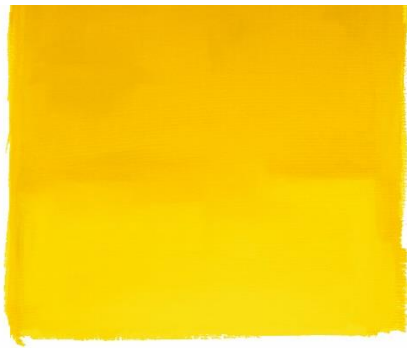
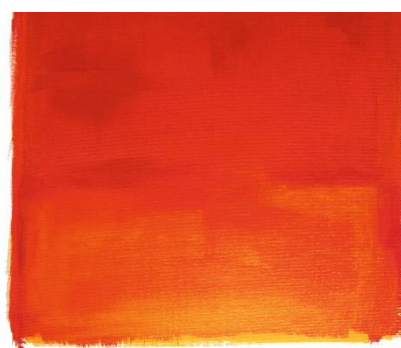
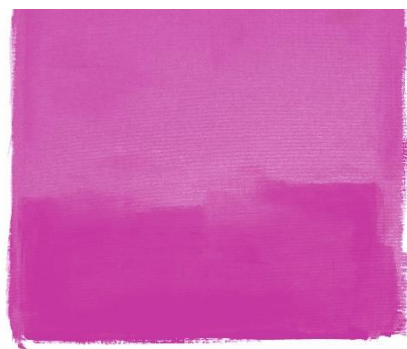
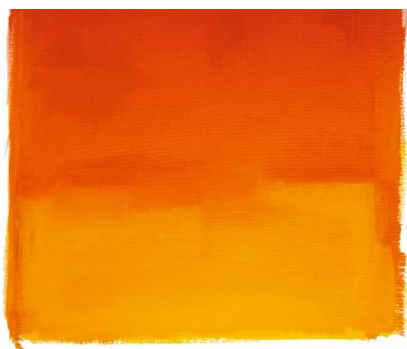
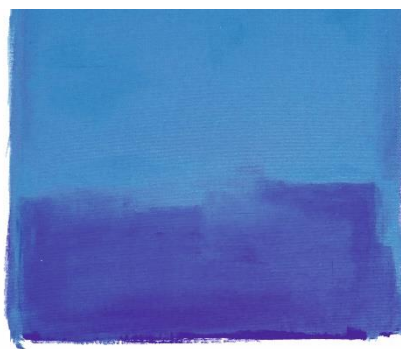


# HALF-YEAR FINANCIAL REPORT



**2018**



### **BOIRON**

**Limited liability Company with capital of €19,414,756.**

**Headquarter : 2, avenue de l'Ouest Lyonnais - 69510 Messimy - France.**

**Lyon Trade and Companies Register n°967 504 697.**

This half-year financial report is for the six months ended June 30, 2018, and was prepared in line with the Articles L. 451-1-2 III of the French Monetary and Financial Code and 222-4 and seq. of the AMF Regulations.

It was published in line with the Article 221-3 of the AMF Regulations. It is available on the Company's website: [www.boironfinance.com](http://www.boironfinance.com) (<http://www.boironfinance.com/Shareholders-and-investors-area/Financial-information/Regulated-information/Annual-and-half-year-reports>).

### ***Summary***

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## HIGHLIGHTS OF THE FIRST HALF OF 2018

The following products were launched in the first half of 2018:

- **Arnicrème**<sup>®</sup> in France and Italy; this is a cosmetic product used to treat muscle fatigue and soreness.
- **Camilia**<sup>®</sup> in 30 single-use doses in Russia.

In the **United States**, sales increased significantly in the first half of the year (+€16,672 thousand at constant exchange rates) given the high incidence of winter ailments. This growth was offset by an adverse foreign currency effect and a decline in sales in France and Italy.

The subsidiary also acquired a building for €3,156 thousand. It plans to move in during 2019 and to sell the current building.

In **Spain**, a Ministerial Order (transposing the European Directive establishing the regulatory framework for homeopathic medicines) was published in April 2018. The medicines the group would like to continue to market will have to be registered within three months of April 30. The Spanish medicines agency will provide a list of the medicines to be filed and the filing timetable before October 30.

The **Levallois-Perret site** was sold on June 6, 2018, generating a capital gain of €6,207 thousand. This site had been closed in 2017 following the transfer of its activities to the Pantin site.

Under the program authorized by the Shareholders' Meeting of May 17, 2018, **the company bought back 831,309 shares in the first half of 2018 for cancellation**, for a total amount of €59,257 thousand.

As the French Constitutional Court invalidated the **3% tax on dividend distributions**, the BOIRON parent company requested and received, at the end of March, a refund of €3,276 thousand paid in respect of this tax for fiscal years 2013 to 2016. Since a portion of this amount, i.e., €1,817 thousand, was recognized in 2017, the difference will be reflected in tax savings in fiscal year 2018.

The hearings and oral arguments in the **dispute between our Belgian subsidiary UNDA and its former Italian distributor Ce.M.O.N** before the International Court of Arbitration of the Chamber of Commerce in Paris were held during the week of June 11, 2018. The arbitration court is expected to render an award before the end of 2018.

## GROUPE SALES

In thousand of euros	1 <sup>st</sup> quarter			2 <sup>nd</sup> quarter			1 <sup>st</sup> half-year			
	2018	2017	Variation at current exchange rates 2018/2017	2018	2017	Variation at current exchange rates 2018/2017	2018	2017	Variation at current exchange rates 2018/2017	Variation at constant exchange rates 2017/2018
<b>France</b>	<b>91,982</b>	<b>97,134</b>	-5.3%	<b>77,199</b>	<b>79,328</b>	-2.7%	<b>169,181</b>	<b>176,462</b>	-4.1%	-4.1%
<b>Europe (excluding France)</b>	<b>32,899</b>	<b>40,418</b>	-18.6%	<b>24,795</b>	<b>27,421</b>	-9.6%	<b>57,694</b>	<b>67,839</b>	-15.0%	-13.1%
<b>North America</b>	<b>29,617</b>	<b>18,179</b>	+62.9%	<b>14,958</b>	<b>14,465</b>	+3.4%	<b>44,575</b>	<b>32,644</b>	+36.5%	+51.8%
<b>Other countries</b>	<b>4,895</b>	<b>4,532</b>	+8.0%	<b>4,185</b>	<b>3,191</b>	+31.2%	<b>9,080</b>	<b>7,723</b>	+17.6%	+24.8%
<b>Group total</b>	<b>159,393</b>	<b>160,263</b>	-0.5%	<b>121,137</b>	<b>124,405</b>	-2.6%	<b>280,530</b>	<b>284,668</b>	-1.5%	+0.9%

In the second quarter of 2018, sales fell by 2.6%, after declining by 0.5% in the first quarter.

**Half-year sales** stood at €280,530 thousand at end-June 2018 versus €284,668 thousand in 2017: specialties increased by 3.8% while non-proprietary medicines declined by 5.8%.

At constant exchange rates<sup>(1)</sup>, first-half sales rose by 0.9%: the significant increase in business in the United States was offset by a decline in sales in France and Italy, in particular.

- **In France**, sales fell by €7,281 thousand (-4.1%). Non-proprietary medicines were down 4.7%. Specialties declined by 2.9%, due mainly to Oscilloccinum<sup>®</sup>, although this was partially offset by the launch of Arnicrème<sup>®</sup> in May 2018.
- **In Europe excluding France**, sales fell by 15.0%, mainly in Italy (-27.9%, primarily due to non-proprietary medicines, calendula cream, eyedrops and Oscilloccinum<sup>®</sup>) and

in Russia (-8.4% at constant exchange rates, primarily due to Oscilloccinum<sup>®</sup> and Stodal<sup>®</sup>).

- **In North America**, sales were up 36.5%. This growth was 51.8% at constant exchange rates: sales in the United States rose by 60.0% mainly due to Oscilloccinum<sup>®</sup>, as well as non-proprietary medicines, Coryzalia<sup>®</sup>, Camilia<sup>®</sup> and arnica gels and creams. In Canada, sales rose by 5.0% (at constant exchange rates) mainly due to non-proprietary medicines and arnica gels and creams.
- Sales in **"Other countries"** increased by 17.6%. At constant exchange rates, growth was 24.8% and came mainly from Colombia (primarily due to Oscilloccinum<sup>®</sup>) and Brazil (24.6%, mostly due to Oscilloccinum<sup>®</sup> and Sédatif PC<sup>®</sup>).

## GROUPE FINANCIAL POSITION

	2018	2017	Var.
<b>Sales</b>	<b>280,530</b>	<b>284,668</b>	- 1.5% <sup>(1)</sup>
<b>Operating income</b>	<b>35,380</b>	<b>41,066</b>	- 13.8%
<b>Net income - group share</b>	<b>21,605</b>	<b>24,873</b>	- 13.1%
<b>Cash flow <sup>(2)</sup></b>	<b>43,753</b>	<b>51,187</b>	- 14.5%
<b>Net investments</b>	<b>18,933</b>	<b>27,656</b>	- 31.5%
<b>Net cash position</b>	<b>181,276</b>	<b>211,977</b>	- 14.5%

<sup>(1)</sup> + 0.9 % at constant exchange rates.

<sup>(2)</sup> Before cash revenue, financing expenses and corporate income tax.

### 1. GROUPE INCOME STATEMENT

**Operating income** was €35,380 thousand (or 12.6% of sales), a decrease of €5,686 thousand compared with first-half 2017.

**Gross margin** fell by €11,221 thousand, or -4.9%: sales were lower (-€4,138 thousand) and industrial production costs were higher (+€7,085 thousand) with an increase in the cost of

<sup>(1)</sup> The change in sales at constant exchange rates reflects sales variances reported using the same exchange rates for the year in process as the exchange rates used for the comparable prior period in order to neutralize any impact related to changes in exchange rates. At constant exchange rates, sales in first-half 2018 were €287,362 thousand, i.e., €2,694 thousand above the sales previously reported for 2017.

transport to the United States, in depreciation charges on investments made at the production sites, and in personnel expenses (increase in control and quality assurance staff).

**Preparation and distribution costs** fell by €1,599 thousand (-2.4%), in line with the decrease in personnel expenses (lower headcount) and depreciation charges on fixed assets in France, partially offset by higher delivery costs in France and the United States.

**Marketing costs** were down by €1,135 thousand (-1.5%) mainly in Russia, the United States and Belgium, offset by increases in most other countries.

**Research and regulatory affairs costs** remained virtually unchanged.

**Support function costs** declined by €393 thousand (-1.0%): the decrease in personnel expenses in France and Belgium was partially offset by the increase in IT costs and legal fees.

**Other operating income and expenses** amounted to net income of €8,542 thousand versus net income of €5,642 thousand in 2017. This included:

- the capital gains realized on the sale of certain sites: Levallois-Perret for €6,207 thousand in 2018 and the site in the 8th arrondissement of Lyon for €3,293 thousand in 2017;
- the research tax credit (French "CIR") and the tax credit for competitiveness and employment (French "CICE"), which decreased by €353 thousand;
- foreign exchange gains and losses on operating transactions, which increased by €502 thousand.

**Cash revenue and financing expenses** amounted to net revenue of €203 thousand versus a net loss of €218 thousand in 2017 (decrease in charges related to financial instruments).

**Other financial income and expenses** amounted to a net expense of €1,264 thousand versus a net expense of €655 thousand in 2017. This mainly consisted of an expense related to the decrease over time in the impact of the discount rate used for employee benefits.

**Income tax** for the first half of 2018 was €12,724 thousand, or 37.1% of income before

tax compared with 38.2% in 2017. In 2018, it includes the €1,480 thousand tax benefit from the 3% dividend distribution tax in 2013 and 2014.

**Net income** was €21,605 thousand versus €24,873 thousand in the first half of 2017.

## 2. CONSOLIDATED CASH FLOW

**Net cash** at June 30, 2018 was €181,276 thousand compared with €264,940 thousand at December 31, 2017. It decreased by €83,664 thousand in the first half of 2018, compared with €28,801 thousand in the first half of 2017.

Cash flow from **operating activities** reached €23,234 thousand versus €28,666 thousand in the first half of 2017:

- Cash flow fell by €7,434 thousand compared with the first half of 2017 and represented 15.6% of sales versus 18.0% in 2017. It tracks changes in profitability.
- Taxes paid were €17,570 thousand, down by €5,982 thousand from 2017, due to the €4,182 thousand refund the BOIRON parent company received in respect of the 3% dividend tax.
- The change in working capital requirements amounted to a use of cash of €2,949 thousand versus a source of cash of €1,031 thousand in the first half of 2017 due to the change in accounts receivables.

Cash flow from **investing activities** reached €18,933 thousand, a decrease of €8,723 thousand versus the first half of 2017. It related to the alterations to the new buildings in Messimy, the construction of the future logistics platform in Les Olmes, the construction of a new site in Lille, the acquisition of a building in the United States, and group IT projects. It also includes the proceeds from the sale of the Levallois-Perret site in the amount of €7,500 thousand.

Cash flow from **financing activities** was €87,496 thousand versus €29,399 thousand in 2017. It consists mainly of:

- the buyback of 831,309 shares outside the liquidity contract, for cancellation purposes, in the amount of €59,257 thousand. There were no buybacks in 2017;
- dividends distributed in 2018 in the amount of €28,300 thousand versus €29,485 thousand in 2017.

## POST CLOSING EVENTS

In accordance with the share buyback program, the Board of Directors of September 5, 2018 decided to reallocate the shares bought back for the purpose of financing external growth operations to the cancellation objective.

The Board also decided to cancel, subject to the suspensive condition of obtaining an exemption to file a public offer, all the treasury shares on September 5, 2018, i.e. 1 849 196 shares, in accordance with the authorization given by the Extraordinary Shareholders' Meeting of May 18, 2017.

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

## OUTLOOK

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

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

The second stage of the restructuring of the distribution sites, which aims to consolidate certain sites and transfer the preparation activities, will be undertaken in 2018 and 2019.

In connection with the dispute between our Belgian subsidiary UNDA and its former Italian distributor Ce.M.O.N., the arbitration court is expected to render an award in the second half of 2018.

Significant regulatory issues remain and are likely to have an impact on the group's business and profitability. In France, homeopathic medicine will be evaluated by the French High Authority of Health by February 2019.

Given the slowdown in the group's business and the decline in operating income in the first half of 2018, and should there be a low incidence of ailments at the end of the year, operating income in 2018 could be lower than in 2017.

BOIRON continues to develop homeopathy around the world with the same degree of confidence and determination.

## MAIN RISKS AND UNCERTAINTIES

The group's exposure to the risks and uncertainties mentioned in paragraph 1.5 of the 2017 reference document did not change significantly during the first half of 2018, with the exception of the events described in the highlights.

## MAIN TRANSACTIONS WITH RELATED PARTIES

The main transactions with related parties are disclosed in Note 24 to the condensed consolidated half-year financial statements.



## CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2018 (6 months)	2017 (6 months)
<b>Sales</b>	18	<b>280,530</b>	<b>284,668</b>
Other sales revenue	18	2	0
Industrial production costs		(64,990)	(57,905)
Preparation and distribution costs		(64,879)	(66,478)
Marketing costs		(76,836)	(77,971)
Research costs		(1,828)	(1,533)
Regulatory affairs costs		(5,271)	(5,074)
Function supports costs		(39,890)	(40,283)
Other operating revenue	19	8,677	6,154
Other operating expenses	19	(135)	(512)
<b>Operating income</b>		<b>35,380</b>	<b>41,066</b>
Cash revenue and financing expenses		203	(218)
Cash revenue		336	316
Financing expenses		(133)	(534)
Other financial revenue and expenses		(1,264)	(655)
Other financial revenue		313	480
Other financial expenses		(1,577)	(1,135)
Share in net earnings (losses) of companies at equity		0	0
<b>Income before corporate income tax</b>		<b>34,319</b>	<b>40,193</b>
Corporate income tax	20	(12,724)	(15,349)
<b>Consolidated net income</b>		<b>21,595</b>	<b>24,844</b>
Net income (minority share)		(10)	(29)
<b>Net income (group share)</b>	21	<b>21,605</b>	<b>24,873</b>
<b>Earnings per share <sup>(1)</sup></b>	21	<b>€1.20</b>	<b>€1.35</b>

<sup>(1)</sup> In the absence of a dilutive instrument, the average earnings per share are the same as the average diluted earnings per share.



## STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	Notes	2018 (6 months)	2017 (6 months)
<b>Consolidated net income</b>		<b>21,595</b>	<b>24,844</b>
<b>Other items of comprehensive income that will be reclassified subsequently to profit or loss</b>		<b>(1,282)</b>	<b>(2,237)</b>
Currency translation adjustments		(1,275)	(2,221)
Other movements		(7)	(16)
Changes in the fair value of financial instruments		0	0
<b>Other items of comprehensive income that will not be reclassified subsequently to profit or loss</b>		<b>0</b>	<b>0</b>
Actuarial differences related with post-employment benefits	14	0	0
<b>Other items of comprehensive income <sup>(1)</sup></b>		<b>(1,282)</b>	<b>(2,237)</b>
<b>Consolidated comprehensive income</b>		<b>20,313</b>	<b>22,607</b>
Comprehensive income (minority share)		8	(29)
<b>Comprehensive income (group share)</b>		<b>20,305</b>	<b>22,636</b>

<sup>(1)</sup> There are no tax impact in the other items of comprehensive income.



## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> (in thousands of euros)	Notes	06/30/2018	12/31/2017
<b>Non-current assets</b>		<b>346,447</b>	<b>335,235</b>
Goodwill	7	89,609	89,643
Intangible fixed assets	8	27,555	29,107
Tangible fixed assets	8	190,436	178,862
Investments		3,445	3,050
Other non-current assets	11	34	38
Deferred tax assets		35,368	34,535
<b>Current assets</b>		<b>362,026</b>	<b>465,168</b>
Tangible fixed assets held for sale	8	957	1,293
Inventories and work in progress	9	67,726	60,896
Accounts receivable	10	74,302	101,821
Corporate income tax receivable	11	9,172	5,681
Other current assets	11	24,264	20,468
Cash and cash equivalents	12	185,605	275,009
<b>TOTAL ASSETS</b>		<b>708,473</b>	<b>800,403</b>
<b>LIABILITIES</b> (in thousands of euros)			
<b>Shareholders' equity (group share)</b>		<b>450,633</b>	<b>517,461</b>
Share capital	13	19,415	19,415
Additional paid-in-capital		79,876	79,876
Retained earnings		351,342	418,170
<b>Minority interests</b>		<b>34</b>	<b>29</b>
<b>Total Shareholders' equity</b>		<b>450,667</b>	<b>517,490</b>
<b>Non-current liabilities</b>		<b>123,248</b>	<b>123,747</b>
Non-current borrowings and financial debts		4,352	4,793
Employee benefits	14	117,020	117,046
Non-current provisions	15	256	256
Other non-current liabilities	16	1,582	1,616
Deferred taxes liabilities		38	36
<b>Current liabilities</b>		<b>134,558</b>	<b>159,166</b>
Current borrowings and financial debts		5,734	11,182
Current provisions	15	7,986	8,081
Accounts payable		36,472	43,269
Income tax	16	1,661	2,141
Other current liabilities	16	82,705	94,493
<b>TOTAL LIABILITIES</b>		<b>708,473</b>	<b>800,403</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousand of euros)	2018 (6 months)	2017 (6 months)
<b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>	<b>23,234</b>	<b>28,666</b>
Net income (group share)	21,605	24,873
Amortizations and provisions (excluding current assets)	15,813	14,054
Other items (including income on asset disposals)	(6,186)	(3,307)
Cash-flows from consolidated companies after cash revenue, financing expenses and corporate income tax	31,232	35,620
Cash revenue and financing expenses	(203)	218
Tax charge (including deferred taxes)	12,724	15,349
<b>Consolidated cash-flows before cash revenue, financing expenses and corporate income tax</b>	<b>43,753</b>	<b>51,187</b>
<b>Corporate income tax paid / corporate income tax repayment</b>	<b>(17,570)</b>	<b>(23,552)</b>
<b>Changes in working capital requirements, including:</b>	<b>(2,949)</b>	<b>1,031</b>
Changes in inventories and work-in-progress	(6,775)	(7,380)
Changes in accounts receivable	26,498	31,002
Changes in accounts payable	(7,822)	(4,909)
Changes in other trade receivables and operating debts	(14,850)	(17,682)
<b>NET CASH FLOWS RELATED TO INVESTMENT ACTIVITIES</b>	<b>(18,933)</b>	<b>(27,656)</b>
Acquisitions of tangible fixed assets	(23,361)	(26,341)
Acquisitions of intangible fixed assets	(2,981)	(3,119)
Disposals of tangible fixed assets	7,519	3,633
Disposals of intangible fixed assets	0	0
Investment grants received	0	0
Acquisitions of investments	(14)	(6)
Disposals of investments	4	2
Acquisitions of current financial assets	(100)	0
Disposals of current financial assets	0	0
Impact of changes of scope - acquisitions	0	(1,826)
Impact of changes of scope - disposals	0	1
<b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>	<b>(87,496)</b>	<b>(29,399)</b>
Dividends paid to parent company shareholders	(28,300)	(29,485)
Dividends paid to minority holders of consolidated companies	0	(4)
Capital increases and reductions, additional paid-in capital and reserves	6	0
Buyback of treasury shares (excluding the liquidity contract)	(59,257)	0
Disposals of treasury shares (excluding the liquidity contract)	0	0
Loans issues	1,149	1,103
Repayment of loans	(1,297)	(795)
Paid interests	(133)	(534)
Cash revenue	336	316
<b>CHANGE IN CASH POSITION</b>	<b>(83,195)</b>	<b>(28,389)</b>
Impact of exchange rate fluctuations	(469)	(412)
<b>Net cash position January 1<sup>st</sup></b>	<b>31 264,940</b>	<b>240,778</b>
<b>Net cash position June 30<sup>th</sup></b>	<b>31 181,276</b>	<b>211,977</b>
<b>Consolidated cash flow before cash revenue, financing expenses and corporate income tax</b>		
- per share	<b>€ 2.42</b>	<b>€ 2.78</b>
- as a % of sales	<b>15.6%</b>	<b>18.0%</b>



## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2017

Before allocation of net income (in thousands of euros)	Number of shares (1)	Capital	Share premium	Treasury shares	Consolidated reserves (2)	Actuarial differences related with post- employment benefits	Currency translation adjustments	Shareholder's equity group share	Minority interest	Shareholder's equity totals
<b>12/31/2016</b>	<b>18,438,178</b>	<b>19,442</b>	<b>79,876</b>	<b>(72,180)</b>	<b>485,618</b>	<b>(34,144)</b>	<b>(9,090)</b>	<b>469,522</b>	<b>76</b>	<b>469,598</b>
Buyback and disposals of treasury shares	(12,718)			(1,134)	39			(1,095)		(1,095)
Cancellation of treasury shares <sup>(3)</sup>		(27)		2,157	(2,130)			0		0
Dividends paid					(29,485)			(29,485)	(6)	(29,491)
<b>Transactions with shareholders</b>	<b>(12,718)</b>	<b>(27)</b>	<b>0</b>	<b>1,023</b>	<b>(31,576)</b>	<b>0</b>	<b>0</b>	<b>(30,580)</b>	<b>(6)</b>	<b>(30,586)</b>
Net income					24,873			24,873	(29)	24,844
Other comprehensive income					(16)	0	(2,221)	(2,237)		(2,237)
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,857</b>	<b>0</b>	<b>(2,221)</b>	<b>22,636</b>	<b>(29)</b>	<b>22,607</b>
<b>06/30/2017</b>	<b>18,425,460</b>	<b>19,415</b>	<b>79,876</b>	<b>(71,157)</b>	<b>478,899</b>	<b>(34,144)</b>	<b>(11,311)</b>	<b>461,578</b>	<b>41</b>	<b>461,619</b>

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

(2) Including €406,666 thousand of retained earnings and carryovers and €2,201 thousand of legal reserves in the social accounts of the BOIRON parent company at June 30, 2017.

(3) On December 14, 2016 the Board of Directors decided to reduce the share capital by cancelling 26,957 treasury shares held by the company in its portfolio and allocated for cancellation, effective January 1, 2017.

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY AT JUNE 30, 2018

Before allocation of net income (in thousands of euros)	Number of shares (1)	Capital	Share premium	Treasury shares	Consolidated reserves (2)	Actuarial differences related with post- employment benefits	Currency translation adjustments	Shareholder's equity group share	Minority interest	Shareholder's equity totals
<b>12/31/2017</b>	<b>18,430,251</b>	<b>19,415</b>	<b>79,876</b>	<b>(70,594)</b>	<b>532,150</b>	<b>(31,853)</b>	<b>(11,533)</b>	<b>517,461</b>	<b>29</b>	<b>517,490</b>
Buyback and disposals of treasury shares	(826,924)			(58,715)	(119)			(58,834)		(58,834)
Cancellation of treasury share								0		0
Dividends paid					(28,300)			(28,300)	(3)	(28,303)
<b>Transactions with shareholders</b>	<b>(826,924)</b>	<b>0</b>	<b>0</b>	<b>(58,715)</b>	<b>(28,419)</b>	<b>0</b>	<b>0</b>	<b>(87,134)</b>	<b>(3)</b>	<b>(87,137)</b>
Net income					21,605			21,605	(10)	21,595
Other comprehensive income					(25)		(1,275)	(1,300)	18	(1,282)
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,580</b>	<b>0</b>	<b>(1,275)</b>	<b>20,305</b>	<b>8</b>	<b>20,313</b>
<b>06/30/2018</b>	<b>17,603,327</b>	<b>19,415</b>	<b>79,876</b>	<b>(129,309)</b>	<b>525,311</b>	<b>(31,853)</b>	<b>(12,808)</b>	<b>450,632</b>	<b>34</b>	<b>450,666</b>

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

(2) Including €460,950 thousand of retained earnings and carryovers and €2,201 thousand of legal reserves in the social accounts of the BOIRON parent company at June 30, 2018.

Those notes are an integral part of the condensed consolidated financial statements for the half-year ended June 30, 2018, were settled by the Board of Directors on September 5, 2018.

## **Presentation of the company**

BOIRON, the group parent company, is a French public limited company. Its main business activity is manufacturing and selling homeopathic medicines.

Its headquarters is located at 2, avenue de l'Ouest Lyonnais, 69510, Messimy, France.

On June 30, 2018, BOIRON parent company and its subsidiaries had 3,683 employees (actual workforce), in France and abroad, compared to 3,718 on December 31, 2017.

BOIRON stock is listed on Euronext Paris.

## **NOTE 1 : MAINS EVENTS OF THE SEMESTER**

In the United States, sales increased significantly in the first half of the year (+€16,672 thousand at constant exchange rates) given the high incidence of winter ailments. This growth was offset by an adverse foreign currency effect and a decline in sales in France and Italy.

The subsidiary also acquired a building for €3,156 thousand. It plans to move in during 2019 and to sell the current building.

The Levallois-Perret site was sold on June 6, 2018, generating a capital gain of €6,207 thousand. This site had been closed in 2017 following the transfer of its activities to the Pantin site.

Under the program authorized by the Shareholders' Meeting of May 17, 2018, the company bought back 831,309 shares in the first half of 2018 for cancellation, for a total amount of €59,257 thousand.

As the French Constitutional Court (Conseil Constitutionnel) invalidated the 3% tax on dividend distributions, the BOIRON parent company requested and received, at the end of March, a refund of €3,276 thousand paid in respect of this tax for fiscal years 2013 to 2016. Since a portion of this amount, i.e., €1,817 thousand, was recognized in 2017, the difference will be reflected in tax savings in fiscal year 2018.

The hearings and oral arguments in the dispute between our Belgian subsidiary UNDA and its former Italian distributor Ce.M.O.N before the International Court of Arbitration of the Chamber of Commerce in Paris were held during the week of June 11, 2018. The arbitration court is expected to render an award before the end of 2018.

## **NOTE 2 : VALUATION METHODS AND CONSOLIDATION PRINCIPLES**

The consolidated financial statements are stated in thousands of euros unless otherwise indicated and were prepared in line with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union.

This framework, available on the European Commission's website ([http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)), comprises:

- international accounting standards (IAS and IFRS),
- interpretations from the Standing Interpretations Committee (SIC) and from the International Financial Reporting Interpretations Committee (IFRIC).

The half-year consolidated financial statements were prepared pursuant to IAS 34 "Interim Financial Reporting". Pursuant to this standard, the half-year consolidated financial statements are presented including the condensed notes; notes are only provided for significant transactions or rules adapted to the specificities of interim accounts. They should be read together with the group's annual financial statements as of December 31, 2017, as presented in the Reference Document filed with the French Securities and Exchange Commission (AMF) on April 12, 2018 under number D.18-0321 and available on the Company's website:

<http://www.boironfinance.com/Shareholders-and-investors-area/Financial-information/Regulated-information/Annual-and-half-year-reports>.

## 2.1. NEW IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS

The standards, amendments and interpretations applicable to fiscal years beginning on or after January 1, 2018 do not have impact on BOIRON consolidated financial statements or are not applicable:

- IFRS 15 (including its clarification amendments) "Contracts with Customers" had no impact on the financial statements, whether with respect to income and shareholders' equity or to presentation (sales, in particular). The group derives the majority of its sales from the sale of homeopathic products.
- IFRS 9 "Financial Instruments" had no impact on the financial statements. The analysis performed did not identify any impairments for significant additional expected losses. The amount of unconsolidated securities, the company's debt, and the amount of hedging transactions are also not material.

The other standards, amendments and interpretations, applicable on or after January 1, 2018 have no significant impact or are not applicable. It is mainly about:

- IFRS 2 amendment - "Payment transaction based on shares" ;
- IFRIC 22 standard - "Foreign currencies transactions" ;
- Annual improvements - 2014-2016 cycle (IFRS 1 and IAS 28 amendments).

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 June 30, 2018. This mainly concerns the following standards and amendments:

- Annual improvements - 2015-2017 cycle (adoption slated by European Union for the end of 2018) ;
- IFRS 9 amendment ;
- IAS 19 amendment (adoption slated by European Union for the end of 2018).

These standards, amendments and interpretations apply to fiscal years beginning on or after January 1, 2019, subject to adoption by the European Union.

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

For information, the amount of the leases reported as expenses and commitments to be paid as at June 30, 2018 appears in note 22.

There are no standards, amendments and interpretations published by the IASB, and mandatory for the fiscal years beginning on January 1, 2018, but not yet approved at European level (and early application is not possible at European level) which would have a significant impact on the financial statements of this year.

## 2.2. SPECIFIC ACCOUNTING PRINCIPLES TO HALF-YEAR CLOSING

Principle assumptions and judgments applied are described in note 2 of annual financial statements of December 31, 2017. There is no material change in using estimate and assumptions during the first half-year.

In some cases, these rules were adapted to the specificities of the half-year closing.

### 2.2.1. Corporate income tax

The corporate income tax expense for the half-year was calculated individually for each company: average effective rate estimated for this year was applied to income before tax of the period.

As previous years, research tax credit (French "CIR") and the "Tax credit competitiveness employment" (French "CICE") are booked in other operating income.

### 2.2.2. Profit-sharing and employee profit-sharing

Profit-sharing expenses were calculated prorata temporis on the basis of the estimated annual amount.

### 2.2.3. Post-employment benefits

In accordance to the provisions of IAS 34 standard, retirement liabilities and related were not subject to a complete recalculation at June 30, 2018 (as at June 30, 2017). The changes in the net value of benefits were estimated as follows:

- The financial cost and the cost of services rendered were estimated for December 31, 2018 based on an extrapolation of the total benefit calculated for December 31, 2017.
- The retained discount rate at June 30, 2018 is 1.7 %, the same as at December 31, 2017: no actuarial differences linked with the discount rate was booked at June 30, 2018.
- The other actuarial assumptions associated with the global benefit amount (the rate of salary increases, employee turnover rate...) are generally updated at year-end. None of the factors were identified as having a material impact at June 30, 2018.
- Other actuarial differences related to experience were not recalculated due to the immaterial impact observed in prior years and the absence of significant variances expected this year.
- Contributions to the external funds and benefits paid to employees who retired in the first half-year period were taken into account.
- No plan change or termination occurred during the first half-year.

### 2.2.4. Customer contract assets and liabilities

There are no customer contract assets other than accounts receivable. There are, in fact, no assets related to the incremental costs of obtaining a contract and to the costs of fulfilling a contract.

Customer contract liabilities relate to:

- Amounts due to customers as compensation for services rendered,
- Deferred revenue, which is immaterial, with the aim of recording sales in the fiscal year in question.

The group derives the majority of its sales from the sale of homeopathic products.

Operating revenues are recognized on completion (on delivery of the products). No sales are recognized on completion.

The rules for recognizing operating revenues do not rely on estimates.

### 2.2.5. Impairment tests

The process for carrying out impairment tests as at December 31, 2017 is described in the 2017 Reference document in note 2.5.

For the purposes of the half-year financial statements, impairment tests were only carried out on assets or groups of assets with respect to which there were indications of impairment during the last six months, or for which there were indications of impairment at the last closing.

## **NOTE 3 : SCOPE OF CONSOLIDATION**

There has been no change on the scope of consolidation since December 31, 2017. It is set out in note 3 to the 2017 Reference Document.

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.

## 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 (6 months)	Average rate 2017 (6 months)	Closing rate 06/30/2018	Closing rate 06/30/2017	Closing rate 12/31/2017
Czech Koruna	25.497	26.787	26.020	26.197	25.535
US Dollar	1.211	1.083	1.166	1.141	1.199
Canadian Dollar	1.546	1.444	1.544	1.479	1.504
Hungarian Forint	314.091	309.470	329.770	308.970	310.330
New Romanian Leu	4.654	4.536	4.663	4.552	4.659
Brazilian Real	4.141	3.439	4.488	3.760	3.973
Russian Rouble	71.980	62.735	73.158	67.545	69.392
Polish Zloty	4.220	4.268	4.373	4.226	4.177

Currency translation adjustments of €1,275 thousand recognized in other comprehensive income are mainly related to the change in the US Dollar, the Russian Rouble and the Brazilian Real currencies for the first half of 2018.

## NOTE 5 : SEASONALITY

The activity of the group can be seasonal due to the level of pathology and to the extent of the wintry specialities range. Generally, the annual results depend on the activity realized on the second half-year of the fiscal year.

Consequently, results of the first half-year can be not representative of results that could be expected for the whole year.

This seasonality has an impact on balance sheet structure at June 30, 2018.

## NOTE 6 : SEGMENT REPORTING

The table below shows the data as of June 30, 2018:

<i>DATA CONCERNING INCOME STATEMENT</i>	France	Europe (excluding France)	North America	Other countries	Eliminations (1)	2018 (6 months)
External SALES	178,167	55,768	43,812	2,783		280,530
Inter-sector SALES	57,467	3,381	24	978	(61,850)	0
<b>Total SALES</b>	<b>235,634</b>	<b>59,149</b>	<b>43,836</b>	<b>3,761</b>	<b>(61,850)</b>	<b>280,530</b>
<b>OPERATING INCOME</b>	<b>47,214</b>	<b>(11,165)</b>	<b>3,728</b>	<b>116</b>	<b>(4,513)</b>	<b>35,380</b>
<i>of which net allowances to amortizations and depreciations on fixed assets</i>	<i>(13,591)</i>	<i>(902)</i>	<i>(197)</i>	<i>(35)</i>		<i>(14,725)</i>
<i>of which net changes in depreciations of assets, provisions and employee benefits</i>	<i>1,145</i>	<i>109</i>	<i>(274)</i>	<i>34</i>		<i>1,014</i>
Cash revenue and financing expenses	54	90	8	51		203
Income tax	(15,352)	1,884	(855)	(16)	1,615	(12,724)
<b>NET INCOME (GROUP SHARE)</b>	<b>30,663</b>	<b>(9,179)</b>	<b>2,882</b>	<b>137</b>	<b>(2,898)</b>	<b>21,605</b>
<i>DATA CONCERNING BALANCE SHEET</i>	France	Europe (excluding France)	North America	Other countries	Eliminations (1)	06/30/2018
Total Assets	814,034	96,776	45,280	7,009	(254,626)	708,473
Net tangible fixed assets and intangible fixed assets	198,394	10,996	8,224	376		217,990
Deferred taxes assets	28,340	4,750	2,278			35,368
Working Capital Requirements	36,063	24,761	10,481	3,697	(23,242)	51,760
<i>DATA CONCERNING CASH FLOWS</i>	France	Europe (excluding France)	North America	Other countries	Eliminations (1)	2018 (6 months)
Acquisitions of intangible and tangible assets	22,213	403	3,477	249		26,342

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



The board below presents the data as of June 30, 2017:

<b>DATA CONCERNING INCOME STATEMENT</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other countries</b>	<b>Eliminations<sup>(1)</sup></b>	<b>2017 (6 months)</b>
External SALES	185,263	64,605	32,177	2,623		284,668
Inter-sector SALES	47,503	1,584		784	(49,871)	0
<b>Total SALES</b>	<b>232,766</b>	<b>66,189</b>	<b>32,177</b>	<b>3,407</b>	<b>(49,871)</b>	<b>284,668</b>
<b>OPERATING INCOME</b>	<b>52,492</b>	<b>(12,506)</b>	<b>(1,690)</b>	<b>7</b>	<b>2,763</b>	<b>41,066</b>
<i>of which net allowances to amortizations and depreciations on fixed assets</i>	<i>(12,681)</i>	<i>(965)</i>	<i>(290)</i>	<i>(18)</i>		<i>(13,954)</i>
<i>of which net changes in depreciations of assets, provisions and employee benefits</i>	<i>1,055</i>	<i>261</i>	<i>(170)</i>	<i>1</i>		<i>1,147</i>
Cash revenue and financing expenses	85	(378)	(10)	85		(218)
Income tax	(18,394)	3,369	654	(20)	(958)	(15,349)
<b>NET INCOME (GROUP SHARE)</b>	<b>33,565</b>	<b>(9,479)</b>	<b>(1,062)</b>	<b>44</b>	<b>1,805</b>	<b>24,873</b>

<b>DATA CONCERNING BALANCE SHEET</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other countries</b>	<b>Eliminations<sup>(1)</sup></b>	<b>06/30/2017</b>
Total Assets	776,840	93,980	37,050	7,042	(189,681)	725,231
Net tangible fixed assets and intangible fixed assets	185,814	12,944	5,076	105		203,939
Deferred taxes assets	32,037	5,694	3,612			41,343
Working Capital Requirements	34,702	22,624	7,972	3,939	(19,986)	49,251

<b>DATA CONCERNING CASH FLOWS</b>	<b>France</b>	<b>Europe (excluding France)</b>	<b>North America</b>	<b>Other countries</b>	<b>Eliminations<sup>(1)</sup></b>	<b>2017 (6 months)</b>
Acquisitions of intangible and tangible assets	28,914	360	157	29		29,460

<sup>(1)</sup> Included eliminations of inter-sector flows and internal results.

The consolidated sales broken down by sales destination, as published in the regulated quarterly information, is as follows for 2018 and 2017 first half-year:

	<b>2018</b>	<b>2017</b>
France	169,181	176,462
Europe (excluding France)	57,694	67,839
North America	44,575	32,644
Other countries	9,080	7,723
<b>TOTAL GROUP</b>	<b>280,530</b>	<b>284,668</b>

The breakdown of sales by line of products appears in note 18.

The structure of the groupe customers is atomized. No customer represents more than 10% of the group sales on the periods shown.

## **NOTE 7 : GOODWILL**

	<b>12/31/2017</b>	<b>Increases / (Decreases)</b>	<b>Currency translation adjustments</b>	<b>06/30/2018</b>
BOIRON parent company <sup>(1)</sup>	84,719	(66)		84,653
LES EDITIONS SIMILIA	663			663
<b>Total "France"<sup>(2)</sup></b>	<b>85,382</b>	<b>(66)</b>	<b>0</b>	<b>85,316</b>
Belgium <sup>(3)</sup>	2,232			2,232
Italy	2,242			2,242
Spain	583			583
Switzerland	55			55
<b>Total "Europe (excluding France)"</b>	<b>5,112</b>	<b>0</b>	<b>0</b>	<b>5,112</b>
Canada	226		2	228
USA	1,210		30	1,240
<b>Total "North America"</b>	<b>1,436</b>	<b>0</b>	<b>32</b>	<b>1,468</b>
<b>Total "Other countries"</b>	<b>0</b>			<b>0</b>
<b>TOTAL GROSS GOODWILL</b>	<b>91,930</b>	<b>(66)</b>	<b>32</b>	<b>91,896</b>
Switzerland impairment	(55)			(55)
Belgium impairment <sup>(3)</sup>	(2,232)			(2,232)
<b>TOTAL NET GOODWILL</b>	<b>89,643</b>	<b>(66)</b>	<b>32</b>	<b>89,609</b>

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

<sup>(2)</sup> As goodwill from the various acquisitions made in France had become inseparable, impairment tests are realized in France.

<sup>(3)</sup> Goodwill in Belgium comes 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 was no acquisition generating new goodwill during 2018 first half-year.

The goodwill generated by the acquisition, in April 2017, of Laboratoire FERRIER has been adjusted early 2018 for -€66 thousand, within twelve months of its constitution.

Given the trend in the performance of the asset groups, no evidence of impairment had been identified as of June 30, 2018.

## **NOTE 8 : INTANGIBLE FIXED ASSETS, TANGIBLE FIXED ASSETS AND ASSETS HELD FOR SALE**

On 2018 first half-year, acquisitions of intangible fixed assets are €2,981 thousand and concern IT plan in progress, mainly in France.

Acquisitions of tangible fixed asset opted to €23,361 thousand. They mainly concern Messimy production site, Les Olmes logistics site, the construction of a site in Lille and the acquisition of a building in the United-States.

No intangible fixed assets or tangible fixed assets were pledged or offered as collateral for a guarantee or surety.

Assets included in "Tangible fixed assets held for sale" refers to a building in Belgium, which has been listed for sale in June 2018, and which net book value is €957 thousand.

The Levallois-Perret site, present in this section in 2017 (€1,293 thousand), has been sold on June 6, 2018 (see note 1).

## **NOTE 9 : INVENTORIES AND WORK IN PROGRESS**

	12/31/2017	Variations	Depreciation of the exercise	Write-back of the exercise	Currency translation adjustments and other movements	06/30/2018
Raw materials and supplies	12,365	266			2	12,633
Semi-finished goods and finished goods	50,793	6,532			33	57,358
Goods	904	(100)			1	805
<b>TOTAL GROSS INVENTORIES</b>	<b>64,062</b>	<b>6,698</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>70,796</b>
<b>TOTAL DEPRECIATIONS ON INVENTORIES</b>	<b>(3,166)</b>		<b>(1,886)</b>	<b>1,963</b>	<b>19</b>	<b>(3,070)</b>
<b>TOTAL NET INVENTORIES</b>	<b>60,896</b>	<b>6,698</b>	<b>(1,886)</b>	<b>1,963</b>	<b>55</b>	<b>67,726</b>

As at June 30, 2018 and December 31, 2017, no inventory has been pledged to guarantee liabilities.

## **NOTE 10 : ACCOUNTS RECEIVABLE AND OTHERS ASSETS RELATED TO CUSTOMER CONTRACTS**

	12/31/2017	Variations	Depreciations of the period	Reversal for the period (unused depreciations)	Reversal for the period (used depreciations)	Currency translation adjustments and other movements	06/30/2018
Gross accounts receivable denominated in euros	64,679	(12,529)				0	52,150
Gross accounts receivable denominated in other currencies	40,835	(13,814)				(1,052)	25,969
<b>TOTAL GROSS ACCOUNTS RECEIVABLE</b>	<b>105,514</b>	<b>(26,343)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,052)</b>	<b>78,119</b>
Depreciations of accounts receivable denominated in euros	(2,502)		(321)	69	40	0	(2,714)
Depreciations of accounts receivable denominated in other currencies	(1,191)		(313)	113	258	30	(1,103)
<b>TOTAL DEPRECIATIONS OF ACCOUNTS RECEIVABLE</b>	<b>(3,693)</b>	<b>0</b>	<b>(634)</b>	<b>182</b>	<b>298</b>	<b>30</b>	<b>(3,817)</b>
Net accounts receivable denominated in euros	62,177	(12,529)	(321)	69	40	0	49,436
Net accounts receivable denominated in other currencies	39,644	(13,814)	(313)	113	258	(1,022)	24,866
<b>TOTAL NET ACCOUNTS RECEIVABLE</b>	<b>101,821</b>	<b>(26,343)</b>	<b>(634)</b>	<b>182</b>	<b>298</b>	<b>(1,022)</b>	<b>74,302</b>

No outstanding receivables had been sold as at June 30, 2018 and December 31, 2017.

As indicated in note 2.2.5, there are no assets related to customer contracts other than accounts receivables.

Depreciations on accounts receivable are recognized among the principles detailed in note 2.7.3.1 in 2017 Reference document.

As stated in note 2.1, the analysis performed in accordance with IFRS 9 standard did not result in the recognition of additional losses for expected risks. Customer risk is considered low, as the "net cost" of doubtful accounts is low. Credit risk is addressed in note 17 "Financial instruments and risks."

Accounts receivable denominated in currencies mainly concern the USA, Russia, Brazil, Poland and Canada.

The level of account receivables on June 30, 2018 is comparable to the amount on June 30, 2017 (€69,490 thousand). There was no major change in the customer structure. The decrease as compared to December 31, 2017 might be explained by the seasonality of the activity (see note 5).

## **NOTE 11 : INCOME TAX RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS**

Current	12/31/2017	Variations	Depreciations of the period	Reversal of the period (unused depreciations)	Reversal of the period (used depreciations)	Currency translation adjustments and other movements	06/30/2018
<b>Income tax receivable (non financial assets)</b>	<b>5,681</b>	3,617				(126)	<b>9,172</b>
<b>Non financial assets</b>	<b>15,858</b>	<b>3,187</b>				<b>13</b>	<b>19,058</b>
State and local government, excluding income tax	12,623	1,384				18	14,025
Staff	309	690				(5)	994
Accrued expenses	2,926	1,113					4,039
<b>Financial assets valued at cost</b>	<b>4,842</b>	<b>593</b>				<b>(43)</b>	<b>5,392</b>
Other debtors	4,842	593				(43)	5,392
<b>Derivative instruments</b>		24					<b>24</b>
<b>Other gross current assets (excluding income tax receivable)</b>	<b>20,700</b>	<b>3,804</b>				<b>(30)</b>	<b>24,474</b>
<b>Depreciation of other current assets</b>	<b>(232)</b>				22		<b>(210)</b>
<b>Other net current assets</b>	<b>20,468</b>	<b>3,804</b>			22	<b>(30)</b>	<b>24,264</b>

Non-current	12/31/2017	Variations	Depreciations of the period	Reversal of the period (unused depreciations)	Reversal of the period (used depreciations)	Currency translation adjustments and other movements	06/30/2018
<b>Non financial assets</b>	<b>38</b>	<b>(4)</b>					<b>34</b>
Staff	38	(4)					34
<b>Financial assets valued at cost</b>							
<b>Derivative instruments</b>							
<b>Other gross non-current assets (excluding income tax receivable)</b>	<b>38</b>	<b>(4)</b>					<b>34</b>
<b>Depreciation of other non-current assets</b>							
<b>Other net non-current assets</b>	<b>38</b>	<b>(4)</b>					<b>34</b>

## **NOTE 12 : CASH AND CASH EQUIVALENTS**

	06/30/2018			12/31/2017		
	Euros	Other currencies (euro equivalents)	Total	Euros	Other currencies (euro equivalents)	Total
Cash equivalents	1,882	1,511	<b>3,393</b>	33,803	2,292	<b>36,095</b>
Cash	174,292	7,920	<b>182,212</b>	233,738	5,176	<b>238,914</b>
<b>TOTAL</b>	<b>176,174</b>	<b>9,431</b>	<b>185,605</b>	<b>267,541</b>	<b>7,468</b>	<b>275,009</b>

Cash equivalents primarily comprise euro money market funds or similar investments (certificates on deposits and future deposits...) which meet IAS 7 standard criteria (see note 2.7.3.2 of 2017 Reference document).

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.

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

		06/30/2018	12/31/2017
Cash and cash equivalents	Consolidated balance sheet	185,605	275,009
Cash liabilities * (included in current borrowings and financial debts)	Consolidated balance sheet	4,329	10,069
Net cash position	Statement of consolidated cash flows	181,276	264,940

\* *Banking facilities essentially.*

The decrease in net cash position in the first half-year is partly due to the buyback of treasury shares for €59,257 thousand.

## NOTE 13 : SHAREHOLDERS' EQUITY

As at June 30, 2018, the share capital is comprised of 19,414,756 fully paid-up shares, each with a par value of €1.

There are no preference shares.

BOIRON parent company is not subjected 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.

### 13.1. TREASURY SHARES

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

	06/30/2018	12/31/2017
<b>Total number of shares</b>	<b>19,414,756</b>	<b>19,414,756</b>
Treasury shares	(1,811,429)	(984,505)
<b>Number of shares excluding treasury shares</b>	<b>17,603,327</b>	<b>18,430,251</b>

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, their value is directly booked in consolidated shareholders' equity.

As at June 30, 2018, the treasury share portfolio amounted to €129,309 thousand.

Acquisition made during the fiscal year totalled €65,055 thousand, including €59,079 excluding the liquidity contract (see note 1). Disposals during the fiscal year totalled €6,340 thousand (in historical acquisition cost), the whole amount via the liquidity contract.

The unrealized gain on the portfolio was €1,413 thousand (on the basis of the average price in June 2018). 9,383 shares are held through the liquidity agreement contracted with NATIXIS. During 2018 first semester, 831,309 shares have been acquired with a view to cancellation.

### 13.2. DIVIDEND PER SHARE

Dividend per share in euro	
Dividend 2016 paid in 2017	1.60
Dividend 2017 paid in 2018	1.60

## NOTE 14 : NON-CURRENT EMPLOYEE BENEFITS

### 14.1. GROUP QUANTIFIED DATA

	12/31/2017	Impact on operating income	Impact on financial income	Impact on other comprehensive income		06/30/2018
				Actuarial differences <sup>(1)</sup>	Currency translation adjustments and other movements	
Total post-employment benefits (defined contribution plans)	108,601	(841)	895	0	0	108,655
Total other long-term benefits	8,445	(80)	0	0	0	8,365
<b>TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES</b>	<b>117,046</b>	<b>(921)</b>	<b>895</b>	<b>0</b>	<b>0</b>	<b>117,020</b>

<sup>(1)</sup> The discount rate retained at June 30, 2018 is 1.7 %, the same as at December 31, 2017.

The change in non-current employee benefits during 2017 first half-year was as follows:

	12/31/2016	Impact on operating income	Impact on financial income	Impact on other comprehensive income		06/30/2017
				Actuarial differences <sup>(1)</sup>	Currency translation adjustments and other movements	
Total post-employment benefits (defined contribution plans)	113,451	(1,115)	780		0	113,116
Total other long-term benefits	8,756	(9)	0	0	0	8,747
<b>TOTAL EMPLOYEE BENEFITS RECOGNIZED IN NON-CURRENT LIABILITIES</b>	<b>122,207</b>	<b>(1,124)</b>	<b>780</b>	<b>0</b>	<b>0</b>	<b>121,863</b>

<sup>(1)</sup> The discount rate retained at June 30, 2017 is 1.6 %, the same as at December 31, 2016.

### 14.2. POST-EMPLOYMENT BENEFITS OF BOIRON PARENT COMPANY

	12/31/2017	Impact on operating income			Impact on financial income	Impact on other comprehensive income	06/30/2018
		Service costs	Payments	Plan changes	Financial costs	Actuarial differences <sup>(1)</sup>	
Actual value of liabilities	59,004	1,177	(1,104)		487		59,564
Investments value	(29,884)		(396)		(245)		(30,525)
<b>Retirement indemnity provision - BOIRON parent company</b>	<b>29,120</b>	<b>1,177</b>	<b>(1,500)</b>	<b>0</b>	<b>242</b>	<b>0</b>	<b>29,039</b>
<b>Agreement on Preparation for Retirement provision BOIRON parent company</b>	<b>79,380</b>	<b>1,491</b>	<b>(2,011)</b>	<b>0</b>	<b>653</b>	<b>0</b>	<b>79,513</b>

<sup>(1)</sup> The discount rate retained at June 30, 2018 is 1.7%, the same as at December 31, 2017.

The change in post-employment benefits defined of BOIRON parent company during 2017 first half-year was as follows:

	12/31/2016	Impact on operating income			Impact on financial income	Impact on other comprehensive income	06/30/2017
		Service costs	Payments	Plan changes	Financial costs	Actuarial differences <sup>(1)</sup>	
<b>Retirement indemnity provision - BOIRON parent company</b>	<b>31,242</b>	<b>1,016</b>	<b>(1,500)</b>	<b>0</b>	<b>139</b>	<b>0</b>	<b>30,897</b>
<b>Agreement on Preparation for Retirement provision BOIRON parent company</b>	<b>82,130</b>	<b>1,305</b>	<b>(1,939)</b>	<b>0</b>	<b>641</b>	<b>0</b>	<b>82,137</b>

<sup>(1)</sup> The discount rate retained at June 30, 2017 is 1.6%, the same as at December 31, 2016.

Service costs included a €433 thousand reversal for the reorganization of sites in France.

## NOTE 15 : CURRENT AND NON-CURRENT PROVISIONS

	12/31/2017	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	06/30/2018
<b>Current</b>						
Provisions for returned goods	5,569	2,487		(2,523)	61	5,594
Provisions for contingencies and lawsuits	1,945	427	(152)	(248)	(9)	1,963
Provisions for reorganizations	567	21		(159)		429
Other provisions for other expenses	0					0
<b>TOTAL CURRENT PROVISIONS</b>	<b>8,081</b>	<b>2,935</b>	<b>(152)</b>	<b>(2,930)</b>	<b>52</b>	<b>7,986</b>
<b>Non-current</b>						
Provisions for contingencies and lawsuits	256					256
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>256</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>256</b>

The change in current and non-current provisions for 2017 first half-year was as follows:

	12/31/2016	Increases	Decreases (unused)	Decreases (used)	Currency translation adjustments and other movements	06/30/2017
<b>Current</b>						
Provisions for returned goods	5,965	2,408	(89)	(2,336)	(181)	5,767
Provisions for contingencies and lawsuits	1,817	161	(118)	(124)	(132)	1,604
Provisions for reorganizations	0	580				580
Other provisions for other expenses	30		(30)			0
<b>TOTAL CURRENT PROVISIONS</b>	<b>7,812</b>	<b>3,149</b>	<b>(237)</b>	<b>(2,460)</b>	<b>(313)</b>	<b>7,951</b>
<b>Non-current</b>						
Provisions for contingencies and lawsuits	368	5		(11)	125	487
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>368</b>	<b>5</b>	<b>0</b>	<b>(11)</b>	<b>125</b>	<b>487</b>

A provision of €580 thousand allocated in 2017 first half-year concerned the reorganization of the sites in France.

Other contingent assets and liabilities are mentioned in note 23.

## NOTE 16 : INCOME TAX PAYABLE AND OTHER CURRENT AND NON-CURRENT LIABILITIES

	06/30/2018		12/31/2017	
	Current	Non-current	Current	Non-current
<b>Income tax payable (non financial liabilities)</b>	<b>1,661</b>	<b>0</b>	<b>2,141</b>	<b>0</b>
<b>Other liabilities except income tax payable</b>				
<b>Non financial liabilities</b>	<b>68,026</b>	<b>1,582</b>	<b>79,830</b>	<b>1,616</b>
State and local government, excluding income tax	6,969		9,466	
Personnel and social security organizations	60,702	1,582	69,049	1,616
Deferred revenue	355		1,315	
<b>Financial liabilities valued at cost</b>	<b>14,679</b>	<b>0</b>	<b>14,661</b>	<b>0</b>
Fixed asset suppliers	6,161		5,442	
Credit customer accounts	8,129		8,555	
Other creditors	389		664	
<b>Derivative instruments</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>
<b>TOTAL</b>	<b>82,705</b>	<b>1,582</b>	<b>94,493</b>	<b>1,616</b>

Other non-current liabilities are primarily comprised of the debt in respect of the Italian TFR.

Deferred revenue related to customer contracts are insignificant.

The level of other current and non-current liabilities at June 30, 2018 is comparable to the amount at June 30, 2017 (€86,336 thousand).

## NOTE 17 : FINANCIAL INSTRUMENTS AND RISKS

Neither the nature nor maturity of the group's financial assets and liabilities changed materially compared to December 31, 2017.

As of December 31, 2017, the only financial instruments valued at fair value are marketable securities and derivative instruments (see notes 11 and 16), corresponding to level 2 of the hierarchy defined in the standard IFRS 13 (see note 2.10 of 2017 Reference document). The group did not find any adjustments related to counter party risks (non-payment risk of an asset) or credit risks (non-payment risk of a liability).

There are only risk-hedging financial instruments to limit the exchange exposure.

On December 31, 2017 and on June 30, 2018, the current derivative instruments of change only correspond to hedges of fair value and no cash flows. Consequently, changes in value related to derivative instruments were totally recognized in consolidated net income. There is no change in other comprehensive income booked in 2017 and 2018.

Outstanding futures options and forward transactions and the fair value of those instruments were not material at June 30, 2018.

Fair value investments are described in note 12.

The group's exposure to market, credit and liquidity risks did not change significantly from December 31, 2017 (see note 22 to the consolidated financial statements in the 2017 Reference document).

As of June 30, 2018, the amount of accounts receivable due and not provided for amounted to €7,826 thousand, namely 10.0% of account receivables (against €8,903 thousand, namely 8.4% of account receivables as of December 31, 2017). Accounts receivable due for less than a month accounted for 35% of this amount. The remainder has been overdue for less than a year.

There was no major change in the structure of the aged trial balance during 2018 first half-year.

The risks identified in countries in economic difficulty (Tunisia particularly) have not changed materially.

As of June 30, 2018 or as of December 31, 2017, there was no offsetting agreements or accounts receivable restructuring agreements except for Tunisia: a schedule of €2,969 thousand, which is due at the end of 2018, has been negotiated with the Pharmacie Centrale de Tunisie in order to clear part of the outstanding amount which is €3,987 thousand at June 30, 2018.

Losses on bad debts, net of amortizations and reversal on depreciations for bad debts amounted to -€509 thousand, 0.18% of consolidated sales, compared to -€135 thousand in 2017 (0.05% of consolidated sales).

BOIRON group did not observe any material failures on 2018 first half-year, as in 2017.

## NOTE 18 : OPERATING REVENUES

	2018 (6 months)	%	2017 (6 months)	%
Non-proprietary homeopathic medicines	146,572	52.2	155,583	54.7
OTC Specialties	133,297	47.5	128,359	45.1
Other <sup>(1)</sup>	661	0.3	726	0.2
<b>TOTAL SALES</b>	<b>280,530</b>	<b>100.0</b>	<b>284,668</b>	<b>100.0</b>
<b>Other operating revenue (fees)</b>	<b>2</b>		<b>0</b>	

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

Revenue recognition rules are the same according to the different products line (see note 2.11.1 of 2017 Reference document).

The product lines presented in this breakdown of sales do not constitute operating segments. The breakdown of sales by geographical area is given in note 6 on segment information.

The analysis of IFRS 15 standard did not lead to the identification of other revenues allocation axis considered relevant.



## NOTE 19 : OTHER OPERATING REVENUE AND EXPENSES

	<b>2018</b> <b>(6 months)</b>	<b>2017</b> <b>(6 months)</b>
Income on disposal assets <sup>(1)</sup>	6,177	3,291
Tax credit competitiveness and employment	1,554	1,928
Other tax credits (included tax credits research)	622	601
Net changes in provisions		(3)
Gains and losses on derivative instruments (related to operating hedges)	(117)	(24)
Foreign exchange gains and losses on operating transactions	217	(378)
Other	89	227
<b>TOTAL</b>	<b>8,542</b>	<b>5,642</b>
<b>Including other operating revenue</b>	<b>8,677</b>	<b>6,154</b>
<b>Including other operating expenses</b>	<b>(135)</b>	<b>(512)</b>

<sup>(1)</sup> In 2018: €6,207 thousand of capital gain on disposal of Levallois-Perret site (see note 1).

In 2017: €3,293 thousand of capital gain on disposal of Lyon 8<sup>ème</sup> site.

## NOTE 20 : INCOME TAX

	<b>2018</b> <b>(6 months)</b>	<b>2017</b> <b>(6 months)</b>
Current taxes payable	(13,466)	(17,296)
Deferred taxes	742	1,947
<b>TOTAL</b>	<b>(12,724)</b>	<b>(15,349)</b>
<b>Effective rate</b>	<b>37.1%</b>	<b>38.2%</b>

The difference between the recognized tax charge and the tax that would have been recognized at the nominal rate break down as follows:

	<b>2018</b> <b>(6 months)</b>	<b>%</b>	<b>2017</b> <b>(6 months)</b>	<b>%</b>
Theoretical tax	(11,816)	34.4	(13,838)	34.4
Impact of subsidiaries tax rates	(866)	2.5	(1,374)	3.4
Impact of reduced tax rates in France	33	(0.1)	2	0.0
Permanent differences	(886)	2.6	1,449	-3.6
Fiscal loss or gain without recognition of income tax	(795)	2.3	(684)	1.7
Tax credits, deferred income tax adjustment and other	1,606	(4.7)	(904)	2.2
<b>Actual corporate tax</b>	<b>(12,724)</b>	<b>37.1</b>	<b>(15,349)</b>	<b>38.2</b>

The group's theoretical tax rate is calculated on the basis of the rate applicable in France in 2018.

2018 tax includes the tax income received by BOIRON parent company on the 3% tax on dividends paid in 2013 and 2014 for €1,480 thousand (see note 1).

## NOTE 21 : EARNINGS PER SHARE (EXCLUDING TREASURY SHARES)

	<b>2018</b> <b>(6 months)</b>	<b>2017</b> <b>(6 months)</b>
Net earnings (in thousand of euros)	21,605	24,873
Average number of shares for the fiscal year	18,051,554	18,430,601
<b>EARNINGS PER SHARE (in euros)</b>	<b>1.20</b>	<b>1.35</b>

In the absence of dilutive instruments, the average earnings per share are the same as the average diluted earnings per share.

## **NOTE 22 : OFF-BALANCE SHEET LIABILITIES**

BOIRON group has no off-balance sheet liabilities related to acquisitions and disposals of subsidiaries (agreements to repurchase shares...).

The off-balance sheet liabilities related to asset acquisitions are related to the acquisition of the ALKANTIS patents and brands. This equity-financed acquisition in 2017 cost €2,495 thousand. The contract also includes an earn-out clause:

- In 2023, if annual net sales of the product in fiscal year 2022 exceed 10 million euros, the earn-out payment will be equal to 10% of net sales in excess of 10 million euros during fiscal year 2022. It will be capped at 2 million euros.
- In 2028, if annual net sales of the product in fiscal year 2027 exceed 20 million euros, the earn-out payment will be equal to 10% of net sales in excess of 20 million euros during fiscal year 2027. It will be capped at 4 million euros.

No amounts were recognized for these earn-out payments, because the recognition criteria had not yet been met at closing.

Off-balance sheet liabilities related to group operating activities did not change significantly during 2018 first half-year.

The amount of the commitments to be paid at June 30, 2018 under operating leases is €20,503 thousand, and was €23,154 thousand at December 31, 2017.

The leasing expenses amounted to €4,350 thousand in 2018 first half-year and €4,602 thousand in 2017.

The group's operating leases are mainly:

- Vehicle leases (approximately 50%) the average duration of three years;
- Real estate leases (approximately 30%): mainly preparation and distribution sites in France and subsidiaries headquarters in Russia and Italy. The duration of the contracts varies between five and nine years.

The ongoing analysis of contracts has not led to identifying any specific characteristics (such as variable leases, indemnities owed by lessors at the end of leases, etc.).

## **NOTE 23 : CONTINGENT ASSETS AND LIABILITIES**

### **23.1. LITIGATION IN THE UNITED-STATES**

In the USA, the last class action proceedings against the Oscilloccinum<sup>®</sup> medicine was unanimously refused by the jury of the Court of Los Angeles in California. In consequence, the judge refused all the requests of the plaintiff in a verdict issued on January 3, 2017. On October 20, the plaintiff appealed against the ruling. The Appeals Court should rule on the case at the end of 2018.

No amount was provisioned for this litigation as of June 30, 2018.

### **23.2. 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 this 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 June 30, 2018.

### 23.3. 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 the distribution contract with UNDA.

Faced with the impossibility of finding an amicable agreement, UNDA has initiated arbitration proceedings before the International Court of Arbitration of the International Chamber of Commerce in Paris, in accordance with the contractual terms.

By partial decision on December 14, 2016, the arbitration tribunal ordered Ce.M.O.N. to transfer ownership of the marketing authorizations for the UNDA products which were distributed in Italy by Ce.M.O.N. to UNDA, no later than December 31, 2018.

The hearings and pleadings before the arbitral tribunal took place during the week of June 11, 2018. The arbitral tribunal should render its award before the end of the year 2018.

In 2015, the accounts payable and inventories of products made for Ce.M.O.N. were depreciated by €1,596 thousand and €787 thousand respectively.

### 23.4. RESTRUCTURING OF THE FACILITIES IN FRANCE

On November 15, 2016, employees were informed of plans to restructure the sites in France. An information and consultation meeting was held with the Central Works Council on December 14, 2016 to explain the specifics:

- first, sites that are close to each other would be consolidated into a single existing or yet to be built site;
- second, the preparation activities at certain facilities would be transferred to other sites.

Seventy-eight employees would be offered either the same job at another site or a different job at their current site. Thirty-eight employees whose jobs would be eliminated would also be offered other positions within the Company.

In 2017, the implementation phase of this new organization began;

The first step, the transfer of five preparation departments to other sites and one site transfer, was completed in January 2018.

The second step, which aims to concentrate sites on three new locations and transfer two preparation departments, will be completed in 2018 and 2019.

Application of the principles defined in note 2.9.3 of the consolidated financial statements at December 31, 2017 did not result in the recognition of a provision, at June 30, 2018, for the second phase.

### 23.5. TAX AUDIT IN FRANCE

BOIRON parent company is currently the subject of a tax audit for the fiscal years 2015 and 2016. The control procedures are currently in process. The risk analysis performed by BOIRON did not lead to any provisions being recorded.

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 six months.

## **NOTE 24 : RELATED PARTIES**

There was no significant change in managers' compensation conditions compared to the fiscal year 2017 (see note 34.2 of notes to the consolidated financial statements at December 31, 2017).

## **NOTE 25 : SUBSEQUENT EVENTS**

In accordance with the share buyback program, the Board of Directors of September 5, 2018 decided to reallocate the shares bought back for the purpose of financing external growth operations to the cancellation objective.

The Board also decided to cancel, subject to the suspensive condition of obtaining an exemption to file a public offer, all the treasury shares on September 5, 2018, i.e. 1 849 196 shares, in accordance with the authorization given by the Extraordinary Shareholders' Meeting of May 18, 2017.

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

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*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Boiron, for the period from January 1 to June 30, 2018,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the above conclusion, we draw your attention to Note 2.1 "New IFRS standards, amendments and interpretations" setting out the impacts of the first-time application of IFRS 15, Revenue from Contracts with Customers and IFRS 9, Financial Instruments.

### II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Lyon and Villeurbanne, September 5, 2018

The Statutory Auditors

*French original signed by*

**MAZARS**

Nicolas DUSSON

**DELOITTE & ASSOCIÉS**

Vanessa NICOU-D-GIRARDET



# Declaration by the person responsible for this report

## **DECLARATION BY THE PERSON RESPONSIBLE FOR THIS REPORT**

I declare that to the best of my knowledge, the condensed half-year financial statements, have been prepared according to the applicable accounting standards and provide a fair view of the businesses, financial position and income of all entities in the company's scope of consolidation, and the half-year report provides a true and fair view of the highlights of the first six months, their impact on the financial statements, the main related party transactions as well as a description of the main risks and main uncertainties for the remaining six months of the fiscal year.

Messimy  
September 5, 2018

**Christian Boiron**  
General Manager