainly caused by the increase in flows linked to financing transactions and the drop in cash flow from operating activities.

Cash flow from operating activities amounted to €84,250 thousand in 2018, compared to €104,745 thousand in 2017, by €20,495. This decrease is mainly explained by:

- the decrease in consolidated cash flow (€16,945 thousand) compared with the decrease in operating income. It represented 21.8% of sales versus 24.1% in 2017,
- a decrease in the tax paid (€6,557 thousand). In 2018, the BOIRON parent company received a €4,182 thousand tax refund for the 3% tax on previously paid dividends,
- the decreased change in working capital requirements (€10,107 thousand). In 2018, the change in Working Capital Requirement (WCR) of -€8,767 thousand mainly resulted from the following factors:
 - an increase in inventory (€9,771 thousand) mainly in the USA for the top specialties,
 - an increase in accounts receivable (€2,197 thousand) impacted by the increase in sales in the USA and Romania. However, they decreased in Spain, Italy and France due to the drop in sales,
 - an increase in accounts payable (€5,165 thousand), mainly in France (particularly on advertising, outsourcing, and energy costs).

Cash flows related to investment activities amounted to €39,407 thousand compared to €51,182 thousand in 2017: The decrease of €11,775 thousand was essentially due to investments on the Messimy site. In 2018, cash flows mainly related to:

- acquisitions of tangible fixed assets amounting to €40,884 thousand:
 - on the Messimy site, continued work on the new buildings and landscaping,
 - construction of the future group logistics platform in Les Olmes,
 - purchase of land and construction of a new site in Lille which will concentrate the teams currently working on two rented sites,
 - investments in production equipment on the Montévrain site,
 - purchase and start of renovations on the future headquarters for the US subsidiary, with move-in planned for 2019,
- the sale of tangible fixed assets amounting to €8,376 thousand, mainly the sale of the Levallois-Perret site,
- €6,800 thousand in investments in intangible assets: these include group IT projects (export orders and logistics platform, Cloud implementation, continued JD Edwards ERP roll-out ⁽¹⁾, BI⁽²⁾, CRM⁽³⁾, payroll system and group repository).

Cash flows from financing activities amounted to €91,961 thousand, versus €29,253 thousand in 2017. They mainly comprise dividend payments amounting to €28,304 thousand (down from €29,485 thousand in 2017) and the purchase of shares for €63,701 thousand outside the liquidity contract (no share purchases in 2017). The shares were canceled during the second half of 2018.

⁽¹⁾ ERP : Enterprise Resource Planning.

⁽²⁾ BI : Business Intelligence.

⁽³⁾ CRM : Customer Relationship Management.

1.4.3.3 - Consolidated balance sheet

The balance sheet amounted to €767,077 thousand at the end of 2018, versus €800,403 thousand at the end of 2017.

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

- the increase in tangible fixed assets (+ €15,795 thousand), inventory (+ €9,851 thousand) and the decreased cash position (- €57,761 thousand) as previously discussed,
- the decrease in intangible assets (-€2,687 thousand) due to increased amortization of IT projects implemented since 2017 in excess of investments made in 2018,
- the increase in tangible fixed assets held for sale (+€1,293 thousand). In 2018, this item included two buildings in Belgium (€1,607 thousand) and the current headquarters of the US subsidiary (€980 thousand), which was listed for sale during the second half of 2018. In 2017, it included the Levallois-Perret site (€1,293 thousand) sold in June 2018,
- the increase in other current assets (+€1,587 thousand), particularly interim payments made in France and Russia, as well as tax liabilities.

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

- the €31,457 thousand decrease in shareholders' equity (group share): the dividends paid by the BOIRON parent company (€28,304 thousand), the variation in treasury shares (-€64,260 thousand) and currency translation adjustments (-€3,291 thousand) were partially offset by the group share of net income (€57,459 thousand) and the increase in post-tax actuarial differences on employee benefits (€6,965 thousand).
- the decrease in employee benefits (-€7,852 thousand) in France due to the increase in actuarial differences and services paid,
- the decrease in current borrowings and financial debts (-€9,396 thousand), mainly comprising bank overdrafts in France,
- the increase in current provisions (+€8,733 thousand), mainly in France with the previously discussed tax audit provision,
- the increase in accounts payable (+€5,347 thousand) as discussed in the cash flow section.

■ 1.4.4 - PROFIT AND LOSS ACCOUNT OF BOIRON PARENT COMPANY

Sales reached €494,072 thousand, versus €488,858 thousand in 2017, an increase of +1.1% (+€5,214 thousand). The €19,220 thousand increase in subsidiaries' sales offset the decrease of €19,134 thousand in France, mainly on non-proprietary medicines. Direct export sales increased by €5,127 thousand.

Operating income was €126,121 thousand in 2018, down by €9,650 thousand. This drop was mainly the result of:

- the slight increase in sales
- product destocking costs (+€4,651 thousand), mostly for the international business,
- the increase in other purchases and external spending (+€6,171 thousand):
 - the increase in administrative and advertising outsourcing costs (+€2,705 thousand),
 - the increase in shipping costs (+€3,086 thousand) for export and in France,
 - the increase in upkeep and maintenance costs (+ €1,636 thousand),
 - offset by the fact that no contributions to the outsourced insurance fund for retirement indemnities were made in 2018 (-€3,000 thousand),
- The increase in the allowances to amortization (+€3,271 thousand) linked to the investment policy.

Financial income and expenses resulted in a €3,561 thousand expense, compared to income of €124 thousand in 2017, mainly due to the decreased dividends received by subsidiaries (-€4,964 thousand).

Extraordinary income was down by €9,014 thousand, and included the capital gain of €6,207 thousand on the 2018 sale of the Levallois-Perret site. In 2017, the sale of the Lyon 8th site generated a capital gain of €3,293 thousand. Special allowances to amortization reflected the amortization policy, with a change of €2,192 thousand. A provision of €9,248 thousand was recognized for the tax audit currently being performed on the BOIRON parent company (proposed tax adjustment notice received at the end of 2018).

The profit tax was €35,923 thousand, down from €38,368 thousand on 2017.

Corporate net income amounted to €63,578 thousand, down from €82,584 thousand in 2017.

Under the provisions of article 39.4 of the French General Tax Code, the company recorded amortization of €293,811 for the portion of the purchase price of passenger vehicles exceeding €18,300 (compared to €256,735 in 2017).

■ 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.

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

In 2019:

- On January 1, Valérie Lorentz-Poinsot replaced Christian Boiron as General Manager of the group.
- The Haute Autorité de Santé should submit its opinion on the justification for the policy on reimbursement of homeopathic medicines in France later this year.
- The first shipments will leave the group's new Les Olmes logistics center during the second quarter.
- The second step in the distribution establishments reorganization will be completed. This step aims to concentrate establishments on three new sites and transfer two preparation departments.
- Regulatory issues remain significant and may have a major effect on the group's business and profitability.

In light of the concerns mentioned above, the strong sales achieved in the USA in 2018, the impact of industrial investments made in recent years and the significant impact of the sale of the Levallois-Perret site in 2018, BOIRON remains cautious with regard to future trends in its sales and profits.

BOIRON will continue to develop homeopathy in the world with the same confidence and the same determination.

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

PROFIT FOR THE 2018 FISCAL YEAR	€63,578,454.11
+ Profit carried forward	€35,163,188.82
= DISTRIBUTABLE PROFIT	€98,741,642.93
- Dividends of €1.45 per share, on the basis of 17,565,560 shares	-€25,470,062.00
= AMOUNT PROVISIONED	€73,271,580.93
- Other reserves	-€38,000,000.00
= CARRIED FORWARD	€35,271,580.93

The Board of Directors proposes a gross dividend per share of €1.45 in respect of the 2018 fiscal year, i.e. a distribution rate (payout ratio) of 44% 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 30, 2019 and dividends will be paid on June 3, 2019.

■ 1.4.7 - INFORMATION ON DIVIDENDS

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

FOR THE FISCAL YEAR	Income eligible for the allowance		Income not eligible for the exemption
	Dividends ⁽¹⁾	Other income distributed	
2015	€29,162,569.50 soit €1.50 per share	-	-
2016	€31,063,609.60 soit €1.60 per share	-	-
2017	€31,063,609.60 soit €1.60 per share	-	-

⁽¹⁾ of which carried forward (in respect of dividends not paid out on treasury shares):

- €1,516,512.00 in 2015
- €1,578,148.80 in 2016
- €2,759,129.60 in 2017

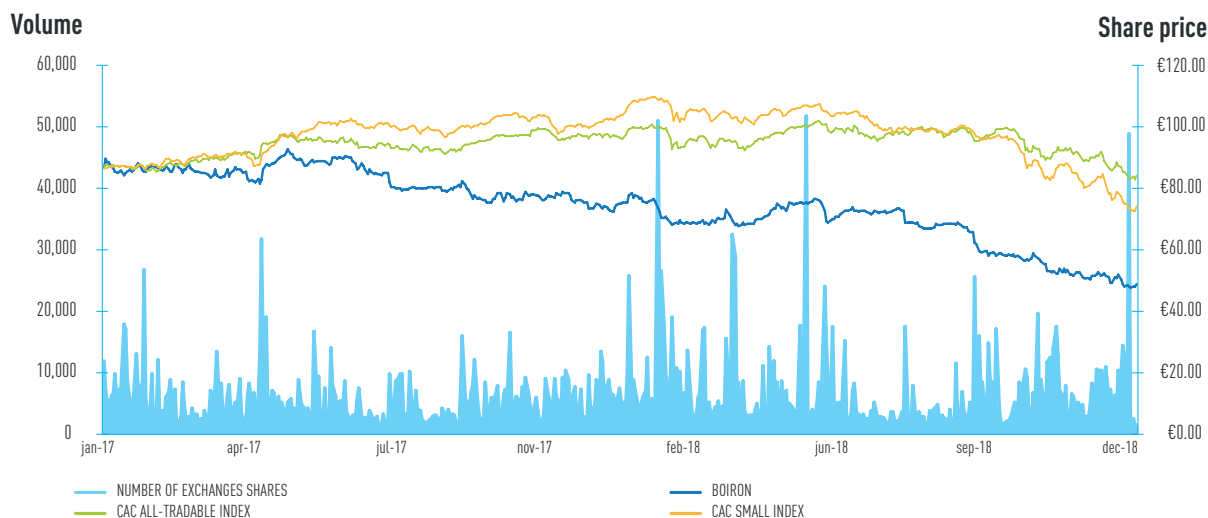
■ 1.4.8 - SHARE PRICE AND SHAREHOLDING INFORMATION

1.4.8.1 - Share price performance

The BOIRON share price closed the 2018 period at € 48.95, down by 34.7% from its level of €75.00 on January 2, 2018 (opening price). The BOIRON share price peaked at €78.50 during the January 9, 2018 trading session and fell to a low of €48.95 during the December 18, 2018 trading session. Over the year as a whole, 1,750,643 shares were traded, an average of 6,865 shares per trading session. Compared to 2017, the number of shares traded in 2018 increased by 23.4% and represented 10.0% of the company's share capital.

	AVERAGE CLOSING PRICE	HIGHEST DURING TRADING	LOWEST DURING TRADING	AVERAGE OF SHARES TRADED Per day	TRANSACTION VOLUME	SECURITIES PROCESSED DURING THE MONTH
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
2018	in euros	in euros	in euros		in millions of euros	
January	75.41	78.50	69.30	10,797	17.68	237,540
February	68.92	70.80	66.30	8,816	12.13	176,318
March	69.40	73.80	66.10	7,730	11.26	162,322
April	71.55	75.10	68.20	5,614	8.04	112,283
May	74.17	76.90	68.20	8,934	14.46	196,541
June	72.17	74.20	69.70	4,397	6.66	92,327
July	71.15	73.50	67.50	3,498	5.44	76,951
August	67.81	69.00	66.60	3,343	5.22	76,896
September	60.20	67.10	56.10	7,597	9.12	151,939
October	56.48	59.00	52.30	6,845	8.81	157,438
November	52.07	54.50	50.50	6,280	7.23	138,168
December	49.80	53.00	46.65	9,048	8.51	171,920

Average closing prices



1.4.8.2 - Multi-year data

	2014	2015	2016	2017	2018
Number of shares	19,441,713	19,441,713	19,441,713	19,414,756	17,565,560
Source data adjusted by share (in €)					
Net income ⁽¹⁾	4.77	4.01	4.22	4.25	3.28
Consolidated cash flow ⁽¹⁾	8.50	8.32	8.47	8.07	7.52
Dividend	1.50	1.50	1.60	1.60	1.45
Payout ratio ⁽¹⁾	31 %	37 %	38 %	38 %	44 %
Closing price	69.73	74.50	84.17	74.85	48.95
Return (dividend / closing price)	2.15 %	2.01 %	1.78 %	2.14 %	2.96 %
PER at year-end (year n)	15.22	19.59	21.05	18.57	14.96
Average monthly volume	239,243	167,194	139,515	118,176	145,887
Market capitalization at December 31 (in millions)	1,356	1,448	1,636	1,453	860

⁽¹⁾ Excluding treasury shares

ISIN code: FR0000061129 (BOI)

LEI code: 9695000UMPNY21KKD098

Reuters: BOIR.PA

Bloomberg: BOI FP

Share listed on Euronext PARIS - Compartment B

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

BOIRON group operates in an increasingly requiring and fast-changing environment, giving rise to new risks.

In order to identify and assess these risks, the mapping of internal risks is updated annually by General Management, the operational departments and the Internal Audit Department. It is regularly discussed with the Audit Committee. Risk mapping enables the group to identify the main risks and to assess the probability of occurrence, 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 of 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 believes that there are no specific and significant risks other than those listed 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, a marketing authorization application may be filed to attempt to continue commercialization, but it requires much more extensive documentation than simplified registration.

- In the USA, homeopathic medicines are marketed under the status of self-medication with indication, following notification to the authorities. Public consultation is underway in order to re-assess the policy guidelines of the Federal Trade Commission. At the same time, in November 2016 the FTC (Federal Trade Commission) published a policy statement 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 Spain, the government intends to publish a plan on protecting patients from pseudo-therapies, a class it believes includes homeopathy. This plan may be accompanied by a series of measures intended to limit market access by significantly increasing filing fees and limiting the registration of certain homeopathic medicines such as nosodes changing labeling requirements - two points which are clearly non-compliant with Directive 2001/83.
- 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.

These regulations regularly come under fire from homeopathy skeptics in different countries. 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,
- Regulatory non-conformity in our products leading to withdrawal of a medicine from the market.

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 product quality and regulatory compliance assurance center, as well as a new Data Integrity quality assurance center,
- the ongoing optimization of the release process and certification of drug batches, by developing methodologies for investigating anomalies,
- the implementation of an electronic Quality Management System to manage anomalies and OOS (Out Of Specification) results, corrective and preventive action plans (CAPA), and soon management and control of industrial and regulatory changes in the pharmaceutical industry,
- the strengthening of a metrology function,
- the annual update of a quality manual that describes the company's quality assurance system.

Furthermore, the regulatory requirements in terms of Good Manufacturing Practices (GMP) 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. To ensure that it can adjust to these changes and strictly comply with the regulations,

BOIRON has implemented a risk analysis system to determine the GMP levels that apply to our excipient providers. 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.

The latest FDA inspection of the Montévrain site, which produces sterile single dose containers, in June 2018, found no deviations from US standards.

An ANSM inspection at Messimy in September 2018 found a few deviations which are being addressed and did not raise any serious concerns.

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 France, in late August, the Ministry of Health tasked the Haute Autorité de Santé (HAS) with assessing the justification for the reimbursement policy on homeopathic medicines. The different homeopathy players were consulted. They drafted and submitted a report in early 2019. French homeopathy industry representatives also submitted a contribution in late January. The HAS is slated to submit its opinion to the Minister of Health sometime in 2019.

Furthermore, an IPSOS study published in November 2018 showed that French consumers support homeopathy: 3 out of 4 French people (76%) have a positive image of homeopathic medicines and 74 % French people oppose ending their reimbursement.

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. The plant includes a tarp designed to block any pollution. The treatment consists of filtering followed by neutralization and biological treatment.

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.

- 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⁽¹⁾ 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.

With regard to the organization implemented to address environmental incidents, the production sites have developed emergency plans based on input from first responders. Corrective measures for technical impacts have also been identified.

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.

⁽¹⁾ ATEX : Explosive Atmospheres

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 2018 has not resulted in any new cases concerned by this regulation. Two substances are affected and were registered with ECHA (European Chemicals Agency) in 2018. 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 on 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 Tunisia:

In 2018, the group achieved sales of €7,366 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 2018.

The situation is being monitored at the group level.

Risks related to partnerships

BOIRON is continuing work on securing its supply chain and partnerships in light of the current climate and the context in its partners' industries.

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, 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 main IT system risks are related to system failures, cybercrime, software and hardware obsolescence, application centralization, regulatory requirements, and outsourcing of certain IT activities.

IT system governance includes management of these risks, with the appointment of an IT Systems Security Director. These risks are also covered by the implementation of a business continuity plan and a business recovery plan.

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 Systems Division and the rest of the company have worked together to address the new challenges involved in these deployments (technical and functional ERP support, repository data management, 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 32 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 Market 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. Since 2013, 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 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.

The main internal control players include:

- the Board of Directors and Audit Committee;
- the General Manager, the Deputy General Manager, and the Assistant General Manager,
- the Chief Pharmacist (Deputy General Manager) and the Interim Chief Pharmacists;
- the support and operational departments,
- the Internal Audit Department.

The General Management and the Board are involved in steering and supervision of internal control through the Audit Committee.

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, the 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, cybercrime, 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 14, 2018.

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 the 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 2018, a half-day was devoted to risk management and internal control.

Procedures for preparing 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 the 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 the General Management and the Board of Directors. Documents on annual and half-year regulatory information are also reviewed by the General Management and the statutory auditors before being submitted distribution to the Board of Directors. 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.

CORPORATE GOVERNANCE

2

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 Manager are also consulted and involved in approval.

This report was examined by the Audit Committee and approved by the Board of Directors on March 13, 2019. It was also sent to the statutory auditors for due diligence.

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 AFEF-MEDEF in June 2018, 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,
- dissociation of the roles of Chairman and General Manager; the latter is assisted by one or more Deputy General Managers,
- the consideration of a balanced representation of women and men 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 Board of Directors' operating procedures are defined by articles 16 to 21 of the articles of association, which require each board member to own a number of shares set at ten (except the board member representing employees and the board member representing employee shareholders, as required by law).

The Board of Directors has thirteen members, six of whom are women. If the board member representing employees is excluded from the calculation pursuant to article L225-27-1 of the commercial code, the Board of Directors includes five women out of a total of twelve members, meaning that 42% of members are women. 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.

In compliance with article L225-37-4 6° of the Commercial Code, it is stipulated that the company does not apply a diversity policy to its Board of Directors. Half of the Board is made up of members of the BOIRON family, insofar as the company is controlled by the BOIRON family consortium and the family component has influenced the company's governance since its creation. However, as stated above, the Board of Directors does reflect a certain degree of diversity in terms of gender equality, since six of its thirteen members are women, in terms of age, with members of three different generations, and in terms of skills, since the board members have a broad range of qualifications and professional backgrounds (pharmacists, a corporate administrator, managers, accountants, financial consulting engineers).

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. Pursuant to article L225-27-1 of the Commercial Code and article 16 of the articles of association, employees are represented by a board member, Ms. Christine Boutin, appointed by the Central Works Council on June 21, 2018 for a three-year term.

The employee shareholders are represented by a Board member: Mr. Grégory Walter, appointed by the Combined Shareholders' Meeting of May 18, 2017, based on the proposal of the Supervisory Board of the Fonds Commun de Placement (FCPE), for a three-year term.

The Combined Shareholders' Meeting of May 18, 2017 also renewed the appointments of Ms. Christine Boyer-Boiron, Ms. Stéphanie Chesnot and Mr. Jean-Pierre Boyer for three-year terms.

Composition of the Board of Directors and General Management - as at March 13, 2019:

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 <i>Family ties Observations</i>
Thierry Boiron <u>Director,</u> <u>Chairman of</u> <u>the Board of Directors</u> 58 years old A French citizen	As Director: BoD meeting of 9/18/1996 As Chairman of the Board of Directors: BoD meeting of 05/19/2011, effective 07/01/2011	2020 OSM 2020 OSM	Chairman of the Board of Directors	None	Board member, Chairman and Chief Executive Officer of SODEVA ⁽¹⁾ Manager of SOFABI ⁽³⁾ Manager of SODEGE ⁽³⁾ Manager of SCI SOKYF ⁽³⁾ <i>Brother of Michèle and Christian Boiron</i> <i>Cousin of Christine Boyer-Boiron</i>
Valérie Lorentz-Poinsot <u>Board member,</u> <u>General Manager</u> 50 years old A French citizen	As Board member: Combined Shareholders' Meeting of 5/22/2014 As General Manager: BoD meeting of 09/05/2018 effective 01/01/2019	2020 OSM Unlimited term	General Manager	None	Board member, Chairman and Chief Executive Officer of LES EDITIONS SIMILIA ⁽²⁾ Board member and Chairman of BOIRON ⁽²⁾ (Switzerland) Board member 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) Chairman of the Supervisory Board of the FYTEXIA group ⁽³⁾
Christian Boiron <u>Board member,</u> 71 years old A French citizen	As Board member: Extraordinary Shareholders' Meeting of 12/12/1973 Resignation from his position as General Manager: Board Meeting of 09/05/2018 effective 12/31/2018	2019 OSM	None	None	Board member of SODEVA ⁽¹⁾ Board member of Université CLAUDE BERNARD LYON 1, Board member of the LYON SUD-CHARLES MERIEUX Faculty of Medicine <i>Brother of Michèle and Thierry Boiron</i> <i>Father of Stéphanie Chesnot</i> <i>and Virginie Heurtaut</i> <i>Cousin of Christine Boyer-Boiron</i>
Jean-Christophe Bayssat <u>Deputy General Manager</u> 56 years old A French citizen	BoD meeting of 12/16/2015 Effective 01/01/2016	Unlimited term	Chief Pharmacist Pharmaceutical Development Director (employee)	None	Board member of AFIPRAL (association, France)
Jacky Abécassis <u>Board member</u> 77 years old A French citizen	Ordinary Shareholders' Meeting of 5/6/1987	2020 OSM	None	None	Board member of LABORATOIRES BOIRON ⁽²⁾ (Italy)

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 <i>Family ties Observations</i>
Michèle Boiron <u>Board member</u> 74 years old A French citizen	BoD meeting of 9/18/1996	2020 OSM	None	Pharmacist Advisor	Board member of SODEVA ⁽¹⁾ and BOIRON ⁽²⁾ (Switzerland) <i>Sister of Christian and Thierry Boiron Cousin of Christine Boyer-Boiron</i>
Jean-Pierre Boyer <u>Board member</u> 73 years old A French citizen	Ordinary Shareholders' Meeting of 5/18/2000	2021 OSM	None	None	Member of the BOIRON Audit Committee Board member of SOCIETE HENRI BOIRON (SHB) ⁽¹⁾
Bruno Grange <u>Board member</u> 66 years old A French citizen	Combined Shareholders' Meeting of 5/23/2002	2020 OSM	None	None	Member of the BOIRON Compensation Committee
Christine Boyer-Boiron <u>Board member</u> 75 years old A French citizen	Ordinary Shareholders' Meeting of 5/22/2003	2021 OSM	None	None	Board member of SOCIETE HENRI BOIRON (SHB) ⁽¹⁾ <i>Cousin of Michèle, Christian and Thierry Boiron</i>
Stéphanie Chesnot <u>Board member</u> 47 years old A French citizen	BoD meeting of 3/10/2010	2021 OSM	None	Management and administration consulting	Board member of SODEVA ⁽¹⁾ Member of the BOIRON Audit Committee, Manager of LA SUITE ARCHITECTURE ⁽³⁾ <i>Daughter of Christian Boiron</i>
Michel Bouissou <u>Independent board member</u> ⁽⁴⁾ 77 years old A French citizen	Ordinary Shareholders' Meeting of 5/20/2010	2019 OSM	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 <u>Board member</u> 44 years old A French citizen	Combined Shareholders' Meeting of 5/23/2013	2019 OSM	None	Architect	Board member of SODEVA ⁽¹⁾ Manager of LA SUITE ARCHITECTURE ⁽³⁾ <i>Daughter of Christian Boiron</i>
Grégory Walter <u>Board member representing shareholder employees</u> 41 years old A French citizen	Combined Shareholders' Meeting of 5/18/2017	2020 OSM	Senior pharmaceutical technician	None	Chairman of the FCPE BOIRON supervisory board
Christine Boutin <u>Board member representing employees</u> 51 years old A French citizen	Central Works Council of 06/21/2018, (confirmed by the BoD meeting of 07/19/2018)	6/21/2021	Pharmacist, Assistant to the Director of the Nantes establishment	None	

⁽¹⁾ Company of the family consortium (unlisted company)⁽²⁾ Company of BOIRON group (unlisted company)⁽³⁾ Unlisted 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:

<u>Michel Bouissou :</u>	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).
<u>Bruno Grange :</u>	Chairman of the Supervisory Board of the BOIRON FCPE (Employee Investment Fund) (until September 22, 2015).
<u>Christian Boiron :</u>	Board member and Chairman of CHR (until 3/18/2015 - merger/acquisition of CHR by SODEVA). Resigned from his position as Chairman and Chief Executive Officer of SODEVA, effective 12/31/2018.
<u>Stéphanie Chesnot :</u>	Board member of CHR (until 3/18/2015 - merger/acquisition of CHR by SODEVA).
<u>Virginie Heurtaut :</u>	Board member of CHR (until 3/18/2015 - merger/acquisition of CHR by SODEVA).
<u>Valérie Lorentz-Poinsot :</u>	Board member of LEEM (until December 2016).

The terms of the board members Mr. Christian Boiron, Ms. Virginie Heurtaut and Mr. Michel Bouissou will end after the next Shareholders' Meeting.

The Combined Shareholders' Meeting to be held on May 16, 2019 will be asked to reappoint them for a three-year term.

■ 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. An employee representative elected by the Central Works Council takes part in the Board of Directors' meetings and receives the same information at the same time as the other members of the Board. The Statutory Auditors are invited to the Board of Directors' meeting for the preparation of annual and semi-annual financial statements and provisional budget documents.

2.2.2.3 - Board meetings

The Board of Directors met eight times during 2018. The average duration of meetings of the Board of Directors is approximately two hours (one hour for meetings which allow conference calls). The attendance rate of the Board members was 96% in 2018. During the year 2018, the Board of Directors was informed of, examined or made decisions on the following issues: the group's strategy and business, the consolidated annual and semi-annual financial statements, quarterly earnings, financial recommendations, provisional budget documents, the company's gender and pay equality policy, compensation for corporate officers, implementation of the share buyback and cancellation of treasury shares, regulated agreements, corporate governance with the appointment of Ms. Valérie Lorentz-Poinsot as General Manager to replace Mr. Christian Boiron effective January 1, 2019, planned replacements and appointments of board and committee members, the procedures for the board member representing employees, the authorizations to grant to General Management to give sureties, endorsements and guarantees, the creation of a subsidiary in Colombia, recapitalization of subsidiaries.

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

Ms. Valérie Lorentz-Poinsot has been the General Manager since January 1, 2019. She replaced Mr. Christian Boiron, who resigned from his position as General Manager during the Board of Directors meeting of September 5, 2018, effective January 1, 2018. Note that Mr. Christian Boiron remains his office of Board Member.

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.

She is assisted in her role by Mr. Jean-Christophe Bayssat, Deputy General Manager, who enjoys the same powers in respect of third parties as the General Manager.

The Deputy General Manager exercises technical functions which are distinct from his mandate; his employment contract is therefore maintained. Mr. Jean-Christophe Bayssat is the the Chief Pharmacist and Director of Pharmaceutical Development.

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

Since January 1, 2019, General Management has been supported by a Management Committee made up of the Deputy General Manager and Director of Pharmaceutical Development, the Director of Human Resources, the Administrative and Financial Director, the Director of Industry, the Sales Director, the Regulatory Affairs Director, the Group Marketing Director, the Labor Relations Director, the IT Services Director and the Director of BOIRON France.

■ 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 the company's statutory auditor within the last five years.

2.2.3.1.2 - Audit Committee responsibilities

A charter first prepared in March 2000 and last updated on June 14, 2018, describes the various tasks and functioning of this Committee, in accordance with the audit reform.

The Audit Committee has studied the guides on the audit reform and services other than account certification released in November 2018 by MIDDLENEXT, AFEP, ANSA and MEDEF.

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 that the group's internal control and risk management systems are effective, particularly the internal control measures required under the laws and regulations, including the anticorruption law and the General Data Protection Regulation (GDPR). 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. The next call to tender for the selection of the new statutory auditors is planned for 2022, given that the auditors must be appointed at the Shareholders' Meeting in 2023 called to approve the financial statements for the fiscal year ending on December 31, 2022.

- 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 any audits of the statutory auditors. 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 that end, every year they submit a statement of independence and updates to the information required by article L820-3 of the Commercial Code, listing the services provided by the network to which they belong, to the Audit Committee. 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 amount and tasks other than certification of the financial statements completed by the statutory auditors in 2018 were not significant (cf. Note 34 in the appendices to the consolidated financial statements) and thus did not exceed 15% of the total fees paid to DELOITTE & ASSOCIES and MAZARS during the past three fiscal years.

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

In 2018, the Audit Committee met four times, for meetings with an average duration of five hours. The Audit Committee members also engaged in various discussions during conference calls and by email.

Two meetings were devoted to examining the annual and half-year financial statements and to the preparation of the statutory auditors' new report. At that time, the Audit Committee takes part in the Risk Committee meetings attended by the finance department, legal affairs department, and human resources department.

Finally, the Audit Committee attended the annual meeting between General Management and the statutory auditors to discuss the group's business, issues at hand and/or significant changes.

Two other meetings were dedicated to handover of the reports by the internal audit department and the implementation of anticorruption and personal data protection measures, with the participation and support of the operational department involved. One of these meetings was, as an exception to the rule, held in January 2019.

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

The participation rate of Audit Committee members in 2018 was 90%.

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 Manager(s). Its operating procedures and responsibilities are described in a charter approved by the Board of Directors on December 17, 2003.

In 2018, discussions were held between members of the Compensation Committee on several occasions during telephone conference calls and by email. The main topic discussed during these 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

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.

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.

Agreements and commitments approved during previous fiscal years and whose implementation continued during the past fiscal year

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, authorized by the Board of Directors meeting of December 18, 1996. The Board of Directors meeting of September 7, 2017 authorized the renewal of the contract for the year 2018 due to the scale of Ms. Boiron's work and her contributions to the development of the company and homeopathy worldwide. The Board of Directors Meeting of October 18, 2018 approved renewal of the contract for 2019 for the same reasons.

The company SODEVA, which holds a 45.35% stake in BOIRON, and in which Mr. Christian Boiron (General Manager and Board Member), Mr. Thierry Boiron (Chairman of the Board of Directors), and Ms. Michèle Boiron, Ms. Stéphanie Chesnot and Ms. Virginie Heurtaut (Board Member) are partners, receives accounting, legal and financial consulting and support services provided by BOIRON under an agreement authorized by the Board of Directors meeting of May 18, 2000. This agreement continued for the fiscal year ended on December 31, 2018 and is renewed annually. The company's interest in maintaining this agreement lies in the fact that its accounts are consolidated into those of SODEVA.

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 meeting of December 14, 2016 and approved by the Combined Shareholders' meeting of May 17, 2018. This agreement was duly authorized by the Board of Directors meeting of December 14, 2017 authorized the renewal of the contract for 2018 due to LA SUITE ARCHITECTURE's unique skills in landscaping and its familiarity with the company. The Board of Directors meeting of October 18, 2018 authorized renewal of the contract for 2019 for the same reasons.

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

Agreements and commitments authorized and completed during the past fiscal year

Ms. Valérie Lorentz-Poinsot signed an agreement with BOIRON following her appointment as General Manager effective January 1, 2019 on the suspension of her employment contract, maintenance of her seniority prior to suspension of her contract, and inclusion of her term as General Manager in the calculation of her total seniority, as well as maintenance of her final payment as General Manager upon resumption of her employment contract.

BOIRON has also taken out an executive job loss insurance policy from a private insurer for Ms. Valérie Lorentz-Poinsot at a maximum annual cost of €60,000.

These agreements were duly approved by the Board of Directors meeting of December 13, 2018 and will be submitted to the Shareholders' Meeting of May 16, 2019 called to vote on the accounts for the fiscal year ended on December 31, 2019, for approval.

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 - Special statutory auditors' report on regulated agreements and commitments

MAZARS

Le Premium
131 boulevard de Stalingrad
69624 Villeurbanne Cedex

DELOITTE & ASSOCIES

Immeuble Higashi,
106, cours Charlemagne CS 40207
69286 Lyon Cedex 2

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Annual General Meeting held to approve the financial statements for the year ended December 31, 2018

To the Boiron Annual General Meeting,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the annual general meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized and entered into during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements and commitments, entered into during the year and previously authorized by the Board of Directors, have been brought to our attention.

With Mrs Valérie Lorentz-Poinsot (company's Managing Director)

Nature and purpose: agreement concluded with Mrs. Valérie Lorentz-Poinsot for the suspension of her employment contract, following her appointment as Managing Director as of January 1, 2019, the retention of her seniority prior to the suspension of her employment contract, taking into account the duration of her term of office as Managing Director in calculating her total seniority, as well as the retention of her last remuneration for her term as Managing Director when resuming her employment contract.

This agreement was authorized by the Board of Directors on December 13, 2018.

Terms and conditions: this agreement, which came into effect on January 1, 2019, did not apply to the 2018 financial year.

Reasons justifying the agreement is in the Company's interest: This agreement aims to secure and retain the Managing Director of the company by avoiding her losing the benefits of seniority.

With Mrs Valérie Lorentz-Poinsot (company's Managing Director)

Nature and purpose: insurance contract covering loss of employment subscribed with a private insurance company and on behalf of Mrs. Valérie Lorentz-Poinsot, taking effect on January 1, 2019.

This agreement was authorized by the Board of Directors on December 13, 2018.

Terms and conditions: the cost of this insurance policy will be up to a maximum of 60,000 euros per year.

This agreement, which came into effect on January 1, 2019, did not apply to the 2018 financial year.

Reasons justifying the agreement is in the Company's interest: This agreement aims to secure and retain the Managing Director of the company.

With La Suite Architecture, in which Virginie Heurtaut and Stéphanie Chesnot (Directors of your Company) are partners and co-managers

Nature and purpose: agreement covering occasional assignments for landscaping work on external areas at the Messimy site (green areas, paths, road and parking areas, site entrance and welcome area) and integration of the capacity of the Sainte-Foy-lès-Lyon site, initially authorized by the Board of Directors' meeting of December 14, 2016 and whose renewal was authorized by the Board of Directors on December 14, 2017.

Terms and conditions the contract was entered into for a period of one year commencing January 1, 2017, subject to automatic renewal for periods of one year. The contract is remunerated at a rate of €1,200, excluding taxes, per day of service. Remuneration of €4,320, including taxes, was expensed in the accounts and paid in respect of fiscal year 2018.

Reasons justifying the agreement is in the Company's interest: this agreement is in the Company's interest as La Suite Architecture, represented by Virginie Heurtaut and Stéphanie Chesnot, not only has specific expertise in interior design and landscaping, but also a good understanding of the Company. This expertise will enable it to accompany discussions on the development of the Messimy site.

The Board of Directors' meeting of October 18, 2018 decided, for the above reasons, to authorize the renewal of the contract with La Suite Architecture in fiscal year 2019, under the same terms and conditions, for a period of one year.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY ANNUAL GENERAL MEETING

Previously authorized agreements and commitments that remained in force during the year

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by annual general meetings of prior years, have remained in force during the year.

With Michèle Boiron (Director of your Company)

Nature and purpose: advisory and assistance agreement with Michèle Boiron for the development of homeopathy both in France and internationally, dated January 29, 1997, authorized by the Board of Directors' meeting of December 18, 1996 and renewed for a period of one year commencing January 1, 2018 and a revaluation of her remuneration to bring it from 1 500 € to 1 600 € without tax per day of intervention. This amendment was authorized by the Board of Directors' meeting of September 7, 2017.

Terms and conditions: Michèle Boiron received remuneration of €1,600, excluding taxes, per day of service in respect of fiscal year 2018.

Remuneration of €88,320, including taxes, was expensed in the accounts and paid in respect of fiscal year 2018.

Reasons justifying the agreement is in the Company's interest: this agreement is in the Company's interest due to the importance of the work performed by Michèle Boiron and its contribution to the development of the Company and homeopathy worldwide.

The Board of Directors' meeting of October 18, 2018 decided to renew the contract for fiscal year 2019 under the same terms and conditions.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY ANNUAL GENERAL MEETING

Pursuant to article R225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by annual general meeting of prior years, have remained in force during the year.

With SODEVA, BOIRON shareholder holding 45.35% of the share capital as of December 31, 2018

Persons concerned: Christian Boiron (CEO until December 31, 2018, Director), Thierry Boiron (Chairman of the Board of Directors), Michèle Boiron (Director), Stéphanie Chesnot (Director) and Virginie Heurtaut (Director).

Nature and purpose: Accounting, taxation, legal and financial advisory and assistance agreement with SODEVA, dated May 30, 2000.

This agreement was authorized prior to signature by the Board of Directors' meeting of May 18, 2000 and remained in force during the year.

Terms and conditions: services of €7,699, including taxes, were recognized in income and received in respect of fiscal year 2018.

Reasons justifying the agreement is in the Company's interest: it is in the Company's interest to retain this agreement as the Company's accounts are consolidated in SODEVA's accounts.

As required by law, we inform you that the board of directors did not proceed to the annual examination of this convention, as provided for in article L. 225-40-1 of the code of commerce.

Villeurbanne and Lyon, April 15, 2019

The Statutory Auditors

MAZARS
Nicolas DUSSON

DELOITTE & ASSOCIÉS
Vanessa NICOU-D-GIRARDET

2.4 - Delegation and Authorization for capital increases and reductions

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. The Board of Directors used this authorization, by the decision of September 5, 2018, to cancel 1,849,196 shares bought back by the company, effective October 30, 2018.

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	Cancellation of 1,849,196 shares	5/17/2019

The Combined Shareholders' Meeting on May 16, 2019 will be asked to vote on granting the Board of Directors a new authorization to cancel shares bought back by BOIRON under the provisions of article L225-209 of the French Commercial Code (see paragraph 5.6).

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

Pursuant to article L225-37-5 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 agreements between shareholders which could restrict the transfer of shares and exercise of voting rights are as follows:

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:

Régime	Signature date	Expiry of collective commitment	Renewal method	Percentage of the share capital covered by the pact or commitment as of the signature date
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%
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%
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%
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%
Art. 787 B of the French Tax Code	6/14/2013	2 years from registration (in this case June 19, 2013)		20.77%
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%
Art. 787 B of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)		34.11%
Art. 885 I bis of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)		34.18%
Art. 787 B of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)		23.34%
Art. 885 I bis of the French Tax Code	11/15/2013	2 years from registration (in this case November 20, 2013)		23.34%
Art. 885 I bis of the French Tax Code	5/26/2016	2 years from registration (in this case June 6, 2016)		39.93 %
Art. 885 I bis of the French Tax Code	5/26/2016	2 years from registration (in this case June 6, 2016)		41.09%
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%
Art. 787 B of the French Tax Code	1/24/2019	2 years from registration (in this case February 7, 2019)		23.63%

Percentage of voting rights covered	Name of signatories being executive managers	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
52.10%	Christian Boiron	Paola Boiron, Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, Michèle Boiron, Fabienne Boiron, Jacqueline Boiron, Hervé Boiron, Laurence Boiron, Dominique Boiron, Christine Boyer-Boiron, Jean-Pierre Boyer, Christian Boyer, Olivier Boyer, SODEVA	SODEVA SHB
50.33%	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
35.76%	Christian Boiron Thierry Boiron	Michèle Boiron SODEVA	SODEVA
43.95%	Christian Boiron Thierry Boiron	Christine Boyer-Boiron, Dominique Boiron Hervé Boiron, SODEVA	SODEVA SHB
25.64%	Christian Boiron Thierry Boiron	Fabienne Boiron, Killian Boiron, Félix Boiron, Elliot Boiron, SODEVA	SODEVA
42.95%	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
42.05%	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
42.14%	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA	SODEVA
27.07%	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA, CHR	SODEVA CHR
27.07%	Christian Boiron Thierry Boiron	Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, SODEVA, CHR	SODEVA CHR
47.31 %	Christian Boiron Thierry Boiron	Christian Boiron, Marie-Isabelle Boiron, Benjamin Boiron, Anabelle Flory, Stéphanie Chesnot, Virginie Heurtaut, Thierry Boiron, SODEVA	SODEVA
48.78%	Christian Boiron Thierry Boiron	Christian Boiron, Michèle Boiron, Thierry Boiron, SODEVA	SODEVA
44.81%	Christian Boiron Thierry Boiron	Christian Boiron, Thierry Boiron, Dominique Boiron, Christine Boyer-Boiron, Hervé Boiron, Marcelle-Cécile Boiron, Laurence Boiron, SODEVA, SHB	SODEVA SHB
26.75%	Thierry Boiron Valérie Lorentz-Poinsot	Fabienne Boiron, SODEVA	SODEVA

- 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.

2.6 - Compensation of corporate officers

■ 2.6.1 - COMPENSATION POLICY

2.6.1.1 - 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 the components which comprise the compensation package and benefits of all kinds granted to the Chairman of the Board of Directors, the General Manager, Deputy General Managers as consideration for their service; these elements will be submitted for approval by the Shareholders' Meeting to be held on May 16, 2019, as the thirteenth ordinary resolution, pursuant to article 225-37-2 of the French Commercial Code ("say on pay ex ante").

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.

2.6.1.1.1 - 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 gets a company car and contributions into a pension and personal protection scheme.

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

2.6.1.1.2 - 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 for the 2018 fiscal year will be subject to the Ordinary Shareholders' Meeting's approval of compensation's components paid for the year.

Benefits in kind: the General Manager gets a company car, contributions into a pension and personal protection scheme, and payment of premiums for an executive job loss insurance policy.

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 primarily for their duties and resulting responsibility, and not for regular attendance at meetings. They are shared equally on a prorata temporis basis (number of days).

The General manager, Ms. Valérie Lorentz-Poinsot, also signed an agreement with BOIRON following her appointment as General Manager effective January 1, 2019 on the suspension of her employment contract, maintenance of her seniority prior to suspension of her contract, and inclusion of her term as General Manager in the calculation of her total seniority, as well as maintenance of her final payment as General Manager upon resumption of her employment contract.

2.6.1.1.3 - 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: a Deputy General Manager who is also a Board Member receives the same attendance fees as all Board Members; these fees are primarily awarded as consideration for their duties and resulting responsibility rather than their regular 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 compensation 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 get 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 16, 2019 will be asked to approve the principles and criteria presented above as part of its thirteenth resolution.

2.6.1.2 - Consultation of the Shareholders' Meeting on the components of compensation paid or allocated to executive corporate officers in respect of fiscal year 2018 ("ex post say on pay ex post")

The Combined General Meeting of May 17, 2018, in its thirteen resolution, approved the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional items comprising the total compensation and benefits payable to the Chairman of the Board of Directors, the General Manager and Deputy General Managers in respect of 2018 fiscal 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 compensation 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 the extent to which the above-mentioned quantitative criteria has been satisfied, but their deliberations are not made public for reasons of confidentiality. The variable compensation is paid out in the year following the year to which it is related, subject to the prior approval of the Shareholders' Meeting.

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 16, 2019 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 2018 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.

To that end, the following tables contain the information submitted to a vote by the Shareholders' Meeting, and only the components of compensation paid or allocated to the executive corporate officers named below for their respective offices within the company (the amounts given are gross compensation in euros).

Compensation for the 2018 fiscal year paid 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 2018 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 (amount paid)	236,371
Attendance fees (amount due in respect of 2018)	13,025
Book value of benefits-in-kind	5,987 ⁽¹⁾
TOTAL	255,383

⁽¹⁾ Benefit in kind: company car.

Compensation for the 2018 fiscal year paid 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 2018 fiscal year, in respect of his mandate as General Manager:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation (amount paid)	366,890
Annual variable compensation ⁽¹⁾	530,110 ⁽²⁾
Attendance fees (amount due in respect of 2018)	13,025
	2,262 ⁽³⁾
Book value of benefits-in-kind	13,413 ⁽⁴⁾
TOTAL	925,700

⁽¹⁾ Variable compensation (to be paid in the following year) comprises the incentive bonus based on group operating income in 2018.

⁽²⁾ Amount to be paid after approval by the Shareholders' Meeting

⁽³⁾ Benefit in kind: company car

⁽⁴⁾ Benefit in kind: provident pension scheme

Compensation for the 2018 fiscal year paid or allocated to Ms. Valérie Lorentz-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 Lorentz-Poinsot, for the 2018 fiscal year, in respect of her mandate as Deputy General Manager:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation (amount paid)	35,171
Attendance fees (amount due in respect of 2018)	13,025
TOTAL	48,196

Compensation for the 2018 fiscal year paid 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 2018 fiscal year, in respect of his mandate as Deputy General Manager:

Components of compensation	Amounts subject to approval of the Shareholders' Meeting
Fixed compensation (amount paid)	30,000
TOTAL	30,000

2.6.2 - SUMMARY TABLE OF TOTAL COMPENSATIONS AND BENEFITS OF ALL KINDS PAID DURING THE 2018 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	2018 fiscal year		2017 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	236,371	236,371	232,625	232,625
Annual variable compensation				
Multiannual variable compensation				
Exceptional compensation				
Attendance fees	13,025	13,025	13,025	12,753
Benefits in kind:	5,987	5,987	6,011	6,011
<i>relating to company car:</i>	5,987	5,987	6,011	6,011
<i>relating to retirement and personal protection scheme:</i>				
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	255,383	255,383	251,661	251,389
Employee benefits:	36,040		33,335	
<i>of which preparation for retirement:</i>				
<i>of which retirement indemnities:</i>				
<i>of which long service awards:</i>	36,040		33,335	

Christian Boiron General Manager Until December 31, 2018	2018 fiscal year		2017 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	366,890	366,890	343,647	343,647
Annual variable compensation ⁽¹⁾	530,110	562,416	562,416	518,650
Multiannual variable compensation				
Exceptional compensation				
Attendance fees	13,025	13,025	13,025	12,753
Benefits in kind:	15,675	15,675	13,709	13,709
relating to company car:	2,262	2,262	1,649	1,649
relating to retirement and personal protection scheme:	13,413	13,413	12,060	12,060
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	925,700	958,006	932,797	888,759
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 2018 operating income provisioned (for the amounts payable), or paid during the year under consideration (for the amounts paid). The payment of the components of variable compensation in respect of the mandate for the 2018 fiscal year is subject to the approval by the Shareholders' Meeting of May 16, 2019 of the compensation paid or allocated for the 2018 fiscal year (ex post vote).

Valérie Lorentz-Poinsot Directrice Générale Déléguée jusqu'au 31 décembre 2018 ⁽¹⁾	2018 fiscal year		2017 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation ⁽²⁾	368,938	368,938	236,092	236,092
Annual variable compensation under an employment contract ⁽³⁾	405,563	409,386	408,915	358,758
Multiannual variable compensation				
Exceptional compensation				
Attendance fees	13,025	13,025	13,025	12,753
Benefits in kind:	16,670	16,670	12,501	12,501
relating to company car:	7,480	7,480	7,386	7,386
relating to retirement and personal protection scheme:	9,190	9,190	5,115	5,115
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	804,196	808,019	670,533	620,104
Employee benefits ⁽⁴⁾ :	17,385		584,746	
of which preparation for retirement:			345,306	
of which retirement indemnities:			223,627	
of which long service awards:	17,385		15,813	

⁽¹⁾ Ms. Valérie Lorentz-Poinsot has been the General Manager since January 1, 2019.

⁽²⁾ This corresponds to the compensation paid under her employment contract and compensation paid in respect of her corporate mandate, and a paid vacation and time savings account adjustment representing €110,537 in 2018.

⁽³⁾ 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).

⁽⁴⁾ Assuming the role of General Manager on January 1, 2019 entailed loss of all benefits predating the position.

Jean Christophe Bayssat, Deputy General Manager	2018 fiscal year		2017 fiscal year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation ⁽¹⁾	228,346	240,908	206,158	206,158
Annual variable compensation under an employment contract ⁽²⁾	192,103	220,505	221,532	229,178
Multiannual variable compensation				
Exceptional compensation				
Attendance fees				
Benefits in kind:	7,118	7,118	6,218	6,218
relating to company car:	5,895	5,895	4,990	4,990
relating to retirement and personal protection scheme:	1,223	1,223	1,228	1,228
Valuation of stock options allocated during the year				
Valuation of performance shares allocated during the year				
TOTAL	427,567	468,531	433,908	441,554
Employee benefits:	752,095		631,821	
of which preparation for retirement:	457,292		352,209	
of which retirement indemnities:	271,344		259,513	
of which long service awards:	23,459		20,099	

⁽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).

■ 2.6.3 - 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⁾		■	■ ⁽³⁾			■		■
Christian Boiron General Manager 5/19/2011 ⁽¹⁾ 12/31/2018 ⁽²⁾		■	■ ⁽³⁾			■		■
Valérie Lorentz-Poinsot Deputy General Manager 5/19/2011 ⁽¹⁾ 12/31/2018 ⁽²⁾	■ ⁽⁶⁾		■ ⁽⁴⁾		■ ⁽⁵⁾			■
General Manager 1/1/2019 ⁽¹⁾ Undetermined ⁽²⁾		■	■ ⁽³⁾			■ ⁽⁷⁾		■
Jean-Christophe Bayssat Deputy General Manager 12/16/2015 ⁽¹⁾ Undetermined ⁽²⁾	■		■ ⁽⁴⁾		■ ⁽⁵⁾			■

⁽¹⁾ Corresponds to date of initial appointment (or the start of the current term).

⁽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 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).

⁽⁶⁾ The employment contract of Ms. Valérie Lorentz-Poinsot has been suspended based on her appointment as General Manager.

⁽⁷⁾ Ms. Valérie Lorentz-Poinsot benefits from the payment of premiums for an executive job loss insurance policy.

■ 2.6.4 - 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 2018 fiscal year	Amounts paid during the 2017 fiscal year
Jacky Abécassis	Attendance fees	13,025	12,753
Michèle Boiron	Attendance fees	13,025	12,753
	Other compensation ⁽²⁾	106,437	90,791
Michel Bouissou	Attendance fees	45,631	44,680
Christine Boyer-Boiron	Attendance fees	13,025	12,753
Jean-Pierre Boyer	Attendance fees	31,770	31,107
Stéphanie Chesnot	Attendance fees	31,770	31,107
Bruno Grange	Attendance fees	16,219	15,881
	Other compensation ⁽³⁾		116,777
Virginie Heurtaut	Attendance fees	13,025	12,753
Grégory Walter ⁽⁵⁾	Attendance fees	8,100	0
	Other compensation ⁽⁴⁾	44,920	44,447
Christine Boutin ⁽⁶⁾	Attendance fees		
	Other compensation ⁽⁴⁾	83,962	
TOTAL		420,909	425,802

⁽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 (see the Statutory Auditors' special report on regulated agreements). The fees paid in 2018 amount to €101,820 including tax, compared to €87,300 including tax in 2017. The remainder comprises royalties collected by Michèle Boiron.

⁽³⁾ Mr. Bruno Grange is no longer an employee as at December 31, 2018. He is now retired.

⁽⁴⁾ This compensation consists of fixed and variable components. The latter includes payments made under the terms of the company profit sharing agreement, mandatory profit sharing 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 is €40,381 as of December 31, 2018.

⁽⁶⁾ Ms. Christine Boutin has held the office of the Board Member representing employees since her appointment by the Central Works Council on June 21, 2018. As an employee of the company, she enjoys the benefit of long service awards, retirement indemnities, and the agreement on preparation for retirement. The amount of these benefits is €79,400 as of December 2018.

The Ordinary Shareholders' Meeting of May 17, 2018 set the total annual amount of attendance fees to be allocated to the members of the Board of Directors at €235,514 for the year ended December 31, 2018.

The Board of Directors will ask the Shareholders' Meeting of May 16, 2019 to set the attendance fee budget to be allocated to the members of the Board of Directors at €242,615 for the 2019 fiscal year.

■ 2.6.5 - 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

■ 2.6.6 - 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.

SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

This document constitutes the Non-Financial Performance Statement required by article R225-105 of the French commercial code, as modified by decree no. 2017-1265 of August 9, 2017 - article 2. A concordance table is included in paragraph 6.7. The report of the independent third-party is included in paragraph 3.4.



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

Our strong commitment to truly holistic healthcare through gentle, respectful medicine means we are keenly aware of the importance of all endeavors to preserve our ecosystem. For over 80 years, the men and women of our company have served public health worldwide with passion and a commitment to excellence. The group, which remains majority-owned by its founding family, has preserved both its independence and its people-centered values, and fully assumes its responsibilities and commitments. In a constantly changing environment, economic performance goes hand in hand with improving non-financial performance. Employee Fulfillment and Performance are two of the keys to our daily work.

“In the late 1970s, Christian Boiron wanted to show that a company could be run differently, particularly by reconciling economic targets and social issues. I share that ambition, which is the basis of BOIRON’s development and organizational model, and I am proud to continue to spearhead it. As we have for over four decades, we will continue to do everything possible to preserve nature, the source of our raw materials, to respect our employees, who give us their best, and to satisfy our customers, who need to protect their health now more than ever. ”

Valérie Lorentz-Poinsot

Managing risk and our environmental impact is a key issue for our business, particularly when it comes to our production sites. The first step is compliance with the applicable regulations. Our sites have long gone beyond the basics of compliance by applying a continuous improvement program. The group has also identified “Sustainable Development Goals” as defined by the UN, to which its CSR policy makes significant contributions.



This policy finds its practical application in the production and use of homeopathic medicines. Because homeopathic medicine manufacturing uses very few chemicals and does not generate harmful water pollution, it has a very limited environmental impact and thus helps protect aquatic plants and animals. Use of homeopathic medicines does not lead to negative effects such as iatrogenic risk or overmedication risk. On an economic level, these medicines provide cost savings for the public health insurance system.

Beyond homeopathic medicine and its impact, people and their place in the company are a key concern for the group. It has signed numerous agreements, all grounded in trust and respect, on achieving equity, implementing profit sharing

and increasing diversity with the ultimate goal of ensuring that each and every employee enjoys a decent job, reduced inequality, fair pay, a suitable training policy, and the freedom to achieve their personal goals thanks to support for their career and personal aspirations.

It is thanks to this employer policy, originally developed by Christian Boiron, who spearheaded it for many years, that we enjoy the benefits of responsible, balanced employee-employer that limit our employee risks.

BOIRON is first and foremost a company dedicated to serving health and well-being through its production processes, the inherent nature of homeopathic medicine, and respectful, inclusive management of human resources.

3.1 - Employee information

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

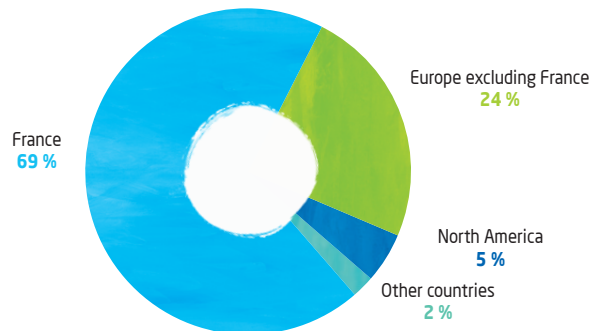


3,672 employees work in BOIRON group, of which 96% have permanent employment contracts.

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.

	2018	2017
GROUP TOTAL	3,672	3,718
France	2,516	2,562
Europe excluding France	898	913
North America	176	170
Other countries	82	73

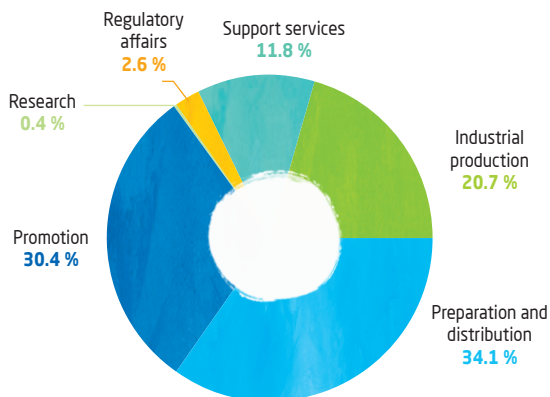


The distribution between BOIRON parent company and the subsidiaries is as follows:

	2018	2017
GROUP TOTAL	3,672	3,718
BOIRON parent company	2,485	2,528
Subsidiaries	1,187	1,190

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

	2018	2017
GROUP TOTAL	3,672	3,718
Industrial production	762	753
Preparation and distribution	1,252	1,298
Promotion	1,116	1,125
Research	13	12
Regulatory affairs	94	92
Support services	435	438



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 step, the transfer of five preparation departments to other sites and one site transfer, was completed 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 step, which will concentrate establishments on three new sites and involves transferring two preparation departments, will be completed in 2019 on two sites and 2020 on the third. Twenty-two people will potentially be affected. At the same time, BOIRON is planning to create sixteen new positions.

3.1.2 - DIVERSITY

10 REDUCED INEQUALITIES



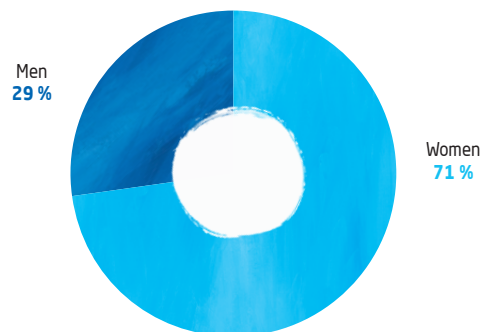
Diversity is a source of collective intelligence. The company attaches particular importance to diversity, the source of complementarity, creativity, social balance and economic efficiency.

5 GENDER EQUALITY



71% of group employees are women.

	2018	2017
GROUP TOTAL	3,672	3,718
Women	2,618	2,659
Men	1,054	1,059



In France, 56% of the 413 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.

10 REDUCED INEQUALITIES



At December 31, 2018, the disability employment rate was 5.8% (compared to 5.9% in 2017) for BOIRON parent company.

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.

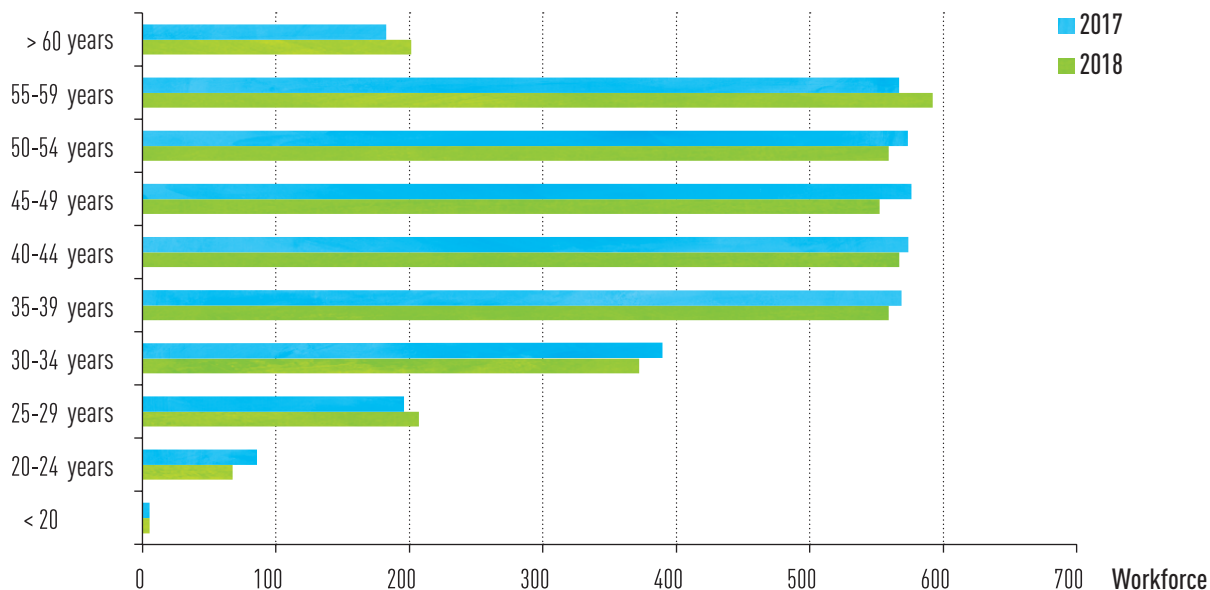
The company has set up a disabled service coordinated by a person dedicated to this issue on a full-time basis. She is assisted by disabled representatives present at all of the French sites. The purpose of the service is to facilitate the recognition of differences and the self-fulfillment of individuals. 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, 45% is between 35 and 49 years of age, and 37% is above 49 years of age.

Group age pyramid



■ 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.

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



Employee turnover⁽¹⁾ within BOIRON group was 7.8%.

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

	2018	2017
Number of new hires	241	260
Number of departures	275	250
Departures at the employer's initiative	90	53
Retirement	80	83
Other departures at the employee's initiative	83	95
Other reasons	22	19
Turnover	7.8%	7.0%

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

Turnover was stable compared to 2017.

The change in employer-initiated departures was partly due to departures under the job protection plan and partly to the large number of contracts terminated during the trial period.



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

The average seniority of subsidiaries' employees ranges from two years (India) to nineteen years (Belgium). The variances in seniority in the subsidiaries are in line with their date of creation.

■ 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 2018, 16% of employees worked part-time, with significant differences among subsidiaries, which employ between 3% (Czech Republic) and 34% (Belgium) of their employees part-time.

In France, 19% of employees work part-time.

This distribution remained stable compared to 2017, both in France and internationally at the subsidiaries.

In 2018, 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 2018, 269 employees (versus 259 in 2017) benefited from an agreement related to retirement and preparing for retirement, for which the annual cost represented 3.1% 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



84% of employees received training in 2018. The average duration of a training course is estimated at roughly three days.

Training costs amounted to €2,616 thousand (€2,828 thousand in 2017), equivalent to 1.8% of group payroll before taxes.

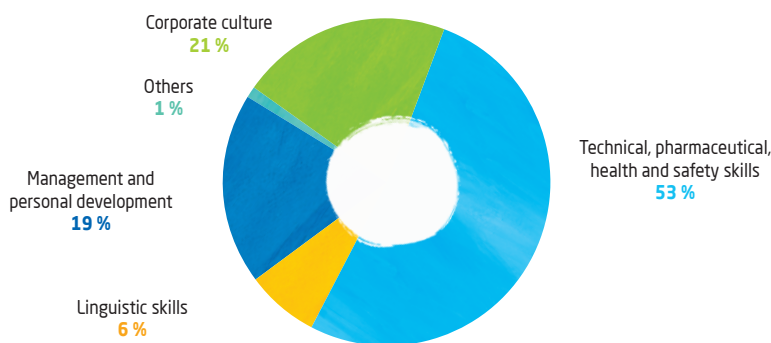
	2018	2017
Number of persons having undergone training	3,100	3,216
Number of training hours	63,714	72,015

The number of training hours decreased from 2017 but remained stable compared to 2016 due to the changes in headcount and new, optimized training formats that offer better training in less time.

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 2018 by subject matter:



3.1.6 - ABSENTEEISM



Within BOIRON group, the rate of absenteeism⁽¹⁾ amounted to 5.7% in 2018, compared to 5.3% in 2017 (excluding maternity leave).

5.2% of these absences were due to workplace accidents, occupational illnesses and commuting accidents (5.6% in 2017).

	2018		2017	
	Group	France	Group	France
Number of workplace accidents ⁽²⁾	64	48	86	67
Frequency rate ⁽³⁾	12.3%	14.6%	16.5%	20.2%
Severity rate ⁽⁴⁾	0.4	0.6	0.6	0.7

⁽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.

69% 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.

Group-wide, there were nine cases of occupational illnesses in 2018, unchanged from the previous year. These were mainly due to Repetitive Stress Injuries. While there were very few cases of occupational illness, they were thoroughly addressed by our employee health and safety committees (CHSCT).
Carcinogenic, mutagenic and reprotoxic risks exist, however are very limited.

■ 3.1.7 - COMPENSATION AND PROFIT SHARING

In 2018, salary increase rates at BOIRON group (global) were within a 1% to 8% range (0.3% to 5% in 2017).



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):

	2018	2017
Global increase - France	1.10%	2.13%
Individual increase - France	0.46%	0.25%

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

74% of BOIRON group's employees benefited from profit sharing in 2018.

For the entire group, profit sharing and incentives paid in 2018 represented 12.8% of the total full-year salaries in 2017, i.e. around 1.7 months' salary, compared to 2 months in the previous year. The Russian, Italian and Spanish subsidiaries did not distribute and profit sharing in 2018 for 2017.

Total group salary expense is presented in note 24 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

“Forty 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.

Under this agreement, working groups can be formed at the initiative of Management, the Central Works Council, or an 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 2018

In France, all of the agreements renewed in 2018 were signed unanimously by the unions representing the employees:

A number of agreements were reviewed this year:

- the agreement on retirement and preparation for retirement, which reaffirm the social significance of these measures, which give employees free time and allow them to progressively reduce their working hours to facilitate their planned retirement,
- the mobility agreement, which confirms our focus on supporting all forms of mobility, permanent and temporary (assignments), internal and external alike, as a particularly appropriate response to the need to adjust positions in line with changing occupations and employees' aspirations, thus positioning mobility as a key success factor for our human resources management policy. Additional support has been added, particularly for geographical mobility,
- the Time Bank agreement, based on our commitment to balancing the need for employees to take enough time off to be refreshed and rested with the option of banking paid leave or receiving immediate or deferred compensation for vacation or other leave not taken,
- the agreement on the duration and organization of working hours and vacation, with a new approach to the right to disconnect and remote work.

3.1.8.4 - Social initiatives

In France, a total of €1,633 thousand was paid to the BOIRON parent company Works Council, compared to €1,679 thousand in 2017, to fund social, cultural, athletic and other activities for employees.

■ 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 embodied and shared through our local approach to labor relations and our company agreements (cf. paragraph 3.1.8).

3.2 - Health Safety Environment

The BOIRON group has chosen to focus its investments in France to support the development of homeopathy worldwide. 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 establishments 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 has a staff of eight. A new hire was added in mid-2018.



The continuous improvement of security and working conditions is managed on a daily basis by safety coordinators at each production establishments, 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 indicators such as workplace accidents and risk assessment.



Every quarter, a subcontracted regulatory monitoring service sends the HESS function all the regulatory changes that apply to France.

The BOIRON parent company's intranet includes a dedicated HESS function section, featuring tools and information for all employees.

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

3.2.2 - FINANCIAL RESOURCES



Spending and investments (in thousands of euros)	2018	2017
Eco-friendly waste management organization	1,190	1,231
Waste management and processing	474	511
For the environment	434	1,088
For health and safety	1,328	352

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.

These contributions vary based on sales volumes, the types of products sold, and the scale applied.

The decrease in spending on waste management for production establishments is the result of decreased waste volumes (cf. 3.2.3.3.3.).

Environmental spending and investments were driven by the following initiatives:

- in 2017, the main investments related to the Messimy establishments, with the construction of a new wastewater pre-treatment plant and planting of a meadow and hedgerows to support biodiversity,
- 2018 was focused on continuing existing initiatives: landscaping on the Messimy establishments, lighting replacement campaigns, and start-up of the Messimy site’s wastewater pre-treatment plant.

Major health and safety spending and investments in France in 2018 focused on:

- integrating security into the new buildings on the Messimy site and on the Les Olmes logistics platform (fire protection, signs, etc.),
- continued centralization of powder waste, for significant improvements in drainage conditions,
- the purchase of new production equipment to improve workstation safety and ergonomics,
- securing elevated access points,
- completion of the awareness-raising campaign on safety for managers.

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: chemical/mineral, animal and vegetable. It is therefore dependent on biodiversity for the availability and quality of fauna, flora and mineral resources.

That makes biodiversity a vital concern for BOIRON.

The origins of plant strains account for the largest proportion of supplies. 70% of the plant strains used are of European, mainly French, origin.

Purchases of strains of animal and chemical/mineral origin are not significant given the small quantities involved.

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 subjected to quality audits: at least once every five years and more frequently if event any 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.

In the past several years, BOIRON has also signed partnership contracts with two farmers for the supply of Arnica Montana, and since 2018 BOIRON has been involved in a regional trial of Arnica Montana cultivation in the Auvergne-Rhône-Alpes region.

As part of the Messimy site extension project, experts were commissioned for a study of the project's impact biodiversity. While the project's impact is moderate to low, compensatory measures were identified: planting meadows in areas outside the extension's footprint with implementation of late mowing, planting hedgerows around the extension, and creating depressions to enable recreation of wetlands. 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

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

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.

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

Nonetheless, any pertinent solution identified as reducing water consumption is implemented:

- consumption tracking and management,
- Process optimization: purified water production uses large amounts of water. The functioning external to production activity has been optimized to limit consumption,
- Investments: the wash tower installed in 2015 to reduce Volatile Organic Compound (VOC) emissions would originally have used 30 m³ of water per day. Bio-percolators were installed at an additional cost of approximately €100 thousand for a 50% decrease water use.

Annual water consumption (in m ³)	2018	Split	2017	Split	Change	
Production site total	81,390	100.0%	98,957	100.0%	-17,567	-17.8%
Messimy	52,911	65.0%	62,161	62.8%	-9,250	-14.9%
Montévrain	10,472	12.9%	16,269	16.4%	-5,797	-35.6%
Montrichard	4,698	5.8%	4,997	5.0%	-299	-6.0%
Sainte-Foy-lès-Lyon	11,403	14.0%	13,543	13.7%	-2,140	-15.8%
Harzé (UNDA)	1,906	2.3%	1,987	2.0%	-81	-4.1%

2018 consumption levels were stable compared to 2016, 2017 was an exceptional year.

• 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:

- adding large numbers of meters for better consumption management,
- 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 pre-heat water,
- solar panels that pre-heat 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,
- Installation of lagging on the valves, taps, flanges, sensors, etc. on the Messimy site hot water networks.

Energy consumption is primarily for the treatment of air in buildings which is imposed by best manufacturing practices.

The following technical solutions were implemented on the Messimy site extension project:

- 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.

Annual energy consumption (in MWh)	2018	Split	2017	Split	Change	
Production site total	35,118	100.0%	32,315	100.0%	+2,803	+8.7%
Messimy	23,119	65.8%	19,498	60.3%	+3,621	+18.6%
Montévrain	3,556	10.1%	3,721	11.5%	-165	-4.4%
Montrichard	2,160	6.2%	2,050	6.3%	+111	+5.4%
Sainte-Foy-lès-Lyon	5,768	16.4%	6,514	20.2%	-745	-11.4%
Harzé (UNDA)	514	1.5%	533	1.6%	-19	-3.6%

The increase in the Messimy site's electricity consumption was caused by the arrival and start-up by the machines that were previously located on the Sainte-Foy-lès-Lyon site and new machinery.

The sharp drop in annual electricity consumption on the Sainte-Foy-lès-Lyon site, on the other hand, was due to the progressive transfer of all its production activities to the Messimy site.

Annual gas consumption (in MWh)	2018	Split	2017	Split	Change	
Production site total	25,072	100.0%	26,253	100.0%	-1,181	-4.5%
Messimy	17,396	69.4%	18,201	69.3%	-805	-4.4%
Montévrain	758	3.0%	497	1.9%	+261	+52.5%
Montrichard	1,601	6.4%	1,525	5.8%	+76	+5.0%
Sainte-Foy-lès-Lyon	5,318	21.2%	6,030	23.0%	-712	-11.8%
Harzé (UNDA)	0	0.0%	0	0.0%	0	0.0%

Gas is mainly used for heating, except on the Montévrain site where it is used only for steam production.

As part of the Messimy site extension, condensation boilers were installed, which are highly energy-efficient.

The Montévrain site's gas consumption increased sharply due to the arrival of a new machine that relies on steam.

The decrease in consumption on the Sainte-Foy-lès-Lyon resulted from the transfer of activities to the Messimy site.

Annual fuel oil consumption (in m ³)	2018	Split	2017	Split	Change	
Production site total	83	100.0%	90	100.0%	-7	-8.2%
Messimy	4	4.4%	8	8.9%	-4	-54.8%
Harzé (UNDA)	79	95.6%	82	91.1%	-3	-3.7%

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. This one-time consumption did not recur this year.

• 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)	2018	2017	Change	
Sugar	2,994	3,259	-265	-8.1%
Ethanol	330	386	-56	-14.5%
Lactose	312	266	+46	+17.3%
Vaseline	144	149	-5	-3.4%
Maltitol	117	125	-8	-6.4%
Sorbitol	115	108	+7	+6.5%

The changes in the amounts of raw materials used are directly linked to sales.

• 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



On production sites, the main emissions are alcohol fumes from the mother tincture production process (Messimy site), boiler emissions and potentially refrigerants due to the presence of cooling systems.

BOIRON prioritizes reduction at the source whenever technically possible.

With regard to alcohol fumes, due to the ethanol volumes used the Messimy and Montrichard sites are required to produce an annual solvent management plan and submit it to the prefecture.

A gas wash tower combined with two bio-percolators has been installed on the Messimy site. 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).

Studies on an emissions reduction plan for plant waste are currently under way.

BOIRON also strives to reduce and improve its boiler emissions: maintenance of and modifications to existing boilers, choice of technologies for the new Messimy boiler room: condensation boilers fitted with low Nox emissions gas burners (<100mg/m³).

The production plants are equipped with cooling units which operate with refrigerant fluids. R22 use was eliminated across all sites several years ago.

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 2018, these losses are estimated at 63 kg at the production facilities.

• Water emissions



"The unique nature of our homeopathic medicines differentiates us from the "traditional" pharmaceutical industry: the homeopathic dilution of the active ingredients means they do not create water pollution."

Jean-Christophe BAYSSAT (Deputy General Manager and Chief Pharmacist)



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.

BOIRON actively works to reclaim as much of its waste as possible. In 2016, changing our service provider for waste management enabled us to implement solvent regeneration for alcohol waste and mother tinctures.

In addition to conventional recycling for cardboard, certain plastics and glass through the usual providers, we also reclaim:

- 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,
- glassine from labels,
- wood pallets,
- food waste.

A test of recycling for single-use lab coats and hairnets used by production site visitors started in late 2018. The results in terms of technical feasibility and environmental relevance are not yet available. The goal is to densify the waste generated (which is very light) to optimize transport.

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

Amount of waste (T)	2018	Split	2017	Split	Change	
Production site total	2,576	100%	2,848	100%	-272	-10%
Landfill	67	3%	88	3%	-21	-24%
Incineration	1,061	41%	1,079	38%	-18	-2%
- Without energy recovery	883	34%	812	29%	+71	+9%
- With energy recovery	178	7%	267	9%	-89	-33%
Recycling	1,448	56%	1,681	59%	-233	-14%

Only 15% of the waste is hazardous.

2017 saw an increase in waste volumes due to the Messimy site extension. Several departments moved and equipment had to be qualified, generating increased waste volumes.

2018 was more settle, contributing to the decreased tonnage.

2018 saw a decrease in the volume of palettes to recycle and the number of maintenance interventions on our water systems.

When the Sainte-Foy-lès-Lyon departments were transferred in 2018, BOIRON decided to give the site's equipment a new lease on life both by reusing it internally and by giving it away to employees.

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. Measurements are regularly taken by a certified body and submitted to the prefecture. Identification of a non-compliance triggers definition and implementation of a corrective action plan.

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 Messimy site extension, acoustic studies and modeling were done to anticipate any pollution and adjust the technical solutions accordingly.

• 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 establishments

The distribution establishments 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 establishments, or through wholesale distributors.

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

Finally, the group's new 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. All vehicles (a total of 265) have now been replaced.

■ 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 taken are those listed in the section on energy savings, as well as the work on the vehicle fleet, which have had a positive impact on scopes 1 and 2 of the carbon footprint.

	2017	2014	2011	Change between 2017 and 2014	
TCO2 (scope 1 & 2)	8,697	8,654	9,484	+43	+0.5%
TCO2 (scope 1 & 2) / million €	23	25	33	-2	-8.7%

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. Because BOIRON believes that prevention is the key to safety, it also studies “near misses” and “hazardous situation reports” and works closely with the CHSCT on these issues.

An ambitious project was launched on the Sainte-Foy-lès-Lyon site in 2016 and continued on the other sites in 2017 and 2018: changing everyone’s safety-related behavior. 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.

Dedicated training was provided to all lab technicians and managers at Messimy in 2018.

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 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 2018:

- installation of new automatic packaging machines,
- ergonomics included in the design for the order preparation solution on the new Les Olmes logistics platform, with a service provider that used Virtual Reality (VR) for visualization of the solution and the constraints involved in terms of posture and movements,
- installation of an automatic sealers,
- acceptance of a new plant cutter that will significantly improve working conditions in terms of load-bearing and ergonomics,
- implementation of warm-ups in the Messimy warehouses and production departments.

3.2.5.4 - Difficult working conditions

Based on the applicable criteria and regulatory thresholds, in 2018, twenty-six employees were deemed to work in difficult conditions (forty-three in 2017): night work shifts, work on rotating shifts, repetitive motions and vibrations. Versatility permits the partial limitation of this exposure. In 2018, the Sainte-Foy-lès-Lyon site production lines were moved, leading to reduced time working on machines.

3.3 - Societal information

In light of France's contribution to the group's business, societal information is given for France only.

3.3.1 - LOCAL IMPACT



BOIRON's main activity is the production of all its mass-produced homeopathic medicines on four production sites in France for sale worldwide.



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 highly intentional policy of maintaining production in France also involved the extension of the main production site in Messimy and the creation of a logistics platform in Les Olmes.

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 BOIRON parent company. In 2018, total expenditure for philanthropy, sponsorship and donations stood at €254 thousand versus €235 thousand in 2017.

■ 3.3.3 - FAIR PRACTICES



For 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.

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.

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.

In France and worldwide, BOIRON applies measures to detect and prevent corruption and influence peddling, pursuant to the Sapin II law of December 9, 2016. To that end, BOIRON has implemented an anti-corruption policy and best practice guide, as well as a whistleblowing procedure. Both were unanimously approved by the Central Works Council. These documents are available on the www.boironfinance.fr website in the "governance" section.

The guidelines established by the BOIRON anti-corruption policy are as follows:

- identify and assess corruption risks,
- define and enforce expected behaviors to prevent corruption,
- obtain training and inform employees and partners of the group's anti-corruption policy,
- Make it possible for employees and partners to issue an alert in the event of behavior or a situation which violates the anti-corruption policy,
- implement assessment procedures for clients rank one suppliers and intermediaries,
- regularly assess the effectiveness of anti-corruption measures.

To that end, BOIRON provides training to the employees who are most exposed to the risk of corruption and raises awareness among other employees.

Finally, **BOIRON's purchasing policy requires "maintaining high-performance relationships with suppliers, grounded in trust, transparency and ethics."** Note that BOIRON assesses third parties on the basis of criteria such as their nature, status, size, and location to verify any prior instances of corruption, and if such instances exist, to decide whether or not to enter into or continue a business relationship.

■ 3.3.4 - CONSUMER HEALTH AND SAFETY



BOIRON medicines are subject to the Good Manufacturing Practices (GMP) 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 30,000 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 - Inspection Agency Report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

FINEXFI

96, boulevard Marius Vivier Merle
69003 LYON

Year ending December, 31 2018

To shareholders,

Following the request received from BOIRON SA (referred to hereinafter as “the entity”) and in our capacity as an independent third-party body with an accreditation granted by the COFRAC under registration N° 3-1081 (available on www.cofrac.fr), we hereby present our report on the consolidated statement on non-financial performance for the year ending December 31, 2018 (referred to hereinafter as the “Statement”), presented in the group’s management report in accordance with the statutory and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the [French] Code of Commerce.

Entity’s duty

The Board of Directors has a duty to draw up a Statement that complies with statutory and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in view of these risks together with the results of those policies, including key performance indicators. The Statement has been drawn up according to the authoritative accounting pronouncements used, (referred to hereinafter as the “Pronouncements”) by the entity whose significant elements available upon request from the company’s head office.

Independence and quality control

Our independence is defined in the provisions of L. 822-11-3 of the [French] Code of Commerce and the profession’s Code of Conduct. Moreover, we have set up a quality control system that includes documented policies and procedures aiming to ensure that rules of conduct, professional ethics and the applicable statutory and regulatory provisions are complied with.

Duty of the independent third-party body

We have a duty, on the basis of our work, to formulate a reasoned opinion expressing a conclusion of a moderate level of assurance as to:

- the Statement’s compliance with the provisions set out in article R. 225-105 of the [French] Code of Commerce;
- the sincerity of the information furnished in application of 3° of I and of II of article R. 225 105 of the [French] Code of Commerce, namely the results of the policies, including key performance indicators and actions relating to the main risks, referred to hereinafter as the “Information”.

However, we have no duty to give an opinion on:

- whether the entity has complied with other applicable statutory and regulatory provisions, including, matters relating to the vigilance plan and the fight against corruption and tax evasion;
- compliance of products and services with applicable regulations.

Nature and scope of the work

We carried out the work in accordance with standards that apply in France and that determine the ways in which the independent third-party body carries out its mission, and with international standard ISAE 3000.

We carried out our work between February 7, 2019 February 28, 2019 for a period of approximately seven days/person.

We held six interviews with people in charge of the Statement.

We carried out the work enabling us to evaluate the extent to which the Statement complies with the regulatory provisions and the sincerity of the Information:

- we informed ourselves of the activity of all of the companies falling within the scope of the consolidation, of the exposure to the main corporate and environmental risks linked to this activity, and of its effects on human rights and the fight against corruption and tax evasion together with the policies that ensue and their results;
- we looked into the appropriateness of the Pronouncements with a view to their relevance, exhaustiveness, reliability, neutrality and comprehensive nature, taking into account, where necessary, the sector's good practices;
- we checked that the Statement covered each category of information provided under III of article L. 225 102 1 on corporate and environmental matters and whether human rights were being complied with and the fight against corruption and tax evasion;
- we checked that the Statement presents the business model and the main risks linked to the activity of all of the companies falling within the scope of the consolidation, including, where relevant and proportionate, the risks created by business relations, products or services as well as policies, actions and results along with key performance indicators;
- we checked, where relevant in view of the main risks or policies presented, that the Statement presents information set out in II of article R. 225-105;
- we looked into the selection and validation process of the main risks;
- we enquired about the existence of internal verification and risk management procedures set up by the entity;
- we looked into the coherence of results and of key performance indicators used in view of the main risks and policies presented;
- we checked that the Statement covers the consolidated scope, namely all of the companies falling within the scope of consolidation in accordance with article L. 233-16 with the limits set out in the Statement;
- we studied the information-gathering process set up by the entity aiming to obtain information that is exhaustive and sincere;
- with regard to key performance indicators and other quantitative results that we consider to be the most important, we implemented:
- analytical procedures consisting of checks to ensure that the data collected was consolidated correctly and that its evolution was coherent;

- detailed tests on the basis of surveys, consisting of checks to ensure definition and procedures were applied correctly and of checks linking data to supporting documentation. This work was carried out with a selection of contributing entities⁽¹⁾ and covered between 46% and 100% of the consolidated data of the key performance indicators and results selected for these tests⁽²⁾;
- we consulted documentary sources and held interviews to corroborate what we considered to be the most important qualitative information (actions and results);
- we looked into the overall coherence of the Statement with reference to our knowledge of the companies as a whole falling within in the scope of the consolidation.

We consider that the work carried out and, exercising our professional judgment, enables us to formulate a conclusion of a moderate level of assurance; a higher level of assurance would have required more extensive verification work.

In view of the fact that sampling techniques were used and that there are other limits inherent to the functioning of any system of information and internal control, we cannot rule out totally the risk that a significative anomaly in the Statement has not been detected.

Conclusion

On the basis of our work, we did not note any significant anomaly of such a nature as to cast any doubt on the fact that the statement of non-financial performance complies with the applicable regulatory provisions and that that Information, as a whole, has been presented with sincerity, in accordance with the Pronouncements.

Lyon, April 15, 2019

FINEXFI

Isabelle Lhoste
Partner

⁽¹⁾ Boiron SA

⁽²⁾ Employment, hires and layoffs, health and safety, training, general environmental policy, climate change, circular economy

ANNUAL FINANCIAL STATEMENTS

4.1 - Consolidated accounts

■ 4.1.1 - CONSOLIDATED FINANCIAL STATEMENTS

4.1.1.1 - Consolidated income statement

(IN THOUSANDS OF EUROS)	NOTES	2018	2017
Sales	22	604,212	617,540
Other sales revenue	22	4	2
Industrial production costs		(134,645)	(128,151)
Preparation and distribution costs		(128,483)	(130,490)
Promotion costs		(155,622)	(149,920)
Research costs	25	(3,825)	(3,586)
Regulatory affairs costs		(11,227)	(9,789)
Support function costs		(76,783)	(78,027)
Other operating revenue	26	12,865	9,102
Other operating expenses	26	(474)	(1,700)
Operating income		106,022	124,981
Cash revenue and financing expenses		385	(34)
Cash revenue		592	690
Financing expenses		(207)	(724)
Other financial revenue and expenses	27	(2,414)	(1,816)
Other financial revenue		493	429
Other financial expenses		(2,907)	(2,245)
Share in net earnings (losses) of companies at equity		0	0
Income before corporate income tax		103,993	123,131
Corporate income tax	28	(46,539)	(44,928)
Consolidated net income		57,454	78,203
Net income (minority share)		(5)	(40)
NET INCOME (GROUP SHARE)	29	57,459	78,243
Earnings per share ⁽¹⁾	29	€3.23	€4.25

⁽¹⁾ In the absence of dilutive instruments, 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	2018	2017
Consolidated net income		57,454	78,203
Other items of comprehensive income that will be reclassified subsequently to profit or loss		(3,299)	(2,461)
Currency translation adjustments		(3,291)	(2,443)
Other movements		(8)	(18)
Changes in the fair value of financial instruments		0	0
Other items of comprehensive income that will not be reclassified subsequently to profit or loss		6,965	2,291
Actuarial differences related with post-employment benefits ⁽¹⁾	17	6,965	2,291
Other items of comprehensive income ^{(2) (3)}		3,666	(170)
Consolidated comprehensive income		61,120	78,033
Comprehensive income (minority share)		13	(41)
COMPREHENSIVE INCOME (GROUP SHARE)		61,107	78,074

⁽¹⁾ In 2018: +€10,092 thousand in gross actuarial differences and -€3,127 thousand in deferred taxes (including +€353 thousand in tax adjustments related to the anticipated decrease in French tax rates, see note 28).

In 2017: +€ 4,446 thousand in gross actuarial differences and -€2,155 thousand in deferred taxes (including -€617 thousand in tax adjustments related to the anticipated decrease in French tax rates, see note 28).

⁽²⁾ There are no tax impacts in the other items of comprehensive income other than those mentioned in ⁽¹⁾.

⁽³⁾ Application of IFRS 9 did not entail identification of financial assets valued at fair value via other elements of total income.

4.1.1.3 - Consolidated balance sheet

ASSETS (IN THOUSANDS OF EUROS)	NOTES	12/31/2018	12/31/2017
Non-current assets		347,327	335,235
Goodwill	6	89,630	89,643
Intangible fixed assets	7	26,420	29,107
Tangible fixed assets	8	194,657	178,862
Investments	9	2,264	3,050
Other non-current assets	13	32	38
Deferred taxes assets	28	34,324	34,535
Current assets		419,750	465,168
Tangible fixed assets held for sale	10	2,586	1,293
Inventories and work in progress	11	70,747	60,896
Accounts receivable and other assets linked to contracts with customers	12	102,153	101,821
Corporate income tax receivable	13	4,961	5,681
Other current assets	13	22,055	20,468
Cash and cash equivalents	14	217,248	275,009
TOTAL ASSETS		767,077	800,403

LIABILITIES (IN THOUSANDS OF EUROS)	NOTES	12/31/2018	12/31/2017
Shareholders' equity (group share)		486,004	517,461
Capital	15	17,566	19,415
Additional paid-in-capital		79,876	79,876
Retained earnings		388,562	418,170
Minority interests		39	29
Total Shareholders' equity		486,043	517,490
Non-current liabilities		115,743	123,747
Non-current borrowings and financial debts	16	4,206	4,793
Employee benefits	17	109,194	117,046
Non-current provisions	18	173	256
Other non-current liabilities	20	1,644	1,616
Deferred taxes liabilities	28	526	36
Current liabilities		165,291	159,166
Current borrowings and financial debts	16	1,786	11,182
Current provisions	18	16,814	8,081
Accounts payable	19	48,616	43,269
Corporate income tax debt	20	2,517	2,141
Other current liabilities	20	95,558	94,493
TOTAL LIABILITIES		767,077	800,403

4.1.1.4 - Statement of consolidated cash flows

(IN THOUSANDS OF EUROS)	NOTES	2018	2017
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	30	84,250	104,745
Net income (group share)		57,459	78,243
Amortizations and provisions (excluding current assets)		34,364	29,108
Other items (including income on asset disposals)		(6,156)	(3,547)
Gross cash flow of consolidated companies after cash revenue, financing expenses and corporate income tax		85,667	103,804
Cash revenue and financing expenses		(385)	34
Tax charge (including deferred taxes)		46,539	44,928
Consolidated cash flow before cash revenue, financing expenses and corporate income tax	30	131,821	148,766
Corporate income tax paid / repayment	30	(38,804)	(45,361)
Changes in working capital requirements, including:	30	(8,767)	1,340
Changes in inventories and work in progress		(9,771)	(2,614)
Changes in accounts receivable		(2,197)	(3,258)
Changes in accounts payable		5,165	6,059
Changes in other trade receivables and operating debts		(1,964)	1,153
NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES	30	(39,407)	(51,182)
Acquisitions of tangible fixed assets	30	(40,884)	(45,266)
Acquisitions of intangible fixed assets	30	(6,800)	(8,090)
Disposals of tangible fixed assets	30	8,376	4,016
Disposals of intangible fixed assets		0	0
Investment grants received		0	0
Acquisitions of financial investments		(25)	(30)
Disposals of financial investments		26	13
Acquisitions of current financial assets		(100)	0
Disposals of current financial assets		0	0
Impact of changes of scope - acquisitions	30	0	(1,826)
Impact of changes of scope - disposals		0	1
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	30	(91,961)	(29,253)
Dividends paid to parent company shareholders	30	(28,304)	(29,485)
Dividends paid to minority holders of consolidated companies		(3)	(6)
Capital increases and reductions, additional paid-in capital and reserves		(7)	(10)
Buyback of treasury shares (excluding the liquidity contract)		(63,701)	0
Disposals of treasury shares (excluding the liquidity contract)		0	103
Loan issues	16	1,149	1,103
Repayment of loans	16	(1,481)	(924)
Paid interests		(206)	(724)
Collected cash revenue		592	690
CHANGE IN CASH POSITION	30	(47,118)	24,310
Impact of exchange rate fluctuations		(992)	(148)
Net cash position January 1	30	264,940	240,778
Net cash position December 31	30	216,830	264,940
Consolidated cash flow before cash revenue, financing expenses and corporate income tax:			
- per share		€7.41	€8.07
- as a % of sales		21.8%	24.1%

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
12/31/2016	18,438,178	19,442	79,876	(72,180)
Buyback and disposals of treasury shares	(7,927)			(571)
Cancellation of treasury shares		(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)
Buyback and disposals of treasury shares	938,247			(63,817)
Cancellation of treasury shares ⁽²⁾	(1,849,196)	(1,849)		131,888
Dividends paid				
Transactions with shareholders	(910,949)	(1,849)	0	68,071
Net income				
Other comprehensive income				
Comprehensive income	0	0	0	0
12/31/2018	17,519,302	17,566	79,876	(2,523)

⁽¹⁾ Number of shares after elimination of treasury shares.

⁽²⁾ Including €330,906 thousand in retained earnings and carryovers and €2,201 thousand in the legal reserve fund in the BOIRON parent company local financial statements of December 31, 2018.

⁽³⁾ The Board of Directors meeting of September 5, 2018 decided to reduce share capital by canceling 1,849,96 treasury shares allocated for cancellation.

Consolidated reserves ⁽²⁾	Actuarial differences related with post-employment benefits	Currency translation adjustments	Shareholder's equity group share	Minority interests	Shareholder's equity totals
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
(443)			(64,260)		(64,260)
(130,039)			0		0
(28,304)			(28,304)	(3)	(28,307)
(158,786)	0	0	(92,564)	(3)	(92,567)
57,459			57,459	(5)	57,454
(26)	6,965	(3,291)	3,648	18	3,666
57,433	6,965	(3,291)	61,107	13	61,120
430,797	(24,888)	(14,824)	486,004	39	486,043

■ 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, 2018. The consolidated financial statements were approved by the Board of Directors on March 13, 2019.

These financial statements will be submitted for approval by the Shareholders' Meeting of May 16, 2019.

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, 69510 Messimy, France.

At December 31, 2018, BOIRON parent company and its subsidiaries had 3,672 employees (actual workforce) in France and abroad, compared to 3,718 on December 31, 2017.

BOIRON stock is listed on Euronext Paris.

>> NOTE 1 - MAIN EVENTS OF THE YEAR

In the United States, sales increased significantly in 2018 (+€23,808 thousand at constant exchange rate) against a backdrop of high levels of winter illnesses. The subsidiary purchased a building for €3,235 thousand with the goal of moving into it in 2019 and selling its current building.

Deployment of the reorganization of French sites continues. The second step, which aims to concentrate establishments on three new sites and transfer two preparation departments, began in late 2018. The impact on 2018 group operating income was insignificant (-€358 thousand, cf. note 18).

As part of this process:

- The Levallois-Perret site was sold on June 6, 2018, generating a €6,207 thousand capital gain. The site had been closed in 2017, when it was folded into the Pantin establishment.
- A new site is currently being built in Lille (cf. notes 8 and 30), to bring together the teams currently working on two rented sites.
- Construction has started on the Sainte-Foy-lès-Lyon site, which will concentrate the Francheville and Saint-Etienne establishments as well as the Clermont-Ferrand and Grenoble preparation facilities.

Under the provisions of the program renewed by the Shareholders' Meeting on May 17, 2018, the company bought back 898,611 shares at a total cost of €63,510 thousand (cf. note 30).

All treasury shares held on September 5, 2018, a total of 1,849,196 shares, were canceled. Following their cancellation, the share capital comprises 17,565,560 shares.

After the French Constitutional Council struck down the 3% tax on dividends paid, BOIRON parent company requested and, at the end of March obtained, reimbursement of the €3,297 thousand spent on this tax for the 2013-2016 fiscal years. Because part of that sum, €1,817 thousand, was recognized in 2017, the difference generated tax savings in 2018.

The arbitration tribunal ruled on the litigation between our Belgian subsidiary UNDA and its former Italian distributor on December 18, 2018. The ruling may be appealed. Its impact on the bottom line for 2018 was not material (-€171 thousand).

>> 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, 2018 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_fr.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 which took effect on January 1, 2018 did not have a material impact on BOIRON group financial statements:

- IFRS 15 standard (including clarifying amendments) - "Revenue from Contracts with Customers" did not affect the financial statements in terms of earnings and equity or in terms of presentation (particularly of sales). Note that earnings are essentially generated by the sale of homeopathic products (cf. note 2.11.1).
- IFRS 9 standard "Financial Instruments" did not have a material impact on the financial statements. Therefore no restatements were provided for prior years. The analysis performed did not show any additional material impairments for expected losses (cf. note 2.7.3.1). Furthermore, the amounts of non-consolidated securities, company debt and hedging transactions were not material.
- IFRIC 22 "Foreign currency transactions and advance consideration paid or received."
- Annual improvements - 2014-2016 cycle (IFRS 1 amendment).

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, 2018.

- Standards, amendments and interpretations applicable to fiscal years starting on or after January 1, 2019:
 - IFRS 16 "Leases" (published in November 2017 by the European Commission),
 - IFRIC 23 "Uncertainty Over Income Tax Treatments" (published in October 2018 by the European Commission),
 - IFRS 9 amendment "early prepayment features with negative compensation" (published in March 2018 by the European Commission),
 - Annual improvements 2015-2017 cycle (subject to adoption by the European Commission),
 - IAS 19 amendment (subject to adoption by the European Commission),
 - IAS 28 amendment "long-term interests in associates and joint-ventures".
- Amendments applicable to fiscal years starting on or after January 1, 2020, subject to adoption by the European Commission, planned for 2019:
 - IFRS 3 amendment, "Definition of a business,"
 - IAS 1 and IAS 8 amendments on the definition of materiality.

IFRS 16 standard on "Leases" was approved by the IASB in 2016 and adopted by the European Union in October 2017, with initial application for fiscal years starting on or after January 1, 2019. BOIRON group did not apply IFRS 16 standard in advance in 2018 and intends to use the simplified retrospective transition method (application of IFRS 16 from January 1, 2019, no modified comparative financial statements for 2018).

Based on the analyses currently under way, BOIRON group does not expect this standard to have a significant impact on its operating income, net income, or consolidated shareholders' equity.

Restatement of leases would inflate operating income, financial expenses, fixed assets and financial debts at a time when the group debt burden is not material.

The main impact for the group is expected to be on property rentals (mainly subsidiaries' headquarters and preparation and distribution establishments in France). As at December 31, restatement of real estate would have a €7 M impact on fixed tangible assets and a €7.5 M impact on financial debt.

An analysis of vehicle rentals is currently in progress.

The group does not expect IFRS 16 to affect the asset depreciations recognized.

For information, the amount of the leases reported as expenses and commitments to be paid as at December 31, 2018 appears in note 31.

An analysis of the potential impact of the IFRIC 23 interpretation is in progress.

The other standards, amendments and interpretations applicable to fiscal years starting on or after January 1, 2019 should not have a material impact on the consolidated financial statements.

There are no standards, amendments or interpretations published by the IASB with mandatory application for fiscal years starting on or after January 1, 2019 which have not yet been approved at the European level (thus preventing early application at the European level) that would have a material impact on the client financial statements.

> 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 17);
- provisions (note 18).

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

Employee benefits sensitivity to rate changes and the group sensitivity to exchange rate fluctuations are described in notes 17 and 21.

Risks analysis (especially for risks related to changes in market settings and country risks) is presented in note 21.

> 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 2017. 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.

The group does not have subsidiaries in hyperinflationary countries.

> 2.4 - NON-CURRENT ASSETS

2.4.1. Goodwill

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 completed one merger since January 1, 2010: the 2017 acquisition of 100% of the capital of Laboratoire FERRIER. Pursuant to revised IFRS 3 standard, the goodwill was calculated using the difference between the cost of the merger (excluding acquisition costs) and the group 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. There were no price supplements for the fiscal years presented.

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 the one hand, pharmacological, clinical and fundamental research costs which do not meet IAS 38 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 as a research grant, in other operating revenue (cf. note 2.6),
- on the other 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 leases are simple lease contracts. As at December 31, 2018 they are not fixed assets. The amount of the leases reported as expenses and commitments to be paid as at December 31, 2018 appears in note 31.

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

[2.4.4.1. Financial assets valued at amortized cost](#)

Financial assets are valued at amortized cost when they are not listed at fair value in the income statement, are held for the purpose of obtaining contractual cash flows and generate cash flows which correspond only to capital reimbursement and interest payments. These assets are later valued at amortized cost using the effective interest rate, less impairments. Interest income, foreign exchange profits and losses, impairments and profits and losses generated by derecognition are listed in the income statement.

For the group, this line item mainly refers to the “restricted cash” section of the liquidities contract linked to the share buyback (cf. notes 2.8 and 9), and the non-current portion of real estate loans and guarantees.

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

[2.4.4.2. Financial assets at fair value through other comprehensive income](#)

There are no non-current financial assets that fall into this category.

[2.4.4.3. Financial assets at fair value through profit and loss](#)

All assets not classified as at amortized cost or fair value through other comprehensive income are valued at fair value through profit or loss. Net profits and losses, including interest and dividends received, are recognized as income or loss. This section includes non-consolidated participating securities. The group does not have significant non-consolidated securities. Accounting treatment of such securities is covered in note 2.10.

> 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 net 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 during the fiscal years presented (cf. 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: disposal of a subsidiary).

Tests were performed in note 6.2 to determine the sensitivity of the values calculated to certain key actuarial and operational hypotheses.

> 2.6 - DEFERRED TAXES

In accordance with 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 adjustments 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 initiative. They are not material for the group.

In order to assess BOIRON group 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 28.

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 28.

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 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 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), other assets linked to contracts and other liabilities linked to contracts

The sale recognition procedures are presented in note 2.11.1.

Trade receivables are initially recognized at their fair value, which most often corresponds to their nominal value. Receivables are discounted when they include a significant financing component (payment times of over one year). In practice, there were no receivables with significant financing components during the fiscal years presented.

The group customer risk is not significant.

A provision was allocated as required by IFRS 9 standard, based on expected losses and any collateral.

The group uses the simplified impairment method for receivables. The group thus distinguishes between doubtful customers (customers at high risk of default) and other receivables.

Provisions for bad debt are made on a case-by-case basis.

Provisions for other receivables are made on the basis of a provision matrix which uses the probability of default and the probability of a loss in the event of a default.

Risk analysis is based on criteria including the customer financial position, the age of the receivable, and the existence of a legal dispute, coverage or collateral.

An impairment loss is recognized when cash flows estimated at closing date are lower than the booked value.

There are no assets linked to the incremental cost of obtaining a contract or contract fulfillment costs.

The liabilities linked to the customers contracts (cf. note 2.11.1) include:

- debts to customers related to consideration due to customers;
- deferred revenue, which is not material and is intended to link the sales to the fiscal year.

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,
- 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 17.

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 mostly measured at their fair value and are presented in the net benefits in the balance sheet.

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 2017 and 2018.

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 pre pensions and bonuses granted by Belgian subsidiaries and BOIRON India.

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. Borrowings and financial debts are not material and include 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. There are no financial debts recognized at fair value.

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 32.

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.

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

2.10.1. Financial assets valued at amortized cost

The financial assets valued at amortized cost are mainly non-current financial assets (cf. note 2.4.4.1) and current financial assets such as accounts receivable, other receivables excluding tax and social charges receivables and adjustment accounts (cf. note 13).

As previously noted, there are no financial assets with a significant financing component.

2.10.2. Financial assets valued at fair value through other comprehensive income

The group does not have any assets of this type.

2.10.3. Financial assets at fair value through profit and loss

Non-current financial assets are non-consolidated securities, which are in practice not material (cf. note 9). Analysis has shown that valuing at cost provides the best estimate of fair value.

Current financial assets are mainly short-term investments (cf. note 14).

2.10.4. Financial liabilities valued at amortized cost

These liabilities mainly include:

- borrowings and financial debts, valued using the effective interest rate method (cf. note 16),
- accounts payable with no financing components,

Note that the only financial liabilities with a significant financing component are post-employment benefits (cf. note 17).

2.10.5. Reclassification of prior year financial assets and liabilities

No reclassifications were performed for the fiscal years presented.

2.10.6. Derivative instruments

The group has implemented exchange risk hedging instruments as provided for by IFRS 9 standard, in line with its general risk management policy (hedging relationship clearly defined and documented at the date of implementation, proven effectiveness, eligible hedge, no major credit risks, etc.)

Hedging instruments are used for a maximum of twelve months.

In practice, hedging instruments are simple products (mainly futures sales), and are generally fair value hedges rather than cash flow hedges.

Variations in the fair value of fair value hedging contracts are recognized as profit or loss.

Variations in the fair value of cash flow hedges are recognized directly under other comprehensive income for the effective portion and under income for the ineffective portion. The amounts recognized under other comprehensive income are symmetrically reported as profit or loss when the hedged element is recognized. The exchange rate hedges in place on December 31, 2018 are listed in note 21.

Currency derivatives are essentially futures and options transactions, which fall under level 2 of the hierarchy defined by IFRS 13 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 (cf. 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 21.

> 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

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.

BOIRON group activity is essentially centered on the production and distribution of homeopathic products (over 90% of sales). Sales are recognized on the date of transfer of control, which in practice is the delivery date. Revenue is therefore recognized after completion; there are no earnings generated by product sales recognized in advance.

The group acts only as the principal.

Its customer contracts do not include any distinct, material performance requirements.

The business earnings recognition rules are not based on estimates.

Guarantees are treated as a separate service obligation and, where necessary, are covered by a provision recognized in compliance with IAS 37 standard (cf. note 2.9.3).

An analysis based on the criteria defined by IFRS 15 standard has led the group to present the consideration paid to customers, thus decreasing sales, with no change from current treatment. The sums paid to customers are not consideration for distinct and identifiable services.

In accordance with IFRS 15 standard, operating revenue is recorded net of:

- rebates, reductions,
- credit notes,
- discounts,
- consideration paid to customers and treated as a price reduction,
- changes in the provisions for extraordinary returns.

sales generated by services are insignificant (0.2% of sales). They are recognized as the services are provided.

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 income of the consolidated group prior to taking account of:

- the cost of net long-term debt,
- other financial revenue and expenses,
- the group share of the net income or loss of companies accounted for under the equity method,
- income from activities held for sale,
- corporate income tax.

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

Other operating revenue and expenses include:

- On the 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),
- foreign exchange gains and losses on financial transactions, including current accounts not eliminated during consolidation,
- income from derivative currency instruments generated by trade and financial transactions, not qualified as hedges or generated by the ineffective portion in the case of a material impact.

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 in or repayments of borrowings are included in this category. The group has also elected to include paid interests and collected cash revenue.

The group 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 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: mainland France and the overseas departments and territories,
- Europe: all European countries excluding France,
- North America: only the United States and Canada,
- other countries: 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	Subsidiaries and interests	Changes in scope	Date	% interest as at 12/31/2018	% interest as at 12/31/2017	% control as at 12/31/2018	% control as at 12/31/2017
		Type of change					
Belgium	UNDA ⁽¹⁾			99.28%	98.38%	99.28%	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 CARAIBES			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%
Belgium	BOIRON			100.00%	100.00%	100.00%	100.00%
India	BOIRON LABORATORIES			99.99%	99.99%	99.99%	99.99%
Colombia	BOIRON S.A.S.	Creation	10/17/2018	100.00%	0.00%	100.00%	0.00%

⁽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.

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 (cf. note 9).

>> NOTE 4 - CURRENCY TRANSLATION METHOD

The following table sets out the euro translation rates against the currencies used for consolidation for the main companies in foreign currencies:

	Average rate 2018	Average rate 2017	Closing rate 2018	Closing rate 2017
Czech Koruna	25,643	26,327	25,724	25,535
US Dollar	1,181	1,129	1,145	1,199
Canadian Dollar	1,530	1,464	1,561	1,504
Hungarian Forint	318,824	309,273	320,980	310,330
New Romanian Leu	4,654	4,569	4,664	4,659
Brazilian Real	4,309	3,604	4,444	3,973
Russian Rouble	74,055	65,888	79,715	69,392
Polish Zloty	4,261	4,256	4,301	4,177

>> NOTE 5 - SEGMENT REPORTING

The table below shows the 2018 data:

DATA CONCERNING INCOME STATEMENT	France	Europe (excluding France)	North America	Other countries	Eliminations ⁽¹⁾	2018
External SALES	384,486	128,985	86,626	4,115		604,212
Inter-sector SALES	119,958	7,230	30	1,810	(129,028)	0
TOTAL SALES	504,444	136,215	86,656	5,925	(129,028)	604,212
OPERATING INCOME	118,845	(1,349)	1,258	(1,280)	(11,452)	106,022
<i>of which net allowances to amortizations and depreciations on fixed assets</i>	(29,272)	(1,736)	(432)	(77)		(31,517)
<i>of which net changes in depreciations of assets, provisions and employee benefits</i>	(373)	2,550	335	276		2,788
Cash revenue and financing expenses	290	103	(104)	96		385
Corporate income tax	(48,757)	(1,460)	(309)	(22)	4,009	(46,539)
NET INCOME (GROUP SHARE)	67,972	(2,696)	844	(1,218)	(7,443)	57,459
DATA CONCERNING BALANCE SHEET	France	Europe (excluding France)	North America	Other countries	Eliminations ⁽¹⁾	12/31/2018
Total Assets	750,615	107,723	68,265	5,476	(165,004)	767,075
Goodwill	85,316	2,825	1,489			89,630
Net tangible fixed assets and intangible fixed assets	203,361	9,555	7,743	418		221,077
Deferred taxes assets	28,648	3,192	2,484			34,324
Working Capital Requirements	23,830	42,680	16,820	1,994	(29,245)	56,079
DATA CONCERNING CASH FLOWS	France	Europe (excluding France)	North America	Other countries	Eliminations ⁽¹⁾	2018
Acquisitions of tangible and intangible fixed assets ⁽¹⁾	42,469	706	4,182	326		47,683

⁽¹⁾ Of which eliminations of inter-sector flows and internal results.

The 2017 data is shown below:

DATA CONCERNING INCOME STATEMENT	France	Europe (excluding France)	North America	Other countries	Eliminations ⁽¹⁾	2017
External SALES	399,160	147,655	66,830	3,895		617,540
Inter-sector SALES	101,007	3,368	0	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
<i>of which net allowances to amortizations and depreciations on fixed assets</i>	(26,846)	(1,890)	(559)	(73)		(29,368)
<i>of which net changes in depreciations of assets, provisions and employee benefits</i>	2,402	(480)		(308)		1,614
Cash revenue and financing expenses	216	(381)	(44)	175		(34)
Corporate 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	Eliminations ⁽¹⁾	12/31/2017
Total Assets	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	Eliminations ⁽¹⁾	2017
Acquisitions of tangible and intangible fixed assets ⁽¹⁾	52,033	816	315	192		53,356

⁽¹⁾ Of which eliminations of inter-sector flows and internal results.

The breakdown of consolidated sales figures by sales destination, as published in the quarterly regulatory information, is presented as follows:

	2018	2017
France	358,555	378,487
Europe (excluding France)	135,901	155,151
North America	88,400	68,572
Other countries	21,356	15,330
GROUP TOTAL	604,212	617,540

The breakdown of sales by product line appears in note 22.

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

	12/31/2017	Increases / (Decreases)	Currency translation adjustments	12/31/2018
BOIRON S.A. ⁽¹⁾	84,719	(66)		84,653
LES EDITIONS SIMILIA	663			663
TOTAL "FRANCE" ⁽²⁾	85,382	(66)	0	85,316
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	226		3	229
USA	1,210		50	1,260
TOTAL "NORTH AMERICA"	1,436	0	53	1,489
TOTAL "OTHER COUNTRIES"	0			0
TOTAL GROSS GOODWILL	91,930	(66)	53	91,917
Switzerland impairment	(55)			(55)
Belgium impairment ⁽³⁾	(2,232)			(2,232)
TOTAL NET GOODWILL	89,643	(66)	53	89,630

⁽¹⁾ Goodwill in BOIRON parent company comes from DOLISOS (€70,657 thousand), LHF (€7,561 thousand), SIBOURG (€1,442 thousand), from DSA (€1,381 thousand), from HERBAXT (€1,785 thousand) and from Laboratoire FERRIER (€1,827 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.

There were no acquisitions which generated new goodwill in 2018.

The goodwill generated, in April 2017, by the acquisition of Laboratoire FERRIER was adjusted by €66 thousand in early 2018, within the twelve month period following its formation.

Other changes in gross goodwill in 2018 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 forecast prepared by the group financial controlling department 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 9.4% in 2018, compared to 8.7% in 2017. The rates elected for the other CGUs ranged from 9.5% to 13.7% in 2018 (8.4% to 11.4% in 2017).
- 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 used for France was 2.0% for 2018, as against 2.0% in 2017; the rates used for the other CGUs ranged from 0.8% to 2.5% in 2018, as they did 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 tests performed did not lead to any additional impairments.

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 income 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

	12/31/2017	Increases Acquisitions	Annual amortization	Disposals and scrappings	Impact of impairment tests (IAS 36)	Currency translation adjustments and other movements	12/31/2018
Brands	2,246			(1,199)			1,047
Software	86,297	2,934		(5,101)		3,296	87,426
Licenses and ownership rights	43						43
Patents and formulas	2,396					(1)	2,395
Intangible fixed assets in progress ⁽¹⁾	4,026	4,739				(3,332)	5,433
Other intangible fixed assets	2,854	9				(3)	2,860
GROSS AMOUNT	97,862	7,682	0	(6,300)	0	(40)	99,204
Brands	(2,116)		1,199				(917)
Software	(64,542)		(9,781)	5,086		(2)	(69,239)
Licenses and ownership rights	(42)						(42)
Patents and formulas	(43)		(245)				(288)
Other intangible fixed assets	(2,012)		(360)			74	(2,298)
AMOUNT OF AMORTIZATION AND PROVISIONS	(68,755)	0	(9,187)	5,086	0	72	(72,784)
NET INTANGIBLE FIXED ASSETS	29,107	7,682	(9,187)	(1,214)	0	32	26,420

⁽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 2018 (cf. the "Currency translation adjustments and other movements" column); the remainder should be completed primarily in 2019.

The entries in the column “Disposals and scrapping” include scrapping of unused software for a value of €5,101 thousand. The majority of them had been fully amortized or depreciated.

The group has not identified any signs of impairment loss on intangible assets in progress related to ERP.

The implementation of impairment tests as of December 31, 2018 did not lead to the recognition of depreciation of intangible assets, as on December 31, 2017.

No intangible fixed assets were pledged as collateral, guarantees or securities on December 31, 2017 or December 31, 2018.

Intangible fixed asset movements in 2017 were as follows:

	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				
GROSS AMOUNT	93,861	7,795		(3,691)		(103)	97,862
AMOUNT OF AMORTIZATION AND PROVISIONS	(62,553)		(9,886)	3,691		(7)	(68,755)
NET INTANGIBLE FIXED ASSETS	31,308	7,795	(9,886)	0	0	(110)	29,107

Research costs are recognized as expenses as shown in note 25.

>> NOTE 8 - TANGIBLE FIXED ASSETS

	12/31/2017	Increases		Disposals and scrappings	Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5) (cf. note 10)	Currency translation adjustments and other movements	12/31/2018
		Acquisitions	Annual amortization					
Land and fixtures	41,963	5,633		(451)		(338)	(1,043)	45,764
Buildings	196,201	17,136		(1,466)		(3,315)	4,063	212,619
Equipment	134,292	6,468		(5,623)		(99)	7,071	142,109
Tangible fixed assets in progress	12,152	10,155					(9,497)	12,810
Other tangible fixed assets	36,342	2,063		(2,614)		(64)	2	35,729
Real estate leasing	0							0
GROSS AMOUNT	420,950	41,455	0	(10,154)	0	(3,816)	596	449,031
Land and fixtures	(14,028)		(1,547)	37				(15,538)
Buildings	(112,100)		(9,980)	1,349		1,172	(792)	(120,351)
Equipment	(85,434)		(8,414)	5,556		56	15	(88,221)
Other tangible fixed assets	(30,526)		(2,389)	2,582		32	37	(30,264)
Real estate leasing	0							0
AMOUNT OF AMORTIZATION	(242,088)	0	(22,330)	9,524	0	1,260	(740)	(254,374)
NET TANGIBLE FIXED ASSETS	178,862	41,455	(22,330)	(630)	0	(2,556)	(144)	194,657

Tangible fixed assets in progress are mainly related to the continued extension of the Messimy site, the new Lille site (cf. note 1) and industrial equipment on the Montévrain site. Partial commissioning occurred in 2018, with the balance scheduled for 2019 through 2020.

As at December 31, 2018 and December 31, 2017, no tangible fixed asset was subject to a pledge, guarantee or collateral.

The movements in tangible fixed assets in 2017 were as follows:

	12/31/2016	Increases			Impact of impairment tests (IAS 36)	Activities held for sale (IFRS 5) (cf. note 10)	Currency translation adjustments and other movements	12/31/2017
		Acquisitions	Annual amortization	Disposals and scrappings				
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					(23,234)	12,152
Other tangible fixed assets	36,687	1,823		(1,882)			(286)	36,342
Real estate leasing	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				(14,028)
Buildings	(109,549)		(8,293)	3,008		2,285	449	(112,100)
Equipment	(80,454)		(7,473)	2,446			47	(85,434)
Other tangible fixed assets	(30,084)		(2,554)	1,812			300	(30,526)
Real estate leasing	0							0
AMOUNT OF 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

The implementation of impairment tests at December 31, 2018 did not lead to the recognition of depreciation of intangible fixed assets, as on December 31, 2017.

>> NOTE 9 - INVESTMENTS

	12/31/2018			12/31/2017		
	Gross value	Change in fair value	Net value	Gross value	Change in fair value	Net value
Financial assets valued at fair value through profit and loss	778	(205)	573	778	(205)	573
Non-consolidated securities ⁽¹⁾	778	(205)	573	778	(205)	573
Financial assets valued at amortized cost	1,764	(73)	1,691	2,477		2,477
Loans ⁽²⁾	414		414	406		406
Guarantees and other receivables ⁽³⁾	345		345	387		387
Other investments ⁽⁴⁾	1,005	(73)	932	1,684		1,684
Financial assets valued at fair value through other comprehensive income			0			0
TOTAL	2,542	(278)	2,264	3,255	(205)	3,050

⁽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 (€122 thousand), France (€47 thousand), Switzerland (€36 thousand), Romania (€36 thousand) and Hungary (€32 thousand) mainly.

⁽⁴⁾ Including €876 thousand corresponding to the restricted cash part of the liquidity contract (cf. note 2.4.4) and €100 thousand in fixed securities impaired by €73 thousand.

As at December 31, 2018 and December 31, 2017, 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

	12/31/2017	Disposals and scrapings	Impact of impairment tests (IAS 36)	Assignment of tangible fixed assets	Currency translation adjustments	Other reclassifications	12/31/2018
Land and fixtures held for sale	0	(1,166)		338	11	1,166	349
Buildings held for sale	1,293	(127)		2,143	17	(1,166)	2,160
Equipment held for sale	0			43	1		44
Other tangible fixed assets held for sale	0			32	1		33
NET TANGIBLE FIXED ASSETS HELD FOR SALE	1,293	(1,293)	0	2,556	30	0	2,586
ADDITIONAL DEPRECIATION OF TANGIBLE FIXED ASSETS HELD FOR SALE	0	0	0	0	0	0	0
NET TANGIBLE FIXED ASSETS HELD FOR SALE	1,293	(1,293)	0	2,556	30	0	2,586

In 2017, the line item “tangible fixed assets held for sale” referred to the Levallois site in France, which was listed for sale following the site reorganization announced in late 2016. This establishment was closed in July 2017 and sold in June 2018, generating a capital gain of €6,207 thousand (cf. note 26).

In 2018, this item referred to two buildings in Belgium (€1,607 thousand) and the US subsidiary headquarters (€979 thousand).

In compliance with 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 (cf. 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	Changes	Annual depreciations	Reversals for the period	Currency translation adjustments and other movements	12/31/2018
Raw materials and supplies	12,365	1,547			2	13,914
Semi-finished goods and finished goods	50,793	7,897			57	58,747
Goods	904	(128)			7	783
TOTAL GROSS INVENTORIES	64,062	9,316	0	0	66	73,444
TOTAL DEPRECIATION ON INVENTORIES	(3,166)	0	(2,387)	2,842	14	(2,697)
TOTAL NET INVENTORIES	60,896	9,316	(2,387)	2,842	80	70,747

As at December 31, 2018 and December 31, 2017, no inventory had been pledged to guarantee liabilities.

Inventories depreciations are calculated on the basis of criteria defined in note 2.7.2.

>> NOTE 12 - ACCOUNTS RECEIVABLE AND OTHER ASSETS LINKED TO CONTRACTS WITH CUSTOMERS

	12/31/2017	Changes	Annual depreciations	Reversals for the period (unused depreciation)	Reversals for the period (used depreciation)	Currency translation adjustments and other movements	12/31/2018
Gross accounts receivable denominated in euros	64,679	(4,209)					60,470
Gross accounts receivable denominated in other currencies	40,835	4,176				(1,903)	43,108
TOTAL GROSS ACCOUNTS RECEIVABLE	105,514	(33)	0	0	0	(1,903)	103,578
Depreciations of accounts receivable denominated in euros	(2,502)		(502)	85	1,754		(1,165)
Depreciations of accounts receivable denominated in foreign currencies	(1,191)		(165)	993	65	38	(260)
TOTAL DEPRECIATIONS OF ACCOUNTS RECEIVABLE	(3,693)	0	(667)	1,078	1,819	38	(1,425)
Net accounts receivable denominated in euros	62,177	(4,209)	(502)	85	1,754		59,305
Net accounts receivable denominated in other currencies	39,644	4,176	(165)	993	65	(1,865)	42,848
TOTAL NET ACCOUNTS RECEIVABLE	101,821	(33)	(667)	1,078	1,819	(1,865)	102,153

No outstanding receivables had been sold as at December 31, 2018 or December 31, 2017.

No change in scope occurred during the fiscal years presented.

As stated in note 2.7.3.1, there are no other assets linked to contracts.

Depreciations on trade receivables are recognized among the principles detailed in note 2.7.3.1. Write-backs of depreciations to accounts receivable denominated in euros included €1,596 thousand for a Belgian account that had been disputed since 2015, following the resolution of the litigation in late 2018 (cf. notes 1, 26 and 32).

As indicated in note 2, the analysis performed in compliance with IFRS 9 standard did not lead to the recognition of any additional material losses under expected losses. Customer risk is considered insignificant since the “net cost” of doubtful customers is low.

Credit risk is addressed in note 21.

Accounts receivable denominated in foreign currencies are mainly in Russia, the United States, Romania and Poland (cf. note 21).

>> NOTE 13 - CORPORATE INCOME TAX RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS

Current	12/31/2017	Changes	Annual depreciations	Reversals for the period (unused depreciations)	Reversals for the period (used depreciations)	Currency translation adjustments and other movements	12/31/2018
Corporate income tax receivable (non-financial assets)	5,681	(512)				(208)	4,961
Non-financial assets	15,858	360				127	16,345
State and local government, excluding corporate income tax	12,623	642				130	13,395
Staff	309	(46)				(14)	249
Accrued expenses	2,926	(236)				11	2,701
Financial assets valued at amortized cost	4,842	000				(135)	5,707
Other debtors	4,842	1,000				(135)	5,707
Assets linked to customer contracts							0
Derivative instruments	0	68				0	68
Other gross current assets (excluding corporate income tax receivables)	20,700	1,428	0	0	0	(8)	22,120
Depreciations of other current assets	(232)		(167)	39	295	0	(65)
Other net current assets	20,468	1,428	(167)	39	295	(8)	22,055

Non-current	12/31/2017	Changes	Annual depreciations	Reversals for the period (unused depreciations)	Reversals for the period (used depreciations)	Currency translation adjustments and other movements	12/31/2018
Other net non-current assets	38	(6)					32

>> NOTE 14 - CASH AND CASH EQUIVALENTS

	12/31/2018			12/31/2017		
	Euros	Foreign currencies (euro equivalents)	Total	Euros	Foreign currencies (euro equivalents)	Total
Cash equivalents	1,887	1,771	3,658	33,803	2,292	36,095
Cash	205,926	7,664	213,590	233,738	5,176	238,914
TOTAL	207,813	9,435	217,248	267,541	7,468	275,009

Cash equivalents primarily comprise euro money market funds or similar investments (certificates on deposits and future deposits...) which meet IAS 7 standard criteria (cf. 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 15 - SHAREHOLDERS' EQUITY

As part of the shares buyback program, the Board of Directors Meeting of September 5, 2018 decided to reallocate the shares bought back to finance external growth operations to cancellation.

The Board also decided to cancel all treasury shares owned on September 5, 2018, a total of 1,849,196 shares, as authorized by the Extraordinary Shareholders' meeting of May 18, 2017.

The share capital on December 31, 2018 therefore comprised 17,565,560 fully paid-up shares of 1 euro each.

The share movements table shown is the table of variations in consolidated shareholders' equity.

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.

> 15.1 - TREASURY SHARES

The capital is comprised as follows (number of shares):

	12/31/2018	12/31/2017
Total number of shares	17,565,560	19,414,756
Treasury shares	(46,258)	(984,505)
Number of shares excluding treasury shares	17,519,302	18,430,251

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 charged in consolidated shareholders' equity.

As at December 31, 2018, the treasury shares portfolio amounted to €2,523 thousand.

Acquisitions made during the fiscal year amount to €73,951 thousand, €63,510 thousand of that outside liquidity contracts.

Sales during the fiscal year amounted to €10,134 thousand (in historic acquisition costs), all through the liquidity contract.

The unrealized loss on the portfolio was €220 thousand (on the basis of the average price in December 2018).

As at December 31, 2018, 26,106 shares were owned through a liquidity contract with NATIXIS.

898,611 shares were purchased for cancellation in 2018 and 878,459 of those shares were canceled during the final quarter of 2018. As at December 31, 2018, 20,152 shares were held for cancellation outside liquidity contracts.

970,737 shares held for external growth since 2014 and 2015 were reallocated for cancellation and then canceled during the final quarter of 2018.

> 15.2 - DIVIDEND PER SHARE

Dividend per share in euro	
Dividend 2017 paid in 2018	1.60
Dividend 2018 recommended to SM	1.45

> 15.3 - 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 16 - CURRENT AND NON-CURRENT BORROWINGS AND FINANCIAL DEBTS

	12/31/2017	Increases	Decreases	Currency translation adjustments and other movements	12/31/2018
Total Treasury liabilities	10,069	35	(9,690)	4	418
Financial borrowings	34				34
Profit sharing reserve	5,872	1,149	(1,481)		5,540
Total Borrowings and financial debts	5,906	1,149	(1,481)	0	5,574
TOTAL	15,975	1,184	(11,171)	4	5,992
<i>Including non-current</i>	<i>4,793</i>	<i>1,149</i>	<i>(362)</i>	<i>(1,374)</i>	<i>4,206</i>
<i>Including current</i>	<i>11,182</i>	<i>35</i>	<i>(10,809)</i>	<i>1,378</i>	<i>1,786</i>

The change in current and non-current borrowings and financial debts during 2017 was as follows:

	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
Total Borrowings and financial debts	5,725	1,103	(924)	2	5,906
TOTAL	9,254	7,731	(959)	(51)	15,975
<i>Including non-current</i>	<i>5,055</i>	<i>1,103</i>	<i>(253)</i>	<i>(1,112)</i>	<i>4,793</i>
<i>Including current</i>	<i>4,199</i>	<i>6,628</i>	<i>(706)</i>	<i>1,061</i>	<i>11,182</i>

On December 31, 2018 and December 31, 2017, the majority of financial debts were denominated in euro.

The repayment schedule for the financial liabilities is described in note 21.

Interest rate risk is discussed in note 21.3.1.

Bank loans taken over by the group do not include any financial covenants or "trigger events".

>> NOTE 17 - NON-CURRENT EMPLOYEE BENEFITS

> 17.1 - GROUP QUANTIFIED DATA

Commitments	Corporate name	Country	12/31/2017	Impact on operating income	Impact on financial income	Impact on other comprehensive income	12/31/2018
						Actuarial differences Currency translation adjustments and other movements	
Retirement indemnities	BOIRON PARENT COMPANY	France	29,120	2,362	486	(4,039)	27,929
Retirement indemnities	BOIRON CARAIBES	France	54		1	27	82
Retirement indemnities	BOIRON (RÉUNION)	France	46	4	1	15	66
Agreement on Preparation for Retirement	BOIRON PARENT COMPANY	France	79,380	(1,437)	1,311	(6,094)	73,160
Retirement commitments	BOIRON SP	Pologne	1				1
Total post-employment benefits (defined contribution plans)			108,601	929	1,799	(10,091)	0
Long-service bonuses	BOIRON PARENT COMPANY	France	7,112	(340)			6,772
Long-service bonuses	BOIRON CARAIBES	France	47	(1)			46
Bonuses granted	BOIRON SOCIEDAD						
	IBERICA DE HOMEOPATIA	Spain	564	(29)			535
Bonuses granted	BOIRON INDIA	India		5			5
Bonuses granted	UNDA	Belgium	112	3			115
Bonuses granted	BOIRON	Belgium	178	(17)			161
Early retirement	UNDA	Belgium	432	(110)			322
Total other long-term benefits			8,445	(489)	0	0	0
TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES			117,046	440	1,799	(10,091)	0
							109,194

In 2017, employee benefits changed as follows:

	12/31/2016	Impact on operating income	Impact on financial income	Impact on other comprehensive income		12/31/2017
				Actuarial differences	Currency translation adjustments and other movements	
Total post-employment benefits (defined contribution plans)	113,451	(2,291)	1,887	(4,446)	0	108,601
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

> 17.2 - EMPLOYEE BENEFITS IN BOIRON PARENT COMPANY

17.2.1. Main actuarial assumptions

Actuarial assumptions France	2018	2017	2016
Discount rate	1.80%	1.70%	1.60%
Annual salary revaluation ⁽¹⁾	2.00%	2.00%	1.80%
Social charges rate	46.55%	50.00%	50.77%

⁽¹⁾ Except differentiated increases by age bracket.

Total pre-tax actuarial differences have varied significantly in recent years: - €10,091 thousand in 2018, -€4,446 thousand in 2017, +€2,337 thousand in 2016 and -€9,251 thousand in 2015;

- the volatility of the discount rate, calculated at the end of the fiscal year as required by the revised IAS 19 standard, was a major factor in these variations.
- the 2018 variation includes the impact of the decrease in social contribution rates starting in 2019 (due to integration of the CICE tax credit).

As in 2017, 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 69.4% of investments, cannot fall below the annual guaranteed minimum on general assets.

17.2.2. Retirement indemnities

The provision for BOIRON parent company retirement indemnities changed as follows between 2017 and 2018:

	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2018
	12/31/2017	Service costs	Payments	Plan changes	Interest cost net of estimated return on investment	Actuarial differences ⁽¹⁾
Actual value of liabilities	59,004	2,362	(2,537)		978	(4,643)
Investments value	(29,884)		2,537		(492)	604
Retirement indemnity provision BOIRON parent company	29,120	2,362	0	0	486	(4,039)
						27,929

⁽¹⁾ Of which -€585 thousand of actuarial differences linked to the discount rate increase.

The provision for BOIRON parent company retirement indemnities changed as follows between 2016 and 2017:

	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2017
	12/31/2016	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)
Investments value	(28,835)		(48)		(327)	(674)
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.

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. No contributions to the outsourced fund were made in 2018.

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 €2,848 thousand versus €2,764 thousand in 2017 (cf. notes 24 and 27).

The average duration of this employee benefit liability in 2018 was 14.94 years (versus 15.69 years in 2017).

The distribution over time of this commitment is as follows:

- 7% less than one year,
- 21% between one and five years,
- 72% 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 2019, 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): 69.4%,
- Immobilier 21 AC: 8.8%,
- SCI Primonial Capimmo: 7.3%,
- MFS Meridian Global Equity: 14.5%.

The overall make-up of investments at December 31, 2018 is as follows:

	12/31/2018	12/31/2017
Bonds	52.7%	56.3%
Shares	21.7%	22.1%
Money market	3.7%	0.6%
Real estate	20.7%	19.7%
Other	1.2%	1.3%

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 2018 actual return of these funds was 2.85% (2.60% in 2017).

17.2.3. 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 2017 and 2018, the change in provisions for this agreement was as follows:

	12/31/2017	Impact on operating income			Impact on financial income	Impact on other comprehensive income	12/31/2018
		Service costs	Payments	Plan changes	Interest cost	Actuarial differences ⁽¹⁾	
Preparation for Retirement provision - BOIRON parent company (actual value of liability)	79,380	3,017	(4,454)		1,311	(6,094)	73,160

⁽¹⁾ Including -€803 thousand of actuarial differences linked to the discount rate increase.

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⁾	
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.

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 the income statement (service costs, interest cost and plans changes impact) amounted to €4,328 thousand versus €4,604 thousand in 2017 (cf. notes 24 and 27).

The average duration of this employee benefit liability in 2018 was 14.58 years (versus 14.48 years in 2017).

The distribution over time of this commitment is as follows:

- 6% less than one year,
- 34% between one and five years,
- 60% more than five years.

17.2.4. 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 2017 and 2018 was as follows:

	12/31/2017	Cost 2018	Actuarial differences	Plan changes	Payments	12/31/2018
Long-service bonuses provision BOIRON parent company	7,112	614	(313)		(641)	6,772

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

Actuarial differences were not material in 2018 or 2017.

The cost breakdown between service cost and interest cost for 2018 and 2017 was as follows:

	2018	2017
Service cost	506	495
Interest cost	108	111
TOTAL COST IN OPERATING INCOME	614	606

>> NOTE 18 - CURRENT AND NON-CURRENT PROVISIONS

	12/31/2017	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	12/31/2018
Current						
Provisions for returned goods	5,569	5,247	(576)	(4,942)	85	5,383
Provisions for contingencies and lawsuits	1,945	10,066	(506)	(505)	(20)	10,980
Provisions for reorganizations	567	209		(325)		451
Other provisions for other expenses	0					0
TOTAL CURRENT PROVISIONS	8,081	15,522	(1,082)	(5,772)	65	16,814
Non-current						
Provisions for contingencies and lawsuits	256	8	(91)			173
TOTAL NON-CURRENT PROVISIONS	256	8	(91)	0	0	173

18.1.1 Tax audit

The provisions for contingencies and lawsuits include a €9,248 thousand provision booked in 2018, for the tax audit currently being performed on BOIRON parent company. This tax audit was presented in 2018 half-year financial report in note 23.

A proposed tax adjustment notice was received in late 2018 for the 2015 fiscal year. This provision was calculated on the basis of the best possible risk estimate, with the assistance of the company's advisors, based on the discussions in progress and given that the company intends to dispute a portion of the tax adjustment.

This provision was recognized in the income statement as a corporate income tax expense of €8,961 thousand and as another taxes, in operating income, of €287 thousand.

The audit of 2016 fiscal year is under way.

18.1.2. Sites reorganization in France

A provision of €209 thousand was recognized for the reorganization of the sites in France; this corresponds to the support costs less the write-back of employee benefits.

BOIRON parent company also recognized net costs of €149 thousand for the first step.

The net impact of the reorganization costs on 2018 operating income was €358 thousand (cf. note 1).

The change in current and non-current provisions during 2017 was as follows:

	12/31/2016	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	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

Other contingent assets and liabilities are mentioned in note 32.

>> NOTE 19 - ACCOUNTS PAYABLE

	12/31/2018	12/31/2017
Accounts payable denominated in euros	19,713	32,919
Accounts payable denominated in other currencies	28,903	10,350
TOTAL	48,616	43,269

>> NOTE 20 - CORPORATE INCOME TAX PAYABLE AND OTHER CURRENT AND NON-CURRENT LIABILITIES

	12/31/2018		12/31/2017	
	Current	Non-current	Current	Non-current
Corporate income tax payable (non-financial liabilities)	2,517	0	2,141	0
Other liabilities except income tax payable				
Non-financial liabilities	77,265	1,600	79,830	1,616
State and local government, excluding corporate income tax	8,527	98	9,466	
Personnel and social security organizations	68,679	1,502	69,049	1,616
Deferred revenue ⁽¹⁾	59		1,315	
Financial liabilities valued at amortized cost	18,293	44	14,661	0
Fixed asset suppliers	6,896		5,442	
Client creditors ⁽¹⁾	10,250		8,555	
Other creditors	1,147	44	664	
Derivative instruments ⁽²⁾	0	0	2	0
TOTAL	95,558	1,644	94,493	1,616

⁽¹⁾ Liabilities related to customers contracts (cf. note 2.7.3.1).

⁽²⁾ Cf. note 21.

Other non-current liabilities correspond to the debt related to the Italian TFR (cf. note 2.9.1.2).
Deferred income from customers contracts was not material.

>> NOTE 21 - FINANCIAL INSTRUMENTS

> 21.1 - INFORMATION ON BALANCE SHEET

With regard to the financial assets and liabilities the following tables show:

- Their breakdown according to the categories specified by IFRS 9 standard and recalled in note 2.10:
 - A: assets and liabilities valued at amortized cost
 - B: assets at fair value through other comprehensive income. No financial assets corresponding to this definition during the fiscal year presented.
 - C: assets and liabilities at fair value through profit and loss. These are mainly short-term investments (valued by an outside service provider) and non-consolidated securities, which are not material.
 - D: derivative instruments recognized at fair value under income. As stated in note 2.10, for the fiscal years presented, there were no derivative instruments whose fair value was recognized in other comprehensive income.
- Their breakdown into the levels provided for amendments to IFRS 13 standard and recalled in note 2.10.
- The comparison between carrying amounts and fair values.
- Their breakdown by maturity.

12/31/2018	Refer to notes	Category of financial instruments	Levels required by amendments to IFRS 13 standard ⁽¹⁾	Net Book Value	Fair value	Schedule	Less than 1 year	Between 1 and 5 years	More than 5 years
FINANCIAL ASSETS				327,377	327,377	325,111	2	0	
Non-consolidated securities	Note 9	C	N/A	573	573	N/A	N/A	N/A	
Other financial investments	Note 9	A	N/A	1,691	1,691	N/A	N/A	N/A	
Other non-current financial assets	Note 13	A	N/A	2	2		2		
Accounts receivable	Note 12	A	N/A	102,153	102,153	102,153			
Derivative instruments	Note 13	D	2	68	68	68			
Other current financial assets	Note 13	A	N/A	5,642	5,642	5,642			
Cash and cash equivalents	Note 14	C	1 or 2	217,248	217,248	217,248			
FINANCIAL LIABILITIES				72,945	72,945	68,739	4,206	0	
Cash liabilities	Note 16	C	N/A	418	418	418			
Borrowings and financial debts except treasury liabilities	Note 16	A	N/A	5,574	5,574	1,368	4,206		
Other non-current financial liabilities	Note 20	A	N/A	44	44	44			
Accounts payable	Note 19	A	N/A	48,616	48,616	48,616			
Derivative instruments	Note 20	D	2						
Other current financial liabilities	Note 20	A	N/A	18,293	18,293	18,293			

⁽¹⁾ Cf. definition in note 2.10.

This table does not include the outsourced fund for employment benefits, covered in note 17, which is assessed at fair value at closing.

No financial instruments were reclassified in another category or sold to a third party in 2017 or 2018.

There are no discounted loans or financial liabilities. Furthermore, non-accrued interests are not taken into account in the schedules, given their immaterial impact.

Data on December 31, 2017 was as follows:

12/31/2017	Refer to notes	Category of financial instruments	Levels required by amendments to IFRS 13 standard ⁽¹⁾	Net Book Value	Fair value	Less than 1 year	Schedule Between 1 and 5 years	More than 5 years
FINANCIAL ASSETS				384,490	384,490	381,440	0	0
Non-consolidated securities	Note 9	C	N/A	573	573	N/A	N/A	N/A
Other financial investments	Note 9	A	N/A	2,477	2,477	N/A	N/A	N/A
Other non-current financial assets	Note 13	A	N/A					
Accounts receivable	Note 12	A	N/A	101,821	101,821	101,821		
Derivative instruments	Note 13	D	2					
Other current financial assets	Note 13	A	N/A	4,610	4,610	4,610		
Cash and cash equivalents	Note 14	C	1 or 2	275,009	275,009	275,009		
FINANCIAL LIABILITIES				73,907	73,907	69,114	4,793	0
Cash liabilities	Note 16	B	N/A	10,069	10,069	10,069		
Borrowings and financial debts except treasury liabilities	Note 16	C	N/A	5,906	5,906	1,113	4,793	
Other non-current financial liabilities	Note 20	C	N/A					
Accounts payable	Note 19	C	N/A	43,269	43,269	43,269		
Derivative instruments	Note 20	E	2	2	2	2		
Other current financial liabilities	Note 20	C	N/A	14,661	14,661	14,661		

⁽¹⁾ Cf. definition in note 2.10.

The only financial instruments valued at fair value are marketable securities and derivative instruments corresponding to levels 1 and 2 of the hierarchy defined by IFRS 13 standard (cf. 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

These are only derivative exchange risk hedging instruments, mainly in the form of currency futures.

On December 31, 2018, 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 table below presents these instruments for futures contracts (no currency exchange options available) and the main currencies involved for 2018 and 2017:

Local currency	Type of contract	12/31/2018			12/31/2018			12/31/2017			12/31/2017		
		Fair value commercial hedges			Current account cash position hedges			Fair value commercial hedges			Current account cash position hedges		
		Notional (in thousands of currency)	Notional (in thousands of euros)	Fair Value (in thousands of euros)	Notional (in thousands of currency)	Notional (in thousands of euros)	Fair Value (in thousands of euros)	Notional (in thousands of currency)	Notional (in thousands of euros)	Fair Value (in thousands of euros)	Notional (in thousands of currency)	Notional (in thousands of euros)	Fair Value (in thousands of euros)
US Dollar	Futures contracts	(19,400)	(16,943)	19	(15,500)	(13,537)	33						
Canadian Dollar	Futures contracts				(1,000)	(641)	9	(750)	(499)	(2)			
Hungarian Forint	Futures contracts				(150,000)	(467)	(3)						
Romanian Leu	Futures contracts	(9,000)	(1,930)	1	(20,000)	5	(7)						
Polish Zloty	Futures contracts				(19,000)	(4,417)	16						
GLOBAL TOTAL			(18,873)	20		(19,058)	48		(499)	(2)		0	0

Derivative maturities are under one year.

The details and types of elements hedged are listed in note 21.3.3.

At the closing date, the fair value of these instruments, as determined by an external consultant and including all currencies, amounted to €68 thousand, as against -€2 thousand on December 31, 2017. These amounts are recognized in other current assets (cf. note 13) or other current liabilities (cf. note 20), depending on whether they were assets or liabilities at the closing date.

In the income statement, their change between 2017 and 2018 was recognized in other operating revenue and expenses because they constitute fair value hedges which are considered effective.

> 21.2 - 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 notes 12 and 13 (impairment of trade receivables and other receivables) and in note 26 (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 27 (gains and losses on derivatives related to financial hedges).

> 21.3 - MARKET RISK MANAGEMENT

The main features of the group 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.

> 21.3.1. 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 2018, the group consolidated cash was constantly in excess, as it was in 2017.

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, 2018, 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	217,248		
LIABILITIES - cash liabilities, borrowings and financial debts	(1,786)	(4,206)	
Net cash position	215,462	(4,206)	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 €2,155 thousand on annual financial income.

21.3.2. Counterparty risk

BOIRON group 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.

21.3.3. 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 BOIRON group earnings from unfavorable exchange rate fluctuations as compared to 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, 2018, 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
Accounts receivable	in thousands of currency	123,041	23,246	10,727	2,417	877	35,802		
Accounts payable	in thousands of currency	(9,193)	(90)						
Net position on commercial transactions before hedging	in thousands of currency	113,848	23,156	10,727	2,417	877	35,802		
Fair value commercial hedges	in thousands of currency	0	(19,400)	(9,000)	0	0	0		
Net position on commercial transactions after hedging	in thousands of currency	113,848	3,756	1,727	2,417	877	35,802		
Cash accounts	in thousands of currency	251	15,604	20,114	19,159	1,009	150,578		
Net position on financial transactions before hedging	in thousands of currency	251	15,604	20,114	19,159	1,009	150,578		
Current account cash position hedges	in thousands of currency		(15,500)	(20,000)	(19,000)	(1,000)	(150,000)		
Net position on financial transactions after hedging	in thousands of currency	251	104	114	159	9	578		
Net position after total hedging	in thousands of currency	114,099	3,860	1,841	2,576	886	36,380		
Net position after total hedging (euro equivalents)	in thousands of euros	1,431	3,371	395	599	568	113	(1,423)	5,054

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 2018. In addition, there were no future cash flow hedges as of December 31, 2018.

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, 2018:

		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	(130)	(306)	(36)	(54)	(52)	(10)	129	(459)
- on sales	in thousands of euros	(2,275)	(2)	(840)	(687)	(852)	(236)	(2,901)	(7,793)
- on income before tax of subsidiaries	in thousands of euros	(190)	0	105	91	(11)	80	4,105	4,180
- on shareholders' equity	in thousands of euros	(1,892)	(1,516)	(101)	(33)	(176)	7	(873)	(4,584)

21.3.4. Credit risk

Client risk is considered low. As stated in note 2, the analysis performed in compliance with IFRS 9 standard did not lead to the recognition of any additional provisions for expected losses.

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. This is the case of export sales by BOIRON parent company and UNDA, as well as sales in Poland, Russia, Brazil, Portugal, Slovakia, Czech Republic, Hungary, Romania, Spain and Italy (for some sales).

The group guarantees amounted to €92,102 thousand (compared to €98,678 thousand in 2017) on December 31, 2018.

At December 31, 2018, accounts receivable outstanding and not depreciated amounted to €9,497 thousand, or 9.3% of trade receivables (compared to €8,903 thousand or 8.4% of trade receivable on December 31, 2017), some of these receivables are covered by insurance. This increase was mainly related to late payments in Tunisia and the United States.

Accounts receivable overdue for less than a month accounted for 53% of this amount.

The remainder was overdue for less than a year.

The group average days of sales outstanding were 55 days (+2 days over the previous year).

There were no major accounts receivable restructuring agreements or offsetting agreements as of December 31, 2018.

The total loss on bad receivables, net of allowances and write-backs of impairments on bad receivables, was a profit of €386 thousand (excluding the write-back of impairments on receivables involved in the dispute in Belgium), which represents 0.33% of consolidated sales, compared to a net loss of €1,024 thousand in 2017, which represented 0.17% of consolidated sales (cf. note 12).

BOIRON group did not observe any material failures in 2018, as in 2017.

21.3.5. Liquidity risk

The company conducted a specific review of its liquidity risk and is confident in its ability to meet the upcoming maturities.

Historically, BOIRON group short-term assets have always exceeded its short-term liabilities and its cash position is structurally in excess. BOIRON group financial structure remained unchanged in 2018. For that reason, the details are not given for maturities under one year.

21.3.6. 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 17. 69% of investments are covered by a guaranteed minimum rate and do not involve any equity risk.

21.3.7. Country risk: Tunisia

In 2018, the group achieved sales of €7,366 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 credit insurers and that no losses were recognized in 2018.

The situation is being monitored at the group level.

>> NOTE 22 - OPERATING REVENUE

	2018	%	2017	%
Non-proprietary homeopathic medicines	287,243	47,6	310,594	50,3
OTC specialties	315,577	52,2	305,552	49,5
Other ⁽¹⁾	1,392	0,2	1,394	0,2
TOTAL SALES	604,212	100,0	617,540	100,0
Other operating revenue (fees)	4		2	

⁽¹⁾ The "Other" heading in net sales includes sales of books as well as invoicing for services (training).

The sales recognition rules are the same across all product lines (cf. note 2.11.1: recognition of sales at delivery in practice).

The product lines presented in this breakdown of sales do not constitute operating segments according to IFRS 8 standard.

The breakdown of sales by geographical region is given in note 5 on sector-specific information.

Our analysis of IFRS 15 standard did not lead to the identification of any other relevant breakdowns of earnings.

>> NOTE 23 - AMORTIZATIONS, DEPRECIATIONS IMPAIRMENTS AND PROVISIONS

AMORTIZATION, DEPRECIATION, IMPAIRMENT AND PROVISIONS ON OPERATING INCOME	2018	2017
Allowances to amortization and impairments on intangible fixed asset	(9,187)	(9,886)
Allowances to amortization and impairments on tangible fixed assets	(22,330)	(19,482)
TOTAL OF THE NET ALLOWANCES TO AMORTIZATION AND DEPRECIATION ON INTANGIBLE AND TANGIBLE ASSETS ON OPERATING INCOME	(31,517)	(29,368)
Depreciations on current assets	2,852	(532)
Provisions	663	(456)
Tax audit provisions	(287)	
Employee benefits	(440)	2,602
TOTAL NET CHANGES IN DEPRECIATION ON ASSETS AND PROVISIONS ON OPERATING INCOME	2,788	1,614
TOTAL AMORTIZATION, DEPRECIATION, IMPAIRMENTS AND PROVISIONS ON OPERATING INCOME	(28,729)	(27,754)
AMORTIZATION, DEPRECIATION AND PROVISIONS ON FINANCIAL INCOME	2018	2017
Depreciation on financial assets	(73)	
Provisions		
Employee benefits	(1,799)	(1,887)
TOTAL NET CHANGES IN DEPRECIATION ON ASSETS AND PROVISIONS ON FINANCIAL INCOME	(1,872)	(1,887)
AMORTIZATION, DEPRECIATION AND TAX PROVISIONS ON INCOME	2018	2017
Tax audit provisions	(8,961)	
TOTAL NET CHANGES IN DEPRECIATION ON ASSETS AND PROVISIONS ON INCOME	(8,961)	
TOTAL AMORTIZATION, DEPRECIATION, IMPAIRMENT AND PROVISIONS	(39,562)	(29,641)

The net changes in amortizations, depreciations, impairments and provisions, recognized in operating income, by activity are detailed below:

	2018	2017
Sales	499	92
Industrial production costs	(16,520)	(12,737)
Preparation and distribution costs	(5,626)	(5,071)
Promotion costs	(1,552)	(1,685)
Research costs	(236)	(184)
Regulatory affairs costs	7	(51)
Support function costs	(8,618)	(7,587)
Other operating revenue and expenses	3,317	(531)
TOTAL	(28,729)	(27,754)

>> NOTE 24 - PERSONNEL EXPENSES IN OPERATING INCOME

	2018	2017
Salaries and social charges	(201,297)	(200,391)
Profit sharing	(17,870)	(18,369)
Employee benefits (total cost)	(6,540)	(6,602)
Other personnel expenses	(7,797)	(7,691)
TOTAL	(233,504)	(233,053)

The total cost of employee benefits (excluding financial costs), included in personnel expenses is broken down as follows:

	2018	2017
Retirement indemnities	(2,369)	(2,163)
Agreement on Preparation for Retirement	(3,017)	(3,322)
Italian TFR	(660)	(653)
Belgium prepension	(21)	(11)
Long-service bonuses and bonuses granted	(473)	(453)
TOTAL	(6,540)	(6,602)

Personnel expenses by activity have changed as follows:

	2018	2017
Industrial production costs	(46,127)	(44,454)
Preparation and distribution costs	(67,051)	(68,852)
Promotion costs	(74,650)	(72,685)
Research costs	(990)	(1,169)
Regulatory affairs costs	(5,970)	(5,701)
Support function costs	(38,716)	(40,192)
Other operating revenue and expenses	(0)	0
TOTAL	(233,504)	(233,053)

The amount paid by BOIRON parent company for mandatory and supplemental retirement plans was €17,095 thousand in 2018, compared to €16,936 thousand in 2017.

>> NOTE 25 - RESEARCH COSTS

Research costs, which correspond to the costs of pharmacological, clinical and fundamental research (cf. note 2.4.2), amounted to €3,825 thousand in 2018 compared to €3,586 thousand in 2017: the main costs were fees of €2,043 thousand in 2018 (compared to €1,825 thousand in 2017) and personnel expenses (cf. note 24).

>> NOTE 26 - OTHER OPERATING REVENUE AND EXPENSES

	2018	2017
Income on disposable assets ⁽¹⁾	6,438	3,518
Tax credit competitiveness employment ⁽²⁾	2,768	3,407
Other tax credits (including research tax credits) ⁽²⁾	1,683	1,634
Net changes in provisions	(21)	(78)
Gains and losses on derivative instruments (related to operating hedges)	(152)	(67)
Foreign exchange gains and losses on operating transactions	779	(645)
Resolution of the commercial dispute in Belgium ⁽³⁾	(171)	
Other	1,067	(367)
TOTAL	12,391	7,402
<i>Including other operating revenue</i>	<i>12,865</i>	<i>9,102</i>
<i>Including other operating expenses</i>	<i>(474)</i>	<i>(1,700)</i>

⁽¹⁾ In 2018: €6,207 thousand capital gain on the sale of the Levallois-Perret site (cf. note 1).

In 2017: €3,293 thousand capital gain on the sale of the Lyon 8th site.

⁽²⁾ Cf. note 2.6.

⁽³⁾ The impact of the resolution of the commercial dispute in Belgium is -€1,741 thousand: -€1,766 thousand in termination penalties and +€1,596 in write-backs of impairment of accounts receivable (cf. notes 1 and 32).

>> NOTE 27 - OTHER FINANCIAL REVENUE AND EXPENSES

	2018	2017
Other financial revenue	493	429
Including net financial return on outsourced investments of employee benefits ⁽¹⁾	492	327
Including gains and losses on cash and financial accounts		60
Including gains and losses on derivative instruments (related to financial hedges)		31
Other financial expenses	(2,907)	(2,245)
Including interest cost of employee benefits ⁽¹⁾	(2,291)	(2,214)
Including gains and losses on cash and financial accounts	(44)	0
Including gains and losses on derivative instruments (related to financial hedges)	(157)	
Including impairment of long-term securities	(73)	
Including bank fees on financial transactions	(328)	

⁽¹⁾ Cf. note 17.

>> NOTE 28 - CORPORATE INCOME TAX

> 28-1 - BREAKDOWN OF THE TAX CHARGE

	2018	2017
Current taxes payable	(48,668)	(42,131)
Deferred taxes	2,129	(2,797)
TOTAL	(46,539)	(44,928)
Effective rate	44.8%	36.5%

The difference between the recognized tax charge and the tax that would have been recognized at BOIRON parent company theoretical rate breaks down as follows for 2017 and 2018:

	2018	%	2017	%
Theoretical tax	(35,805)	34.4	(42,394)	34.4
Impact of subsidiaries tax rates	(204)	0.2	(2,008)	1.6
Impact of reduced tax rates in France ⁽¹⁾	(1,165)	1.1	(768)	0.6
Permanent differences	(438)	0.4	(197)	0.2
Fiscal loss or gain without recognition of income tax	(954)	0.9	(1,469)	1.2
Tax audit provision ⁽²⁾	(8,961)	8.6		
Tax credits, deferred income tax adjustment and other ⁽³⁾	988	(1.0)	1,908	(1.5)
Actual tax	(46,539)	44.8	(44,928)	36.5

⁽¹⁾ A €1,257 thousand deferred tax expense was recognized in net income on December 31, 2018 in anticipation of the decrease in the French tax rate (progressive decrease from the current 34.43% rate to 25.83% in 2022).

An additional expense of €779 thousand was recognized for the same reason in 2017.

⁽²⁾ A provision of €8,961 thousand was recognized for the tax audit currently being performed on the BOIRON parent company (cf. note 18).

⁽³⁾ Of which €1,480 thousand in tax income received by the BOIRON parent company as reimbursement of the 3% tax on dividends paid in 2013 and 2014 (cf. note 1).

The group theoretical tax (34.4%) is calculated on the basis of the rate applicable in France.

> 28.2 - BREAKDOWN OF DEFERRED TAXES IN THE BALANCE SHEET

The position of deferred taxes in the balance sheet has changed as follows:

	12/31/2017	Impact on net result	Impact on other comprehensive income		12/31/2018
			Actuarial differences on employee benefits	Currency translation adjustments and other movements	
Deferred taxes on regulated provisions	(11,187)	(1,157)			(12,344)
Deferred taxes on capital leases	144	(100)			44
Deferred taxes on loss carry-forwards	1,561	(154)			1,407
Deferred taxes on employee benefits	30,585	(455)	(3,127)		27,003
Deferred taxes in relation to local taxation	6,338	397		62	6,797
Deferred taxes on other items	7,058	3,598		235	10,891
Net deferred tax ⁽¹⁾	34,499	2,129	(3,127)	297	33,798
including net deferred tax assets	34,535	2,628		288	34,324
including net deferred tax liabilities	(36)	(499)	(3,127)	9	(526)

⁽¹⁾ The anticipated lowering of income tax in France has led to the recognition of:

- expense of €1,257 thousand in net income (cf. note 28.1);
- expense of €353 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, 2018, deferred taxes not recorded on loss carryforwards, in accordance with the principles set out in note 2.6, amounted to €5,315 thousand, compared to €4,706 thousand at December 31, 2017. They mainly concern Brazil, UNDA and Switzerland.

>> NOTE 29 - EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	2018	2017
Net earnings (in thousand of euros)	57,459	78,243
Average number of shares for the fiscal year	17,789,791	18,429,643
EARNINGS PER SHARE (in euros)	3,23	4,25

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 30 - STATEMENT OF CASH FLOWS

Group net cash amounted to €216,830 thousand at the end of 2018, compared to €264,940 thousand at the end of 2017.

The reconciliation between the cash position on the consolidated balance sheet and the net cash position on the statement of cash flows is as follows:

			2018	2017
Cash and cash equivalents	Consolidated balance sheet	Note 14	217,248	275,009
Cash liabilities (included in current borrowings and financial debts)	Consolidated balance sheet	Note 16	418	10,069
Net cash position	Statement of consolidated cash flows		216,830	264,940

Cash position variation (including the impact of foreign currency exchange rates) was -€48,110 thousand in 2018, compared to +€24,162 in 2017. This decrease is mainly due to the increased cash flow generated by financing operations and the decrease in cash flow generated by operations.

The cash flows related to operating activities amounted to €84,250 thousand in 2018, compared to €104,745 thousand in 2017, a decrease of €20,495 thousand. This decrease is mainly explained by:

- the decrease in consolidated cash flow (€16,945 thousand) compared with the decrease in operating income. It represented 21.8% of sales versus 24.1% in 2017,
- a decrease in the tax paid (€6,557 thousand). In 2018, BOIRON parent company received a tax refund of €4,182 thousand for the 3% on previously paid dividends.
- the decreased change in working capital requirements (€10,107 thousand). In 2018, the change in working capital requirement of -€8,767 thousand mainly resulted from the following factors:
 - an increase in inventories (€9,771 thousand) mainly in the United States for the top specialties,
 - an increase in accounts receivable (€2,197 thousand) impacted by the increase in sales in the United States and Romania. However, they decreased in Spain, Italy and France due to the decrease in sales,
 - an increase in accounts payable (€5,165 thousand), mainly in France (mainly on advertising costs, outsourcing fees and energy costs).

The cash flows related to investment activities amounted to €39,407 thousand compared to €51,182 thousand in 2017. The decrease of €11,775 thousand was mainly the result of investments on the Messimy site. In 2018, cash flows mainly involved:

- acquisitions of tangible fixed assets amounting to €40,884 thousand:
 - on the Messimy site, continued work on the new buildings and landscaping,
 - construction of the future group logistics platform in Les Olmes,
 - purchase of land and construction of a new site in Lille, to concentrate the teams from two rented sites,
 - investment in production equipment on the Montévrain site,
 - purchase and start of renovations on the future headquarters for the US subsidiary, with move-in planned for 2019.
- the sale of tangible fixed assets amounting to €8,376 thousand, mainly the sale of the Levallois-Perret site.
- €6,800 thousand in investments in intangible assets: these include group IT projects (export orders and logistics platform, Cloud implementation, continued JD Edwards ERP roll-out, BI, CRM, payroll system and group repository).

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 (+€1,453 thousand).

Cash flows from financing activities amounted to €91,961 thousand versus €29,253 thousand in 2017. They mainly comprise dividend payments amounting to €28,304 thousand (down from €29,485 thousand in 2017) and the purchase of shares for €63,701 thousand outside the liquidity contract (no share purchases in 2017). The shares were canceled during the second half of 2018.

>> NOTE 31 - 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 isolated asset acquisitions are related to the acquisition of the ALKANTIS patents and brands. This equity-financed acquisition amounted to €2,495 thousand. The contract also includes an earn-out clause:

- in 2023, 10% of sales of the product in excess of 10 million euros in 2022, limited to 2 million euros;
- in 2028, 10% of sales of the product in excess of 20 million euro in 2027, limited to 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:

	12/31/2018	Schedule			12/31/2017
		Less than 1 year	From 1 to 5 years	More than 5 years	
Received commitments	1,276	991	285	0	2,232
Real estate guarantees	1,276	991	285		2,232
Given commitments	18,367	5,946	9,776	2,645	29,002
Bank securities	0				5,026
Customs and tax deposits	822			822	822
Leases	17,545	5,946	9,776	1,823	23,154

Leasing expenses amounted to €8,867 thousand in 2018 and €9,096 thousand in 2017.

The group operating leasing expenses were:

- Vehicle leases (approximately 50%), with an average duration of three years.
- Real estate leases (approximately 30%), mainly preparation and distribution establishments 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, 2018, there were no clauses that could lead to additional liabilities other than those set out in note 9.

>> NOTE 32 - CONTINGENT ASSETS AND LIABILITIES

> 32.1 - LITIGATION IN THE UNITED STATES

In the USA, the last class action suit against the Oscilloccinum® 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. The plaintiff appealed the decision. On November 8, 2018, the Court of Appeals confirmed the dismissal. The proceedings have now been definitively closed.

> 32.2 - 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, 2018.

> 32.3 - 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.

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.

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.

On December 18, 2018, the arbitration tribunal ruled that UNDA must pay the sum of €171 thousand to Ce.M.O.N., corresponding to the difference between the contract termination penalty of €1,766 thousand and Ce.M.O.N.'s outstanding balance of €1,596 thousand in unpaid invoices.

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 33 - RELATED PARTIES

> 33.1 - RELATED COMPANIES

	SODEVA ⁽¹⁾		CDFH ⁽²⁾		IFCH ⁽²⁾		CEDH ⁽²⁾		ARCHIBEL	
	12/31//2018	12/31/2017	12/31//2018	12/31/2017	12/31//2018	12/31/2017	12/31//2018	12/31/2017	12/31//2018	12/31/2017
Purchases of goods							28	66	None	None
Disposals of goods									None	None
Services provided	8	8	277	275			228	230	None	None
Services received			25	28			2,414	2,408	None	None
Total receivables			112	79			120	72	None	None
Total payables			20	19			664	540	None	None

⁽¹⁾ BOIRON family holding company.

⁽²⁾ Associations for the development of homeopathy.

> 33.2 - 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	1,201	107
Variable compensation linked to employment contract ⁽¹⁾	598	21
Variable compensation linked to corporate manager function ⁽²⁾	530	
Other compensation		
Fees		96
Attendance fees	39	196
In kind compensation ⁽³⁾	45	
Total due gross compensation 2018	2,413	420
Total due gross compensation 2017 (reminder)	2,289	450
Post-employment benefits (retirement indemnities and Agreement on Preparation for Retirement)	729	113
Other long-term benefits (long-service bonuses)	77	7

⁽¹⁾ The variable compensation linked to employment contracts includes incentive bonus, legal 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 (€24 thousand) and a company car (€21 thousand).

>> NOTE 34 - STATUTORY AUDITORS' FEES

The fees of the statutory auditors recognized as expenses in 2018 and 2017 are shown below:

Statutory auditors' fees accounted for ^{(1) (2)} (Amount excluding tax, thousands of euros)	MAZARS 2018	MAZARS 2017 ⁽⁴⁾	DELOITTE 2018	DELOITTE 2017 ⁽⁴⁾
Certification of financial statements	122	122	118	118
Services other than certification of financial statements required by law ⁽³⁾	6	6	6	6
Services other than certification of financial statements ⁽³⁾	4			
TOTAL	132	128	124	124

⁽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.

⁽⁴⁾ The 2017 data has been modified from the published version to facilitate comparisons and integrate the impact of the national company of statutory auditors (French 'CNCC') January 2019 statement.

The information shown in this table was prepared in compliance with ANC regulation no. 2016-09.

>> NOTE 35 - SUBSEQUENT EVENTS

No post-closing events which might have a material impact on the group financial statements have been identified.

4.2 - Statutory Auditors' report on the consolidated financial statements

Mazars

Le Premium
131 boulevard de Stalingrad
69624 Villeurbanne Cedex

Deloitte & Associés

Immeuble Higashi,
106, cours Charlemagne CS 40207
69286 Lyon Cedex 2

This is a translation into English of the statutory auditors' report on the consolidated 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 information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2018

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 consolidated financial statements of Boiron for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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. 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 Consolidated 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, 2018 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

Without qualifying the above conclusion, we draw your attention to Note 2 “Valuation methods and consolidation principles” setting out the impacts of the first-time application of IFRS 15, Revenue from Contracts with Customers and IFRS 9, Financial Instruments.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 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 consolidated 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Retirement termination benefit and retirement preparation agreement commitments (Notes 2.9 and 17 to the consolidated financial statements)

Risk identified

Boiron Group employees receive post-employment benefits in France, including retirement termination benefits pursuant to the collective bargaining agreement and benefits granted pursuant to an internal retirement preparation agreement.

These commitments are calculated each year by an independent actuary. A non-current provision is recognized in balance sheet liabilities in the amount of K€101,238 as of December 31, 2018. The commitment valuation method is disclosed in Note 2.9.1.2 to the consolidated financial statements and the actuarial assumptions adopted are presented in Note 17.2.1.

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.
- The provision amount is sensitive to the calculation assumptions and methods used. A change in these assumptions compared to observations could have a material impact on the consolidated financial statements of the Group.

Our response

As part of our audit of the consolidated financial statements, our work consisted in:

- Familiarizing ourselves with the retirement preparation agreement;
- Examining the compliance of the post-employment benefit commitment calculation method applied by the Group with IAS 19 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 critical 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 correct recognition of the change in commitments in the consolidated financial statements as of December 31, 2018;
 - Verifying the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Verification of the Information Pertaining to the Group Presented in the Management Report

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements. We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group's management report, it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Boiron SA by the annual general meeting held on May 18, 2017 for Deloitte & Associés and on May 19, 2011 for Mazars.

As of December 31, 2018, Deloitte & Associés and Mazars were in the 2nd year and 8th year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

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 15, 2019

The Statutory Auditors,

Mazars
Nicolas DUSSON

Deloitte & Associés
Vanessa NICOU-D-GIRARDET

4.3 - Table showing the subsidiaries and holdings

		Local currency	Capital	Shareholders' equity except share capital, including result before profit distribution	Share of the held capital	Book of the gross
Country	Subsidiaries and interests	currency, thousands	currency, thousands	as a %	euros, thousands	
Subsidiaries (> 50% of the share capital held by the company)						
Italy	LABORATOIRES BOIRON	1,000 EURO	2,500	9,398	99.91	624
USA	BOIRON USA consolidated owns 100% of BOIRON (USA)	1,000 USD	3,588	-20	100.00	3,452
Spain	BOIRON SOCIEDAD IBERICA DE HOMEOPATIA	1,000 EURO	1,099	2,222	99.99	2,295
Canada	BOIRON CANADA	1,000 CAD	2,395	747	100.00	1,614
Germany	BOIRON	1,000 EURO	511	-647	100.00	517
Belgium	UNDA	1,000 EURO	5,356	-3,660	79.17	7,127
France	BOIRON CARAIBES	1,000 EURO	1,660	1,583	99.04	1,898
France	C.D.F.H.	1,000 EURO	8	285	100.00	8
Czech Republic	BOIRON CZ	1,000 CZK	3,600	51,444	100.00	99
Slovakia	BOIRON SK	1,000 EURO	406	349	100.00	390
Poland	BOIRON SP	1,000 PLN	10,099	-8,114	100.00	2,624
Romania	BOIRON RO	1,000 RON	80	4,590	100.00	43
Tunisia	BOIRON TN	1,000 TND	105	1,321	99.90	84
Hungary	BOIRON	1,000 HUF	299,000	-312,399	100.00	960
Bulgaria	BOIRON BG	1,000 BGN	650	1,496	100.00	332
Russia	BOIRON	1,000 RUB	827,000	831,784	100.00	13,775
Brazil	BOIRON MEDICAMENTOS HOMEOPATICOS	1,000 BRL	57,812	-43,390	99.99	18,404
Belgium	BOIRON BELGIUM	1,000 EURO	3,650	-1,851	100.00	3,650
France	BOIRON	1,000 EURO	555	1,013	100.00	555
Italy	LABORATOIRES DOLISOS ITALIA	1,000 EURO	1,000	-21	100.00	3,214
Switzerland	BOIRON	1,000 CHF	1,900	-74	100.00	2,505
France	LES EDITIONS SIMILIA	1,000 EURO	43	186	97.52	752
Portugal	BOIRON	1,000 EURO	400	437	100.00	400
Belgium	BOIRON	1,000 EURO	11,019	-2,171	100.00	11,019
France	C.E.D.H.	1,000 EURO	508	168	100.00	566
India	BOIRON LABORATORIES	1,000 IND	150,000	-99,330	99.99	1,990
Colombia	BOIRON SAS	1,000 COP	2,000,000	0	100.00	553

value shares 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	548				33,795	622	500	
3,452	11,017			0.84639	0	10		Holding
2,295		482			16,428	-657		
1,614	359			0.65351	17,379	93	248	
0					-	-3	-	No activity
2,505	1,973				5,651	-1,153		
1,898		2,463			7,891	548	247	
8					954	-16	-	
99		302		0.03900	156,205	-3,935		
390	569				2,667	227		
363	4,404		68	0.23471	32,190	-3,798		
43	3,479			0.21487	45,852	-5,431		
84				0.32167	5,625	178		
0	513			0.00314	827,802	-281,243		
332				0.51130	5,116	214		
13,775			576	0.01350	1,860,252	118,561		
3,245				0.23209	18,386	-2,817		
2,239		117			-	-308	-	Holding
555		1,366			5,850	383	200	
979		935			-	-49		Company in liquidation
1,620		711		0.86589	4,335	4	-	
223		201			176	-10	-	
400	42				4,323	-51	100	
10,729		1,748			17,919	-115		
566	272				3,758	53		
636			21	0.01239	16,618	-51,925		
553				0.00027		0		Company established on October 17, 2018

4.4 - Result of BOIRON parent company during the last five years

Data converted into thousands of euros		2014	2015	2016	2017	2018
I CAPITAL AT THE END OF THE FISCAL YEAR						
a	Share capital	19,442	19,442	19,442	19,415	17,566
b	Number of existing ordinary shares	19,442	19,442	19,442	19,415	17,566
c	Number of existing preferred shares (without right to vote)					
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	448,447	470,020	487,095	488,858	494,072
b	Income before tax, employee profit sharing, allowances for and cancellations of amortizations and provisions	151,622	163,840	174,322	162,823	153,365
c	Income tax	38,790	42,580	43,062	38,368	35,923
d	Employee profit sharing for the fiscal year	6,956	7,171	7,877	7,650	7,753
e	Result after taxes, employees profit sharing, and allowances for amortizations and provisions	83,150	88,677	95,871	82,584	63,578
f	Distributed profit	29,163	29,163	31,064	31,064	25,471
III EARNINGS PER SHARE						
a	Result after taxes, employees profit sharing, but before allowances for amortizations and provisions.	5.45	5.87	6.35	6.02	6.24
b	Result after taxes, employees profit sharing, and allowances for amortizations and provisions	4.28	4.56	4.93	4.25	3.62
c	Dividend distributed by share	1.50	1.50	1.60	1.60	1.45 ⁽¹⁾
IV STAFF						
a	Average workforce in full-time equivalents for the workers employed during the fiscal year	2,424	2,409	2,400	2,398	2,361
b	Amount of the payroll for the fiscal year	94,736	96,933	97,328	100,162	100,755
c	Amount of the sums paid in respect of fringe benefits in the fiscal year (Social Security, charitable works, etc.)	51,080	52,444	51,309	51,433	51,028

⁽¹⁾ Depending on the resolutions proposed to the Shareholders' Meeting.

4.5 - Supplier and customer payment times

Invoices received or issued which were due and outstanding at the time of account closing (table required in I of article 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 days (for guidance)	1 - 30 days	31 - 60 days	61 - 90 days	91 days and over	Total (1 day and over)	0 days (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						2,875						689
Total amount of invoices concerned excl. tax		5,091,673	2,055,776	441,776	508,003	8,097,227		216,975	516,471	372,974	1,325,981	2,432,401
Percentage of total purchases excl. tax during the year		2.44%	0.98%	0.21%	0.24%	3.87%						
Percentage of sales excl. tax for the year								0.04%	0.11%	0.08%	0.27%	0.50%
(B) Invoices excluded from (A) relating to these disputed or unrecorded payables and receivables												
Number of invoices excluded			134						1,682			
Total amount of excluded invoices (excl. tax)			761,199						839,365			
(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 15 th ☐ Statutory deadlines						☒ Contractual deadlines: 30 days end of month ☐ Statutory deadlines					

LEGAL INFORMATION
ABOUT THE COMPANY
AND ITS CAPITAL

5.1 - Share capital

The share capital is fixed at SEVENTEEN MILLION FIVE HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED AND SIXTY EUROS (€17,565,560) divided into SEVENTEEN MILLION FIVE HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED AND SIXTY ordinary shares of ONE EURO (€1) each, fully paid-up and to which are associated, as at February 28, 2019, 31,033,064 theoretical voting rights and 30,989,600 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	Nature of the transactions	Capital increase (or reduction)	Number of shares after the operation	Capital after the operation
Board of Directors' meeting of 12/14/2016	As from January 1, 2017: Cancellation of 26,957 shares bought back 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
Board of Directors' meeting of 9/5/2018	As from October 30, 2018: Cancellation of 1,849,196 shares bought back by the company and a €1,849,196 capital reduction corresponding to the nominal value of the shares acquired.	(€1,849,196)	17,565,560	€17,565,560

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 SECURITIES (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, 2019)

	% Shares	% of voting rights exercisable at the Shareholders' meeting
Thierry Boiron (Board member - executive corporate officer)	4.35	4.92
Valérie Lorentz-Poinsot ((Board member - executive corporate officer)	0.01	0.01
Jean-Christophe Bayssat (Executive corporate officer)	0.00	0.00
Christian Boiron (Board member)	1.38	1.52
Jacky Abécassis (Board member)	0.00	0.00
Michèle Boiron (Board member)	1.55	1.68
Michel Bouissou (Board member)	0.00	0.00
Christine Boyer-Boiron (Board member)	1.13	1.28
Jean-Pierre Boyer (Board member)	0.02	0.02
Stéphanie Chesnot (Board member)	0.03	0.03
Bruno Grange (Board member)	0.00	0.00
Virginie Heurtaut (Board member)	0.03	0.03
Christine Boutin (Board member)	0.00	0.00
Grégory Walter (Board member)	0.00	0.00

⁽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 above mentioned threshold.

When determining the above mentioned 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 buyback program. The most recent share buyback program was authorized by the Combined Shareholders' Meeting on May 17, 2018, under its fourteenth ordinary resolution, 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 investment service provider 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, in extraordinary nature,
- 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 2018 fiscal year:

As at December 31, 2018:

- Percentage of treasury shares: 0.26%
- Number of treasury shares held in portfolio: 46,258 (nominal value €46,258)
- Number of treasury shares broken down by intended use:
 - Supporting the stock price through an AMAFI liquidity agreement: 26,106 (nominal value €26,106)
 - External growth transactions: None
 - 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: 20,152 (nominal value €20,152)
- Book value of the portfolio: 2,493,258 euros
- Market value of the portfolio: 2,264,329 euros (based on closing value on December 31, 2018).
- Total nominal value: 46,258 euros

From January 1, 2018 to December 31, 2018		Liquidity agreement	External growth	Cancellation	Total
Purchases	Number of shares	157,298		898,611	1,055,909
	Price ⁽¹⁾	€66.38		€70.68	€70.04
	Negotiation costs			€358,068	€358,068
	Amount	€10,440,794		€63,868,261	€74,309,055
Sales / Transfers	Number of shares	144,960	970,737	878,459	1,994,156
	Price ⁽¹⁾	€69.91	€71.66	€70.95	€71.22
	Negotiation costs				
	Amount	€10,134,288	€69,561,512	€62,326,275	€142,022,075

⁽¹⁾ Average share price

Noted that the Board of Directors Meeting of September 5, 2018 voted in favor of the cancellation of 1,849,196 shares bought back by the company and a capital reduction of 1,849,196 euros corresponding to the nominal value of the shares bought back, effective October 30, 2018, as indicated in paragraph 5.1.1 of this Reference document.

The share capital was therefore reduced from €19,414,756 to €17,565,560.

5.1.3.2 - AUTHORIZATION TO IMPLEMENT A NEW SHARE BUYBACK PROGRAM

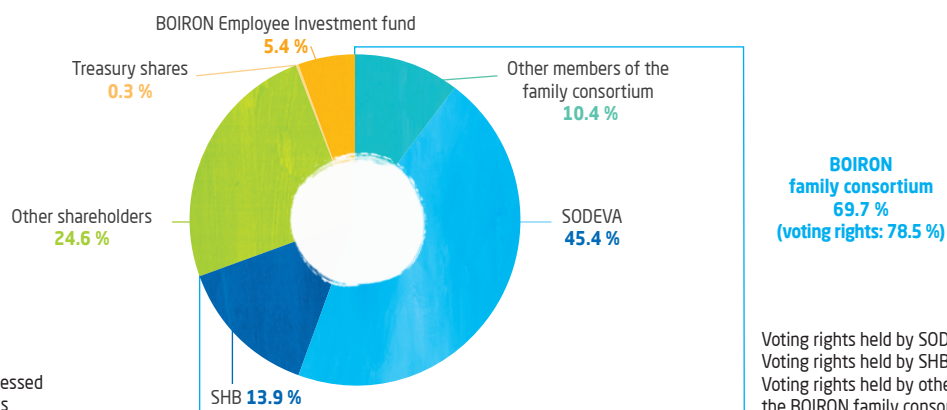
The Combined Shareholders' Meeting of May 16, 2019 will be called to approve the introduction of a new share buyback program, according to articles L225-209 and seq. of the French Commercial Code, to replace the current program, which would be terminated in advance (see paragraph 5.6).

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 €90 per share for a maximum total cost of €158,090,040.

5.2 - Main shareholders

At December 31, 2018, the capital was distributed as follows:



All voting rights are expressed excluding treasury shares

Following the cancellation of the shares bought back by BOIRON, as approved by the Board of Directors meeting of September 5, 2019, effective October 30, 2018, the company's share capital comprises 17,565,560 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, 2018 are, to the company's best knowledge, listed below:

Shareholders	% of capital	% of voting rights
Holding over 5%	FCPE BOIRON (employee investment fund)	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⁾	
Holding over 50 %		SODEVA ⁽²⁾
Holding over 66 2/3 %	BOIRON Family Consortium ⁽³⁾	BOIRON Family Consortium ⁽³⁾

⁽¹⁾ Public limited liability company (société anonyme) controlled by the Henri Boiron family branch.

⁽²⁾ Public limited liability company (société anonyme) 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, 2018, the BOIRON family consortium held 12,239,179 shares (registered and bearer) representing 69.68% of the share capital and 78.54% of the voting rights (excluding treasury shares).

CHANGES IN SHARE CAPITAL BREAKDOWN

	Number of shares	% of share capital	Number of voting rights exercisable at Shareholder's Meeting	% of voting rights exercisable at Shareholder's Meeting	Theoretical number of voting rights	Theoretical % number of voting rights
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 natural persons	1,829,739	9.41	3,606,153	11.72	3,606,153	11.34
Public	5,346,814	27.50	5,833,871	18.95	5,833,871	18.35
FCPE (Employee Investment Fund)	912,000	4.69	1,797,000	5.84	1,797,000	5.65
Treasury shares	1,003,535	5.16	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 natural persons	1,833,519	9.44	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
December 31, 2018						
BOIRON family consortium	12,239,179	69.68	24,334,955	78.54	24,334,955	78.42
• of which SODEVA	7,966,313	45.35	15,862,723	51.20	15,862,723	51.12
• of which SHB	2,438,747	13.88	4,855,394	15.67	4,855,394	15.65
• of which natural persons	1,834,119	10.44	3,616,838	11.67	3,616,838	11.65
Public	4,343,373	24.74	4,818,917	15.55	4,818,917	15.59
FCPE (Employee Investment Fund)	945,250	5.38	1,830,250	5.91	1,830,250	5.90
Treasury shares	46,258	0.20	0	0	46,258	0.09
TOTAL	17,565,560	100	30,984,122	100	31,030,380	100

Mr. Thierry Boiron is Chairman of the Board of Directors and Chairman and General Manager of SODEVA. The BOIRON family consortium is made up of two companies (SODEVA and SHB) and twenty-one 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.

During its meeting on October 30, 2018, the French Financial Market Authority (AMF) examined a request for an exemption from the obligation to file a takeover bid of the shares of the BOIRON public limited liability company, as part of the planned cancellation of all of the company's treasury shares (AMF opinion no. 218C1745):

- The BOIRON family consortium, which comprises the companies SODEVA and SHB as well as natural persons, held 12,231,679 BOIRON shares representing 24,317,550 voting rights, respectively 63.00% and 73.98% of the company's total capital and voting rights.
- The company's board of directors' meeting of September 5, 2018 decided, subject to the condition precedent to obtaining an exemption to file a takeover bid, to cancel 1,849,196 BOIRON treasury shares under the authorization granted by the Combined Shareholders' Meeting of May 18, 2017. The planned operation would leave the majority-owner family consortium with 12,231,679 BOIRON shares representing 24,317,550 voting rights, which would then represent 69.63% and 78.39% of the company's total capital and voting rights respectively.
- The company SODEVA thus increased its capital and voting rights, which initially fell between 30% and 50%, by more than 1% in less than 12 consecutive months, incurring the obligation to file a proposed public offer of BOIRON shares pursuant to article 234-5 of the general regulation.
- SODEVA therefore submitted a request for an exemption from this requirement to the French Financial Market Authority, based on article 234-9, 6° of the general regulation.
- Because the company SODEVA is a member of the family consortium which held the majority of voting rights in the BOIRON company prior to the planned operation, the French Financial Market Authority granted the exemption requested on the basis of the rules cited.

During the 2018 fiscal year, the declaration of threshold crossing and intention were the following:

- In a letter received on October 31, 2018 (AMF Opinion No. 218C1757), the BOIRON family consortium, composed of the companies SODEVA and SHB as well as natural persons, stated that on October 30, 2018 it increased its share in the capital of the BOIRON company to over the 2/3 threshold and that it held 12,231,679 BOIRON shares representing 24,317,550 voting rights, representing 69.63% and 78.39% of the company's total capital and voting rights respectively, according to the following allocation:

	Shares	% capital	Voting rights	% voting rights
SODEVA	7,966,313	45.35	15,862,723	51.13
SHB	2,431,247	13.84	4,844,394	15.62
Other natural persons	1,834,119	10.44	3,610,433	11.64
BOIRON Family Consortium	12,231,679	69.63	24,317,550	78.39

This threshold was crossed due to the cancellation of 1,849,196 BOIRON treasury shares under the authorization granted by the Combined Shareholders' Meeting of May 18, 2017, and BOIRON's resulting capital reduction.

On this occasion, the company SODEVA reported that it had individually increased its voting rights in the BOIRON company to over the 50% threshold, and that it had also increased its stake in the company, which was previously between 30% and 50% of capital and voting rights, by more than 1% in less than twelve consecutive months and the company SHB reported that it had individually increased its voting rights in the BOIRON company to over the 15% threshold.

In the same letter the following declaration of intention was made by the company SHB:

"The company SHB's voting rights increased to over the 15% threshold due to the cancellation of 1,849,196 treasury shares held by the BOIRON company and the corresponding capital reduction.

The company SHB does not intend to implement any specific strategy with regard to BOIRON, nor to exercise any specific influence on its management, except that exercised by the BOIRON family consortium, of which it is a member and which prior to the capital reduction held the majority of voting rights in the BOIRON company, with 73.98% of voting rights.

The company SHB does not intend to take control of BOIRON nor to request its appointment, or that of one or more persons, as BOIRON board members; it is hereby noted that two shareholders and board members of the company SHB are also shareholders and board members of the company BOIRON, and have been since before the capital reduction."

No agreements or instruments listed in article L233-9 4° and 4° bis of the French commercial code exist for BOIRON, nor does any temporary transfer agreement regarding its shares or voting rights.

The company SODEVA's increase in its capital and voting rights in the company BOIRON, which initially fell between 30% and 50% and increased by more than 1% in less than twelve consecutive months, received an exemption from the obligation to file a takeover bid, reproduced in D&I 218C1745 and published online on October 30, 2018.

- In a letter received on November 6, 2018 (AMF Opinion 218C1794), completed by a letter received on November 7, NATIXIS INVESTMENT MANAGERS INTERNATIONAL (43 avenue Pierre Mendès France, CS 41432, 75013 Paris cedex 13), acting on behalf of the FCPE Boiron (Employee Investment Fund), which it manages, reported that, effective October 31, 2018, it had increased its stake in the company BOIRON to over the 5% threshold and that it held 933,100 BOIRON shares representing 1,818,100 voting rights, corresponding to 5.31% of the capital and 5.86% of the voting rights in the company, on behalf of the said fund.

No material changes have taken place in the shareholder structure or voting rights since December 31, 2018.

■ 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
SHB	Board member	Jean-Pierre Boyer				10,500	€59.38	€623,490

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 34% of employee savings from 2017 were transferred into the BOIRON employee investment fund (FCPE) in 2018.
- Profit sharing: 39% of the funds from the 2017 profit sharing incentive were invested in the BOIRON employee investment fund in 2018.
- Voluntary contributions: Employees can also make voluntary transfers into the BOIRON employee investment fund. In 2018, 1,648 employees contributed a total of €2,268 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, 2018, the BOIRON employee investment fund's assets amounted to more than €67 million, 68% of that in BOIRON shares. About 90% of employees own a portion of the BOIRON employee investment fund.

The BOIRON employee investment fund held 5.38% of BOIRON's share capital at December 31, 2018 (4.79% at December 31, 2017).

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

COMPANY NAME:

BOIRON

HEADQUARTERS:

2, avenue de l'Ouest Lyonnais - 69510 Messimy
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

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.

Article 12 - Indivisibility of shares

The voting right attached to the share is exercised by the owner of pledged shares. In the event of division of share ownership, it belongs to the usufructuary for Ordinary Shareholders' Meetings and to the bare-owner for Extraordinary Shareholders' Meetings.

■ 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 16, 2019 - extraordinary part

Dear Shareholders,

We have gathered you for the Shareholders' Meeting to vote on the following resolution during the Extraordinary portion:

1. Authorization of a capital reduction by cancellation of treasury shares (fifteenth resolution)

We are asking you to renew the authorization granted to the Board of Directors by the Combined General Meeting of May 18, 2017 under its sixteenth extraordinary resolution for a 24-month period to cancel the shares purchased through a buyback program and to correlatively reduce the share capital.

The Combined General Meeting of May 18, 2017 under its sixteenth extraordinary resolution authorized the Board of Directors to cancel treasury shares as part of a share buyback program.

This authorization was used for cancelling, effective October 30, 2018, 1,849,196 shares bought by the company, pursuant to the decision of the Board of Directors Meeting of September 5, 2018.

The fifteenth resolution submitted for your vote would renew this authorization. It would authorize the Board of Directors to cancel the shares allocated for this purpose as part of the share buyback program covered by the fourteenth resolution, and limited to 10% of the share capital over 24 months, and to modify the articles of association accordingly.

If this proposal meets with your agreement, please approve it by voting for the texts of the resolutions which will be given to you.

Messimy
On March 13, 2019

The Board of Directors

5.6 - Draft resolutions to be presented to the Combined Shareholders Meeting of May 16, 2019

Ordinary nature:

FIRST RESOLUTION

Approval of the annual financial statements for the period ended on december 31, 2018 - 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, 2018, approves as presented the annual financial statements closed at that date showing a profit of €63,578,454.11.

The Shareholders' Meeting expressly approves the total amount of €293,811 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, 2018

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, 2018, approves these financial statements as presented, showing a profit (group share) of €57,459,133.29.

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, 2018 as follows:

PROFIT FOR THE 2018 FISCAL YEAR	€63,578,454.11
+ Profit carried forward	€35,163,188.82
= DISTRIBUTABLE INCOME	€98,741,642.93
- Dividends of €1.45 per share, on the basis of 17,565,560 shares	-€25,470,062.00
= REMAINDER	€73,271,580.93
- Other reserves	-€38,000,000.00
+ CARRIED FORWARD	€35,271,580.93

The Shareholder's Meeting notes that the gross dividend allocated to each share is set at €1.45.

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 date is set at May 30, 2019.
Dividends will be paid on June 3, 2019.

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	INCOME ELIGIBLE FOR THE ALLOWANCE		INCOME NOT ELIGIBLE FOR THE ALLOWANCE
	DIVIDENDS ⁽¹⁾	OTHER DISTRIBUTED INCOME	
2015	€29,162,569.50 i.e. €1.50 per share	-	-
2016	€31,063,609.60 i.e. €1.60 per share	-	-
2017	€31,063,609.60 i.e. €1.60 per share	-	-

⁽¹⁾ of which carried forward (corresponding to dividends not paid out on treasury shares) :

- €1,516,512.00 in 2015
- €1,578,148.80 in 2016
- €2,579,129.60 in 2017

FOURTH RESOLUTION

Statutory Auditors' special report on regulated agreements and approval of these agreements - Approval of new agreements

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 agreements mentioned in the report.

FIFTH RESOLUTION

Reappointment of Mr. Christian Boiron as a Board Member

The Shareholders' Meeting resolves to reappoint Mr. Christian Boiron as a Board Member, for a three-year term, expiring at the end of the Meeting called in 2022 to approve the financial statements for the past fiscal year.

SIXTH RESOLUTION

Reappointment of Ms. Virginie Heurtaut as a Board Member

The Shareholders' Meeting resolves to reappoint Ms. Virginie Heurtaut as a Board Member, for a three-year term, expiring at the end of the Meeting called in 2022 to approve the financial statements for the past fiscal year.

SEVENTH RESOLUTION

Reappointment of Mr. Michel Bouissou as a Board Member

The Shareholders' Meeting resolves to reappoint Mr. Michel Bouissou as a Board Member, for a three-year term, expiring at the end of the Meeting called in 2022 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 €242,615 for the 2019 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 2.6.1.2 of the 2018 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 2.6.1.2 of the 2018 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 Lorentz-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 Lorentz-Poinsot, Deputy General Manager, for her service in that role during the past fiscal year, as shown in paragraph 2.6.1.2 of the 2018 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 2.6.1.2 of the 2018 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 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 2018, as presented in the corporate governance report, which appears in paragraph 2.6.1.1 of the 2018 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 17, 2018 under its fourteenth ordinary resolution.

Acquisitions may be made to:

- stimulate the secondary market or the liquidity of BOIRON shares through an investment service provider under a liquidity agreement that complies with the practices allowed 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,
- potentially cancel the shares acquired, in accordance with the authorization granted or to be granted by the Extraordinary Shareholders' Meeting,
- 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 €90 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 €158,090,040.

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

Granting of authority to the Board of Directors to cancel shares bought back by the company within the framework of the provisions of article L225-209 of the French Commercial Code

Having read the Board of Directors' report and the statutory auditors' report, the Shareholders' Meeting:

- 1) Authorizes the Board of Directors, at its sole discretion and acting in one or more phases, limited to 10% of the capital as calculated on the date of the decision to cancel and after deduction of any shares canceled within the previous 24 months, to cancel the shares that the company owns or may come to own following buybacks pursuant to article L225-20 of the French Commercial Code, and to reduce the share capital by the corresponding amount in accordance with the applicable legal and regulatory provisions,
- 2) Sets the expiration date of this authorization for twenty-four months from the date of this Shareholders' Meeting,
- 3) Fully empowers the Board of Directors to perform the transactions required for these cancellations and the attendant share capital reduction, to modify the articles of association accordingly, and to fulfill all necessary formalities.

SIXTEENTH RESOLUTION

Powers for formalities

The Shareholders' Meeting hereby fully empowers the bearer of an original, copy or extract of these minutes to accomplish all filing formalities and disclosures as required by law.

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
On April 15, 2019

Valérie Lorentz-Poinsot
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 2017 shown on pages 102 to 161 and on page 162 respectively of the Reference document of the fiscal year 2017 filed with the AMF on April 12, 2018 under number D.18-0321;
- 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 Monday, April 10, 2017 under number D.17-0357.

6.2 - Statutory Auditors

	Date of appointment	Term duration	End of term
STATUTORY AUDITORS			
DELOITTE & ASSOCIES Ms. Vanessa Nicoud-Girardet Immeuble Higashi 106, cours Charlemagne - 69002 Lyon Cedex Tel.: +33(0)4.78.63.16.16	Combined Shareholders' Meeting of 5/18/2017	6 fiscal years	2023 OSM
MAZARS Mr. Nicolas Dusson Le Premium 131, boulevard Stalingrad - 69624 Villeurbanne Cedex Tel.: +33(0)4.26.84.52.52	Initial appointment: Combined Shareholders' Meeting of 5/19/2011 Renewal: Combined Shareholders' Meeting of 5/18/2017	6 fiscal years	2023 OSM

6.3 - Public information

During the period of validity of this Reference document, the following documents (or copies of these documents) may, if necessary, be viewed at the company's headquarters:

- a) the issuer's articles of association,
- b) all reports, letters and other documents, historic financial information, assessments and statements drafted by an expert at the request of the issuer, excerpts of which are included or cited in this Reference document,
- c) the historic financial information of the issuer and its subsidiaries for each of the two fiscal years preceding the publication of this Reference document.

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 General Regulation of the AMF, 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. 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.

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:

Valérie Lorentz-Poinsot, General Manager
BOIRON

2, avenue de l'Ouest Lyonnais - 69510 MESSIMY

Tél. : +33 (0)4 78 45 61 00 - Fax : +33 (0)4 78 45 62 91

E-mail : boironfinances@boiron.fr

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
1 st Quarter 2019 Sales <i>Quiet period starts Wednesday, April 10, 2019</i>	Friday, April 26, 2019	
2019 Shareholders' Meeting	Thursday, May 16, 2019	
1 st Half 2019 Sales <i>Quiet period starts Wednesday, July 3, 2019</i>	Thursday, July 18, 2019	
1 st Half 2019 Results <i>Quiet period starts Friday, July 19, 2019</i>	Wednesday, September 4, 2019	Thursday, September 5, 2019 At 2:30 p.m. at the SFAF
3 rd Quarter 2019 Sales <i>Quiet period starts Wednesday, October 9, 2019</i>	Thursday, October 24, 2019	

6.5 - List of BOIRON parent company establishments as at December 31, 2018

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
29490 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

LES OLMES

Grandes Terres
Route Nationale 7
69490 LES OLMES

MARSEILLE

Château Gombert
Rue John Maynard Keynes
Technopole de Château Gombert
13013 MARSEILLE

MONTEVRAIN

1, rue Edouard Buffard
ZAC des Frênes
77144 MONTEVRAIN

MONTPELLIER PEROLS

75, impasse John Locke
Parc d'Activités de l'Aéroport
34470 PEROLS

MONTRICHARD

3, rue des Tonnarderies
41400 MONTRICHARD

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 Gabriel
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

SAINTE-FOY-LES-LYON

20, rue de la Libération
69110 SAINTE-FOY-LES-LYON

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

6.6 - Concordance table of Reference document

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21.1.5 Information on the terms regulating all vesting rights and obligations attached to the subscribed (but not paid-up) capital or any venture aimed at increasing the capital	N/A
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Company and group activity and results by sector		1.4 / 4.3.3
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Objective of and hedging policy for transactions in which company and group hedge accounting is used		
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Company and group's of financial instruments	AFR	1.5 / 4.1.2 (notes 21 & 32)
Financial risks linked to climate change and presentation of the measures taken to reduce them (low carbon strategy) for the company and the group	AFR	1.5.1.2
Company and group research and development activities		1.2.1.4 / 3.2.3.1 et 4.1.2 (note 25)
Branches		6.5
Legal, financial, and tax information on the company		
Distribution of and changes in share ownership		5.1 / 5.2
Names of the companies controlled and percentage of share capital owned		1.3.1
Significant acquisitions of stakes in companies headquartered in France during the fiscal year		N/A

Cross-holdings	N/A
Status of employee share capital ownership	5.3
Acquisition and sale by the company of its own shares (share buybacks)	AFR 5.1.3
Adjustment of equities granting share capital access in the case of financial transactions	N/A
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	1.4.7 / 5.6
Non tax-deductible expenditure and expenses	5.6
Injunctions or financial sanctions for anti-trust violations	N/A
Payment times and breakdown of the balance of accounts payable and accounts receivable	4.3.5
Amount of inter-company loans	N/A
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
Non-Financial Performance Statement	
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
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6.8 - Concordance table of the Non-Financial Performance Statement

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STRATEGY	    	
Description of the main risks linked to the business		1.5
Employee information		3.1 / 3.2
STRATEGY	      	
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Total headcount and employee distribution by sex, age and geographical zone		3.1.1 / 3.1.2
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Organization of employee dialogue including procedures for information, consultation and negotiations with staff		3.1.8
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Health and safety conditions at work		3.2.5
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Equality		
Measures taken to promote gender equality		3.1.2
Measures taken to promote employment and integration of people with disabilities		3.1.2
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Promotion of and compliance with the International Labor Organization's Fundamental Conventions on:

- freedom of association and effective recognition of the right to collective bargaining	3.1.9
- elimination of discrimination in employment and occupation	3.1.9
- The elimination of forced or compulsory labor	3.1.9
- effective abolition of child labor	3.1.9

Environmental information

3.2



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
Employee training and awareness-raising initiatives on environmental protection	3.2.1
Resources dedicated to environmental risk and pollution prevention	3.2.2
Amount of environmental provisions and guarantees, if this information would not cause serious prejudice to the company due to pending litigation	3.2.2

Pollution

Measures implemented to prevent, reduce or remediate air, water or soil pollution with severe environmental effects	3.2.3.3.2
Management of sound pollution and any other form of activity-specific pollution	3.2.3.3.4

Circular economy

Prévention et gestion des déchets :	3.2.3.3.3
- measures for prevention, recycling, reuse, and other forms of waste reclamation and elimination	
- food waste prevention measures ⁽¹⁾	
Sustainable use of resources:	3.2.3.3.1
- Water consumption and supply based on local restrictions	
- Consumption of raw materials and measures implemented to ensure more efficient use of resources	
- Energy consumption, measures implemented to increase energy efficiency and the use of renewables	

Land use

Climate change

Major sources of greenhouse gas emissions generated by the business	3.2.4
Adaptation to the consequences of climate change	3.2.4

The protection of biodiversity

Measures taken to preserve or promote biodiversity	3.2.3.2
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⁽¹⁾ To date the company's cafeterias have not implemented any specific waste prevention measures.



Regional, economic and social impact of the company's business

On employment and regional development 3.3.1

On surrounding or local populations 3.3.1

Relationships with individuals or organizations with an interest in the company's business, particularly employment organizations, schools, environmental organizations, and consumer and neighborhood organizations

Terms of dialog with these individuals or organizations 3.3.2

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Sub-contracting and suppliers

Inclusion of social and environmental issues in the purchasing policy 3.3.2

Scope of sub-contracting and inclusion of social and environmental responsibility in supplier and sub-contractor relationships 3.3.2

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Consumer health and safety measures 3.3.4

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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 items 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 establishments.

Promotion 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;
- 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.

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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