MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Board of Directors' Report

Ordinary General Meeting and Extraordinary General Meeting
September 20, 2019

MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Société Anonyme des Bains de Mer
et du Cercle des Étrangers à Monaco (S.B.M.)

BOARD OF DIRECTORS' REPORT

Ordinary General Meeting and Extraordinary General Meeting
September 20, 2019

The financial statements in English are a faithful translation of the original French version but should not be considered as completely accurate due to the unavailability of English equivalents for certain French accounting terms. Consequently, this English document is intended for general information only.

Société anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (S.B.M.)
Société anonyme au capital de 24 516 661 euros
Siège social : Place du Casino – MC 98000 MONACO
RCI Principauté de Monaco 56S00523

www.montecarlosbm.com

Board of Directors

Chairman

Mr. Jean-Luc BIAMONTI

Directors

Mr. Michel DOTTA

Mr. Alexandre KEUSSEOGLOU

Mr. Thierry LACOSTE

Mr. Michael MECCA

Mr. Christophe NAVARRE

Mr. Laurent NOUVION

Mr. Pierre SVARA

Mr. William TIMMINS

UFIPAR S.A.S. (permanent representative: Mr. Nicolas BAZIRE)

Executive Management

Chairman and Chief Executive Officer

Mr. Jean-Luc BIAMONTI

Deputy CEO – Finance

Mr. Yves de TOYTOT

Corporate Secretary

Mr. Emmanuel VAN PETEGHEM

Statutory Auditors

Permanent Members

Mr. André GARINO

Mr. Jean-Humbert CROCI

Substitute Members

Mrs. Bettina RAGAZZONI

Mr. Romain VIALE

Contractual Auditor

DELOITTE & ASSOCIÉS

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MESSAGE FROM THE CHAIRMAN

Ladies, Gentlemen, Shareholders,

The year under review has confirmed the improvement in your Company's performance which began last year, with increased revenue across all business sectors during the fiscal year.

In the gaming sector, table games have enjoyed particular success, a testament to the initiatives undertaken by Mr. Pascal Camia and his team. In the hotels and restaurants business, the completion of the Hôtel de Paris renovation work at the end of the year and the opening of Coya made a significant contribution to our improved performance. Finally, the opening of the One Monte-Carlo retail spaces in the presence of H.S.H. Prince Albert II of Monaco and H.S.H. Princess Charlene on February 22, 2019 resulted in a substantial rise in commercial rental revenue.

This growth in revenue, alongside tight costs control, produced a significant reduction in your Company's operating loss, which fell from -€27.1 million to -€9.6 million. All sectors have contributed to this improvement, but there is still more to be done. Finally, the continued good performance of Betclic, the subsidiary in which your Company holds a 50% stake, enabled your Company to achieve a net profit for the first time in many years.

In the short term, the Company must sustain its recovery, with a focus on the following areas:

- *in the gaming sector, measures to revive table games need to be stepped up, and additional attention should be given to slot machines;*
- *in the hotel sector, we need to accelerate the strong upswing at the Hotel de Paris, where clients appear to be pleased with the renovations that have been carried out. An in-depth review of our restaurant offering should enable us to better adapt to our guests' changing tastes. Finally, the opening of the Conference Center in One Monte-Carlo is set to become a new source of revenue;*
- *in the rental sector, commercial revenue will improve once the full-year effect of leasing the retail spaces in One Monte-Carlo is felt and with the gradual delivery of the apartments and offices in the complex.*

This recovery will only be possible if we maintain a strict costs control policy.

In the medium term, to sustain your Company's performance, the Board of Directors must consider, in partnership with the majority shareholder, opportunities for acquisition both in the Principality of Monaco and further afield.

With work at the Hôtel de Paris and One Monte-Carlo drawing to an end, I would like to thank all of the staff who, over the last few years, have put in a huge amount of effort to keep our clients happy in the challenging environment created by the scale of the work on Place du Casino.

I would also like to thank Mr. William ("Bill") Timmins, a Director of the Company since 2011, who has reached the statutory age limit. Throughout his years of service, Bill has brought his expertise of the gaming world, acquired through senior executive positions held in both Europe and Las Vegas.

Jean-Luc Biamonti

Chairman and Chief Executive Officer

Monte-Carlo Bay Hotel & Resort

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KEY FIGURES

Key figures related to the last three fiscal years

Consolidated figures *(in million of euros)*	**2016/2017**	**2017/2018**	**2018/2019**
Consolidated revenue	458.8	474.6	526.5
Operating income before depreciation and amortization	17.1	22.1	37.7
Operating income	(32.8)	(27.1)	(9.6)
Consolidated net income attributable to the owners of the parent Company	(36.4)	(14.6)	2.6
Comprehensive income attributable to the owners of the parent Company	(37.2)	(14.6)	(1.9)
Cash generated from operations	16.4	23.6	37.4
Purchase of PP&E, intangible and financial assets	111.9	191.8	199.9
Equity	639.6	624.8	623.1
Net Debt/(Cash position) *	(94.0)	50.9	106.8
Average number of employees	4,148	4,213	4,349
Market share price as of fiscal year's last day *(in euros)*	33.20	54.80	47.10
GAMING SECTOR FIGURES			
Casinos operated (number of permanent establishments at the end of the period)	4	4	4
Consolidated revenue (gross gaming revenue)	201.7	200.7	222.7
Operating income **	(20.2)	(14.8)	(8.0)
HOTEL SECTOR FIGURES			
Hotels operated	5	5	5
Accomodation capacity (average number of rooms available)	1,088	1,100	1,144
Occupancy rate (average rate including Le Méridien Beach Plaza)	63.6%	67.5%	66.4%
Consolidated revenue	218.5	234.7	253.7
Operating income **	(9.8)	(5.1)	(4.2)
RENTAL SECTOR FIGURES			
Consolidated revenue	39.4	40.9	51.9
Operating income **	23.0	23.4	35.5

* *Net debt is defined in the "Document de Référence 2019" in Chapter 4.1.5.*

** *Sector figures for 2017/2018 include a change in the sector allocation of certain expenses, previously fully allocated to the gaming sector. This new expense allocation aims to allocate to each sector the cost of dedicated resources. From 2017/2018, over half of these costs (€3.7 million) is therefore allocated to the hotel and rental sectors, favorably impacting the operating income of the gaming sector.*

The key figures related to the last three fiscal years are extracted from the Group consolidated financial statements (statement of financial position, statement of income, cash flow statement) for the fiscal years ended March 31, 2017, 2018 and 2019.

Hôtel de Paris Monte-Carlo

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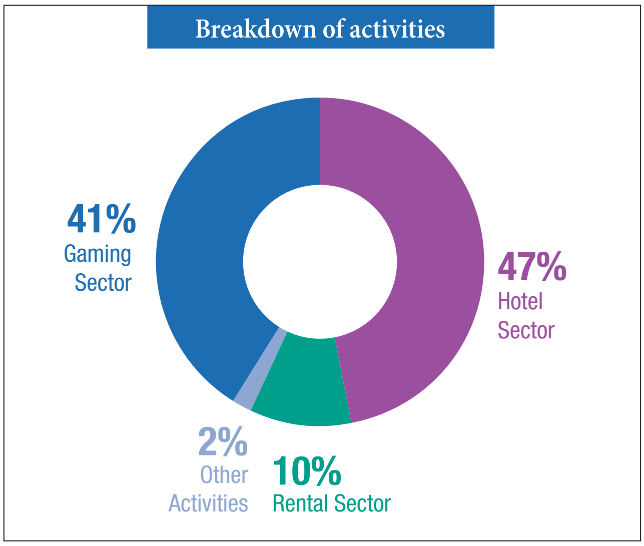
ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2018/2019

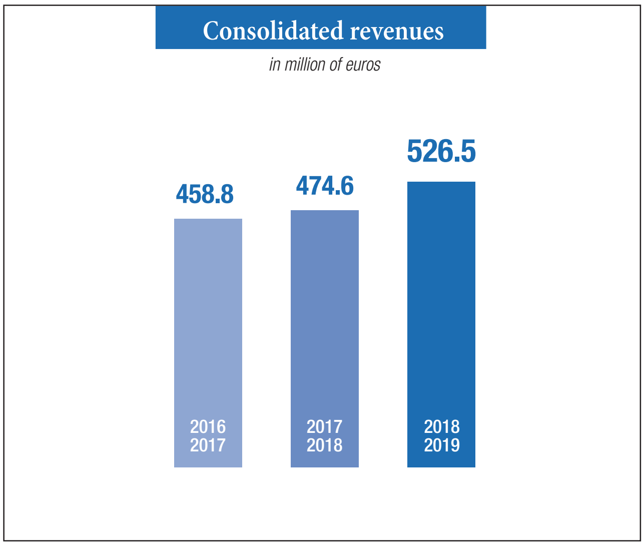
3.1 Presentation of fiscal year 2018/2019 results

3.1.1 Highlights of activity in fiscal year 2018/2019

S.B.M. Group reported consolidated revenue of €526.5 million for fiscal 2018/2019 compared to €474.6 million the previous year, for an increase of +11%.

Consolidated revenue by business segment *(in million of euros)*	**2016/2017**	**2017/2018**	**2018/2019**	**Variation** *(in million of euros)*
Gaming Sector	201.7	200.7	222.7	22.0
Hotel Sector	218.5	234.7	253.7	19.0
Rental Sector	39.4	40.9	51.9	11.0
Other Activities	14.3	13.5	13.7	0.1
Internal transfers	(15.1)	(15.2)	(15.4)	(0.2)
CONSOLIDATED REVENUES	**458.8**	**474.6**	**526.5**	**51.9**





The increase of €51.9 million for the year is the result of higher revenue across all sectors.

The gaming sector reported revenue of €222.7 million, versus €200.7 million in 2017/2018. This change was primarily due to an increase in consolidated revenue from table games amounting to €108.4 million over the year as a whole, compared to €87.2 million the previous year, a rise of 24%. Consolidated revenue from slot machines was stable at €101.9 million for 2018/2019.

Hotel revenue was €253.7 million compared to €234.7 million in 2017/2018. This favorable trend is rooted in an uptick in business at the Hotel de Paris. The S.B.M. Group's other hotels, and particularly the Monte-Carlo Bay Hotel & Resort, experienced a positive trend in business. In addition, the reopening of the Jimmy'z and the opening of the new Coya restaurant had a positive effect on the hotel sector.

The rental sector, which combines boutiques and office leasing together with the activities of the Résidence du Sporting, the Balmoral and the new villas du Sporting, reported revenue of €51.9 million, compared to €40.9 million previously, an increase of 27%. This increase is primarily the result of leasing out new spaces at the Hotel de Paris on Avenue de Monte-Carlo and in its garden courtyard, and in the new One Monte-Carlo complex over the final quarter of the year.

Finally, other activities accounted for annual consolidated revenue of €13.7 million, compared to €13.5 million last year.

As a reminder, as described in note 2.1.1 of the notes attached to consolidated accounts as of Mars 31, 2019, the S.B.M. Group applies starting from fiscal year 2018/2019 the new IFRS 15 "Revenue from Contracts with Customers".

IFRS 15 is based on a model in which revenue is recognized when the control of the good and/or service is transferred to the client. Taking into account the S.B.M. Group's business, the impacts arising from the adoption of this new standard are limited and mainly concern the games loyalty program set up in 2018. In accordance with IFRS 15, client benefits, which were previously provided for in expenses, are considered as satisfied performance obligations once the client has used such benefits. The related revenue is therefore deferred and recognized as and when the benefits are used.

Excluding the aforementioned standard, consolidated revenue for fiscal 2018/2019 would amount to €527.7 million, gaming sector revenue would stand at €226.2 million and internal transfers would total -€17.7 million. Hotel and rental sector revenue would remain unchanged. Under IFRS 15, revenue therefore declines by 0.2%.

3.1.2 Analysis of fiscal year 2018/2019 operating results by sector

The developments in the various business sectors – gaming, hotel and rental – are analyzed below for the year ended March 31, 2019.

GAMING SECTOR

The gaming sector reported revenue of €222.7 million, versus €200.7 million in 2017/2018, an increase of 11%, mainly attributable to the rise in table games revenue. Slot machines revenue remained stable during fiscal 2018/2019.

The following table shows the development of gaming sector receipts by business segment, being specified that other activities segment mainly comprised the entrance fees to the Monte-Carlo Casino and the catering and bar receipts recorded within the gaming establishments.

	Gaming revenue *(in million of euros)*	2016/2017	2017/2018	2018/2019	%
49%	Table games	95.2	87.2	108.4	24%
46%	Slot machines	96.2	102.8	101.9	(1)%
5%	Other activities	10.2	10.8	12.3	15%
100%	**TOTAL GAMING SECTOR**	**201.7**	**200.7**	**222.7**	**11%**

The **table games** sector reported revenue of €108.4 million for fiscal year 2018/2019, compared to €87.2 million the previous year, for an increase of €21.2 million, or +24%.

The sector benefited from the business recovery program that boosted the number of players and the drop (bets).

In fiscal 2018/2019, the drop rose by 20% and the hold (receipts/betting ratio) increased slightly to 15.9%, compared to 14.9% the previous year.

However, these excellent achievements were reported in the first half of the fiscal year, with a revenue increase of €29.4 million. Fourth-quarter business declined period-on-period.

The main trends were as follows:

- the Monte-Carlo Casino, which mainly operates European games, improved its receipts by €22.4 million in fiscal 2018/2019, due to the solid takings from Punto Banco, up by more than €25 million compared to the previous year that had been hindered by a particularly low hold rate. European Roulette, down €4.9 million, remains the establishment's principal game, with nearly €33.7 million in receipts, representing 31% of the Monte-Carlo Casino's gross table game receipts;
- table game activity at the Café de Paris Casino generated revenue of €7.2 million for the year, up €3 million compared to the previous year;
- the Sun Casino generated revenue of €11.9 million for the fiscal year, despite a €4.2 million decline in its gross receipts due to a lower drop.

Slot machines sector activity remained stable, with revenue of €101.9 million in 2018/2019, compared to €102.8 million in the previous year.

Overall, receipts were stable at all the establishments, the moderate decrease in bets being offset by a slight rise in the hold.

The number of players also increased: up 21% at the Monte-Carlo Casino and 27% at the Café de Paris Casino.

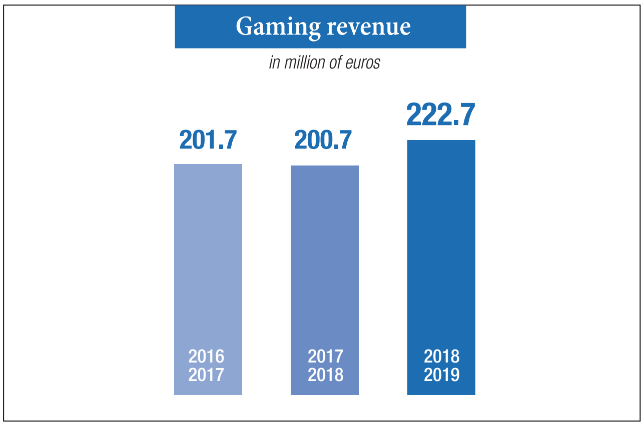
24/7 opening at the Café de Paris Casino, smoking areas, and a more intense events policy, enable the various establishments to remain highly competitive compared with French Riviera and Italian competitors.

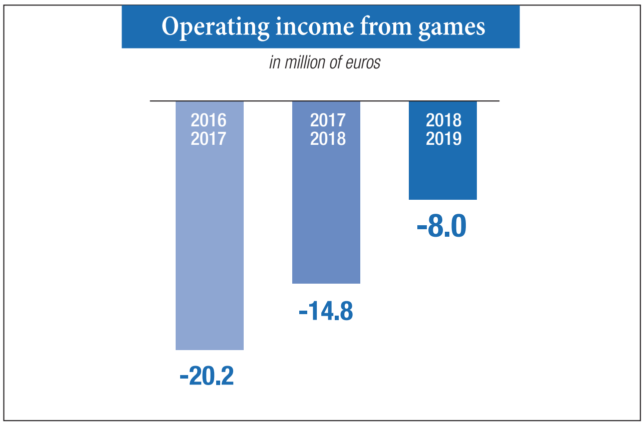
Receipts from **other activities** amounted to €12.3 million, up €1.6 million on previous fiscal year. This increase is mainly attributable to catering in the casinos, with the organization of limited-time events (pop-ups, Atrium events, etc.). Starting from fiscal 2018/2019, the business of the Sun Casino Bar was attached to the gaming sector and contributed +€0.8 million to receipts from other activities during the year.

For the **entire gaming sector**, an operating loss before depreciation and amortization of -€1.3 million was recorded in fiscal 2018/2019, compared to an operating loss of -€8.3 million for the previous year.

The increase in earnings was primarily due to the rise in table games revenue, less greater direct costs inherent to this activity (royalties, entertainment expenses, staff costs, debt provisions, etc.).

After depreciation and amortization, the S.B.M. Group reported an operating loss of -€8 million for the gaming sector in 2018/2019, compared to a loss of -€14.8 million the previous year.





HOTEL SECTOR

The ongoing extensive renovation of the Hôtel de Paris significantly affects the operating conditions of this establishment, which invariably had a very substantial impact on the hotel sector's performance in terms of revenue and operating income.

In fiscal 2018/2019, the hotel was unable to match the operating performance it had achieved prior to the renovations, even though the gradual reopening substantially developed business.

For fiscal 2018/2019, the impact of this work on hotel sector operating income was assessed at near €7 million, compared to €10 million the previous year.

Overall, the hotel sector posted revenue of €253.7 million for fiscal 2018/2019, compared to €234.7 million year on year, up by +8%, or €19 million, with:

- Hôtel de Paris revenue improved by €11.1 million as new rooms were reopened following the refurbishment (97 rooms available for sale in fiscal 2018/2019, compared to 56 in fiscal 2017/2018);
- the opening of the Coya restaurant generated revenue of €5.2 million;
- Jimmy'z recorded a €1.9 million revenue increase due to a longer period of activity than in the previous year;
- the Monte-Carlo Bay Hotel & Resort reported a €1.7 million increase in revenue.

The trends of the various activity segments can be analyzed as follows:

	Hotel revenue *(in million of euros)*	**2016/2017**	**2017/2018**	**2018/2019**	**%**
41%	Accomodation	87.9	95.4	104.4	9%
46%	Catering	98.5	106.2	115.3	9%
13%	Other activities	32.1	33.1	34.0	3%
100%	**TOTAL HOTEL SECTOR**	**218.5**	**234.7**	**253.7**	**8%**

The Group's **accommodation** revenue stood at €104.4 million, compared to €95.4 million for fiscal 2017/2018.

Despite its accommodation capacity still being reduced, with an average of 97 rooms available in fiscal 2018/2019, compared to 56 in the previous year, the Hôtel de Paris recorded a sharp increase in overnight stays and an 11% rise in average receipts, directly attributable to the high-quality services proposed. Due to this higher occupancy and the substantial rise in average prices, Hôtel de Paris accommodation revenue increased by €8.4 million.

Accommodation revenue at the Monte-Carlo Bay Hotel & Resort and Le Méridien Beach Plaza increased by +4% and +1%, respectively, whereas it dropped by 2% at the Hôtel Hermitage due to the gradual reopening of the Hôtel de Paris.

The following accommodation indicators concern the entire S.B.M. Group:

- the occupancy rate declined slightly to 66.4%, compared to 67.5% for fiscal 2017/2018. Based on the number of rooms available for sale, the occupancy rate of the Hôtel de Paris automatically fell compared to the previous year, given the sharp increase in its capacity;
- average accommodation prices increased overall by 6% for all five establishments;
- finally, client segmentation by geographical origin remained similar to last year, with French clients continuing to dominate with 18.4% of the market, compared to 23% last year. Russian and American clients respectively accounted for 14.7% and 14.6% of the Resort's clientèle.

Catering revenue totaled €115.3 million, compared to €106.2 million the previous year, for an increase of €9.1 million, primarily due to the opening of the Coya restaurant for €5.2 million, and longer opening for Jimmy'z in fiscal 2018/2019 (favorable impact of €1.9 million).

The other S.B.M. Group catering establishments delivered mixed performances. A total of 1,018,000 meals were served for the entire S.B.M. Group, up 29,000 in relation to last year. The boost in the catering business was particularly striking at the Hôtel de Paris (+14,000 meals to 59,000), which benefited from the increase in the number of clients.

The average price of a meal for all establishments rose by 6% compared to the previous year, due to a favorable mix impact (increase in the highest average meal prices, particularly at the Hôtel de Paris and the Louis XV – Alain Ducasse restaurant).

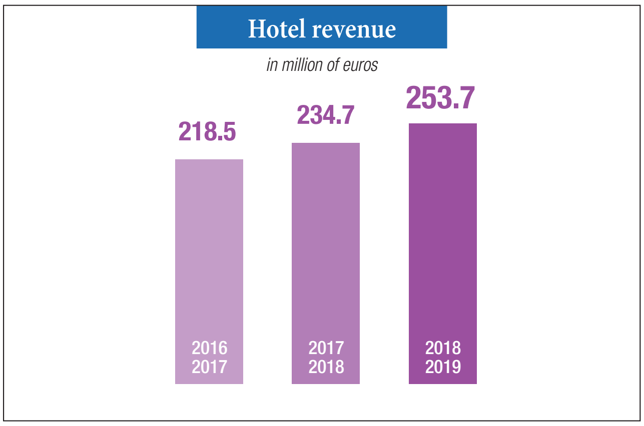
Finally, despite a decline in the number of meals served (-24,000) compared to last year, the Café de Paris remains the most popular S.B.M. Group establishment with 235,000 meals served during the period.

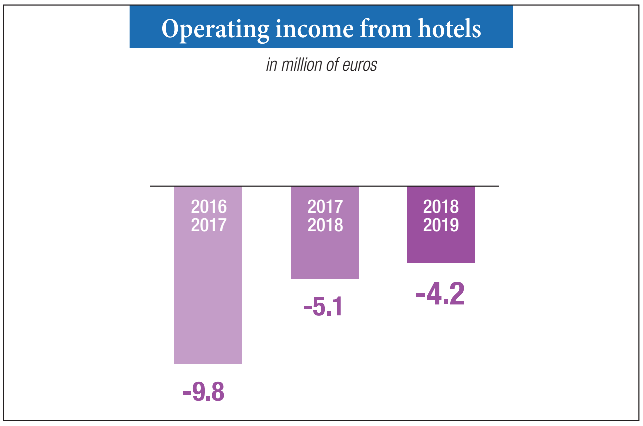
Revenue for the **other activities** of the hotel sector rose 3% to €34 million for fiscal 2018/2019, versus €33.1 million the previous year.

For the **entire hotel sector,** operating income before depreciation and amortization amounted to €21 million for fiscal 2018/2019, compared to €18.9 million for fiscal 2017/2018, an increase of €2.1 million.

The depreciation and amortization charge for the hotel sector rose by €1.3 million, as the Hôtel de Paris recorded its first depreciation and amortization expense (impact of €2.8 million), partially offset by a decline of the depreciation and amortization expense at the Hôtel Hermitage.

After depreciation and amortization charges, the hotel sector posted an operating loss of -€4.2 million for fiscal 2018/2019, compared to a loss of -€5.1 million the previous year.





RENTAL SECTOR

Rental sector revenue rose 27%, standing at €51.9 million for fiscal 2018/2019, versus €40.9 million the previous year.

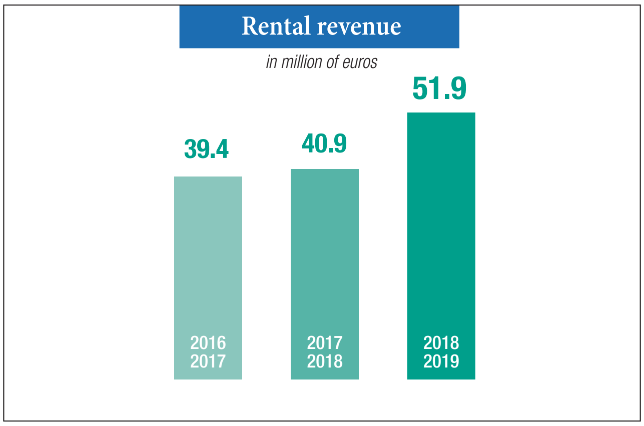
	Rental revenue *(in million of euros)*	**2016/2017**	**2017/2018**	**2018/2019**	**%**
63%	Commercial rental	21.0	23.2	32.7	41%
37%	Residential rental	18.4	17.7	19.2	8%
100%	**TOTAL RENTAL SECTOR**	**39.4**	**40.9**	**51.9**	**27%**

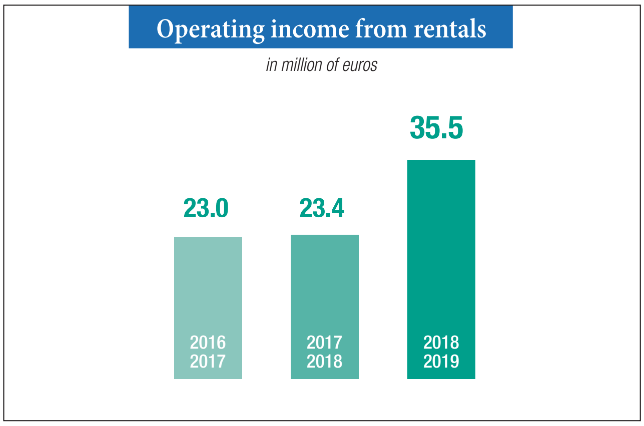
The **commercial rental** segment, which combines the leasing of boutiques and office spaces, reported revenue of €32.7 million for fiscal 2018/2019, compared to €23.2 million the previous year. This increase of €9.5 million is primarily the result of leasing out new spaces at the Hotel de Paris (Avenue de Monte-Carlo and in its garden courtyard), and in the new One Monte-Carlo complex over the final quarter of the year.

The **residential rental** segment mainly comprises the exclusive Residence du Sporting and Balmoral residence, and the three villas du Sporting. Residential rental revenue amounted to €19.2 million for fiscal 2018/2019, compared to €17.7 million for fiscal 2017/2018, an increase of €1.5 million.

For the **rental sector as a whole,** operating income before depreciation and amortization amounted to €44.8 million for fiscal 2018/2019, compared to €35.7 million the previous year, up by €9.1 million.

Taking into account depreciation and amortization, down €3 million following the end of depreciation and amortization for the Pavillons Monte-Carlo temporary facilities, operating income for the rental sector stood at €35.5 million, compared to €23.4 million the previous year, up €12.1 million.





3.1.3 2018/2019 consolidated earnings and other financial aggregates

The table below presents the S.B.M. Group's consolidated statement of income for the years ended March 31, 2018 and March 31, 2019:

CONSOLIDATED STATEMENT OF INCOME

(in thousands of euros)	2017/2018 Fiscal year	2018/2019 Fiscal year
Revenue	**474,589**	**526,536**
Cost of goods sold, raw materials & other supplies	(52,359)	(56,315)
Other external charges	(122,400)	(129,359)
Taxes and similar payments	(31,796)	(36,558)
Wages and salaries	(244,317)	(256,199)
Depreciation and amortization	(49,206)	(47,327)
Other operating income and expenses	(1,628)	(10,398)
Operating income	**(27,117)**	**(9,621)**
Income from cash and cash equivalents	4	15
Gross finance costs	(120)	(15)
Net finance costs	**(116)**	
Other financial income and expenses	277	70
Income tax expense		
Net income/(loss) of associates	12,511	12,333
Consolidated net income	**(14,446)**	**2,782**
Non controlling interests (minority shares)	(150)	(205)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**(14,595)**	**2,577**
Average number of shares issued	24,516,661	24,516,661
Net earnings per share *(in euros)*	(0.60)	0.11
Net diluted earnings per share *(in euros)*	(0.60)	0.11

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2017/2018 Fiscal year	2018/2019 Fiscal year
Consolidated net income	**(14,446)**	**2,782**
Items that will not be reclassified subsequently to profit or loss		
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	213	(4,061)
◆ Share of profit/(loss) of associates		
Items that may be reclassified subsequently to profit or loss		
◆ Gains and losses on the remeasurement of financial instruments		(405)
◆ Share of profit/(loss) of associates	(180)	
TOTAL COMPREHENSIVE INCOME	**(14,413)**	**(1,684)**
Of which attributable to the owners of the parent company	(14,561)	(1,885)
Of which attributable to non controlling interests (minority interests)	149	201

"Cost of goods sold" and "Other external charges" increased €4 million and €7 million, respectively, in line with the increase in activity.

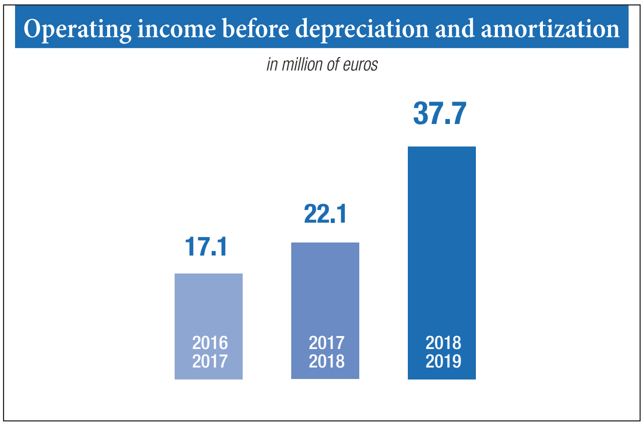
The increase in "Taxes and similar payments" was due to the rise in the licensing fee on gross game receipts, on account of the higher takings during the year.

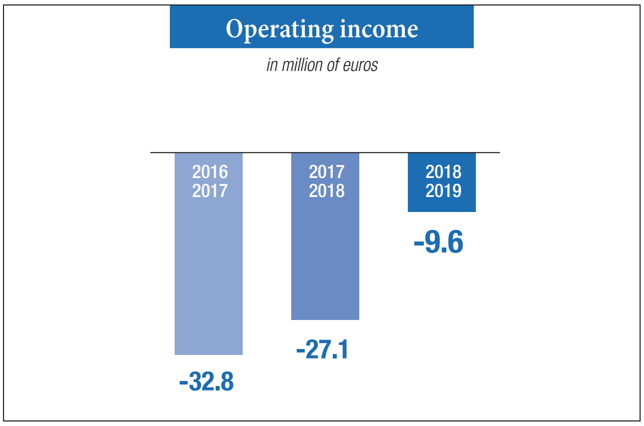
The €11.9 million increase in "Wages and salaries" was attributable to:

- the €8.6 million increase in hotel sector employee costs in line with the positive business trend, openings (Coya, Mada One) or reopenings with the gradual refurbishment of the Hôtel de Paris (Le Grill, Le Louis XV – Alain Ducasse);
- the €2.4 million increase in gaming sector employee costs, mainly due to the drop in tips collected from clients;
- the €1.1 million rise in employee costs relating to the security plan, with the hiring of personnel to perform services that were previously outsourced;
- the €2 million increase in employee costs from other sectors;
- the €2.2 million decrease in provisions for employee litigation.

Lastly, "Depreciation and amortization" decreased by €1.9 million. The decline in rental sector depreciation and amortization, due to the end of the amortization period of the Monte-Carlo Pavillons, was offset by the increase in hotel sector depreciation and amortization. For fiscal 2018/2019, depreciation and amortization concerned the first commissioning of the Hôtel de Paris facilities in early 2019, that was almost fully reopened. The commissioning of most of the new facilities and the corresponding depreciation and amortization were recorded as of the last quarter, as certain areas were still under refurbishment as of March 31, 2019.

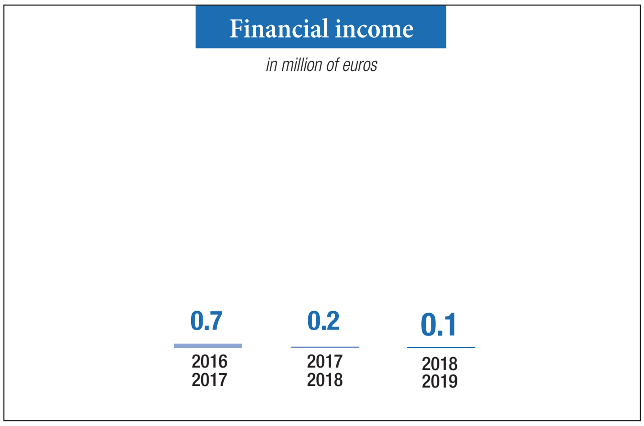
The S.B.M. Group's **operating loss** stood at -€9.6 million, compared to -€27.1 million for the previous year.

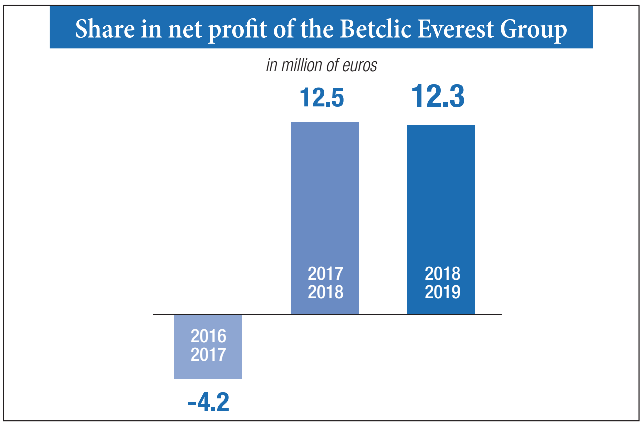




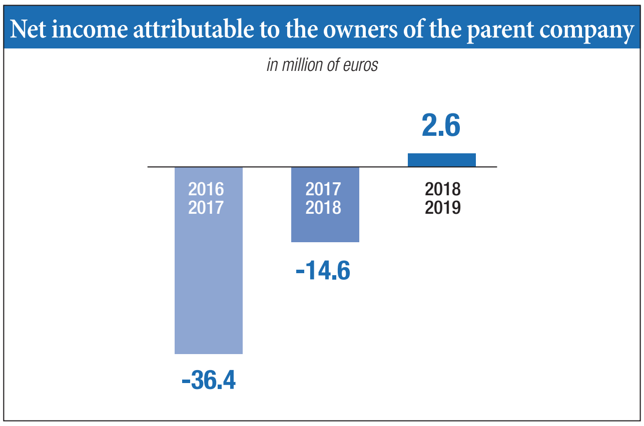
Financial income for fiscal year 2018/2019 posted a profit of €0.1 million, compared to a profit of €0.2 million for the previous year. Borrowing costs related to the financing of works at the Hôtel de Paris and One Monte-Carlo project are capitalized during the construction period.

Lastly, the **equity-accounting consolidation of Betclic Everest Group**, an on-line gaming group in which S.B.M. Group holds a 50% stake, requires the recognition of 50% of its net income for the period in question, or net income of €12.3 million, compared to a net income of €12.5 million for fiscal 2017/2018. This result notably reflects Betclic's good performance, with the development of its sports betting offers, new mobile apps and the intensification of its marketing actions.



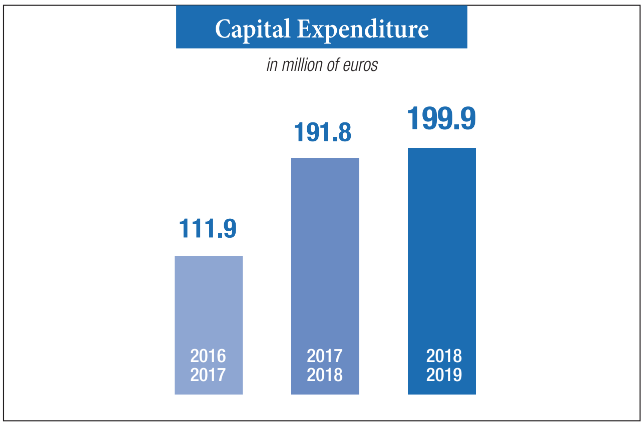


The **consolidated net loss attributable to owners of the Parent Company** stood at €2.6 million for fiscal year 2018/2019, compared to a loss of -€14.6 million for fiscal 2017/2018, representing an increase of €17.2 million.



Cash from operations amounted to €37.4 million for fiscal 2018/2019, compared to €23.6 million the previous year. This increase was primarily due to the €15.6 million rise in operating income before depreciation and amortization. After taking into account the €78.2 million decrease in the working capital requirement due to the collection of leasehold rights relating to the new boutiques at the Hôtel de Paris and One Monte-Carlo, net cash flows from operations totaled €115.9 million for fiscal 2018/2019, compared to €32.7 million for fiscal 2017/2018.

In addition, the continued roll-out of the **capital expenditure** program (see Note 3.2 – Capital expenditure and future outlook) led to a cash outflow of €199.9 million in fiscal 2018/2019 for acquisitions of property, plant and equipment, intangible assets and long-term investments, compared to €191.8 million the previous year. After taking into account changes in loans and advances granted, other gains from investing activities and gains on asset disposals, net cash flow used in investing activities amounted to €179.4 million for fiscal 2018/2019, compared to €181.6 million year-on-year.



As of March 31, 2019, the S.B.M. Group's **net debt** totaled €106.8 million, compared to €50.9 million as of March 31, 2018.

To secure the funding of its two major investment projects – extensive renovation of the Hôtel de Paris and One Monte-Carlo real estate development – the S.B.M. Group finalized its bank financing on January 31, 2017. Totaling €230 million, these credit facilities enable draw-downs at the Group's initiative until January 31, 2019. The sums used at this date will then be gradually repaid, the last instalment being set for January 31, 2024.

As of March 31, 2019, the S.B.M. Group used all its available bank financing, i.e. a total of €230 million.

This financing will be repaid every six months, with the first installment falling due on June 30, 2020 and the last scheduled for January 31, 2024.

3.1.4 Parent Company results of Société des Bains de Mer

The financial statements of Société des Bains de Mer, the Parent Company, present the following results:

Société des Bains de Mer – Parent Company *(in million of euros)*	**2016/2017**	**2017/2018**	**2018/2019**	**Variation**
Revenue	**394.9**	**405.5**	**460.6**	**55.1**
Operating income before depreciation and amortization	**1.8**	**5.4**	**20.4**	**15.0**
Amortization	(43.7)	(42.7)	(40.5)	2.2
Operating income/(loss)	**(42.0)**	**(37.3)**	**(20.1)**	**17.2**
Financial income/(loss)	8.8	9.5	10.6	1.1
Exceptional income/(loss)	(3.7)	(4.3)	(0.6)	3.7
NET INCOME/(LOSS)	**(36.8)**	**(32.1)**	**(10.1)**	**22.0**

REVENUE

Revenue amounted to €460.6 million for fiscal 2018/2019, compared to €405.5 million the previous year, for an increase of €55.1 million.

OPERATING INCOME

Operating income was negative at -€20.1 million, compared to a loss of -€37.3 million in 2017/2018. This improvement is mainly due to the increase in activity in all sectors.

FINANCIAL INCOME OR LOSS

Financial income primarily consists of financial income generated by the Company on financing provided to its subsidiaries. This revenue is canceled in the consolidated financial statements as part of the elimination of the S.B.M. Group's inter-company transactions. Borrowing costs relating to financing of works at Hôtel de Paris and the One Monte-Carlo project are capitalized during the construction period.

NET EXCEPTIONAL ITEMS

A net exceptional loss of -€0.6 million was recorded for fiscal 2018/2019, i.e. a €3.7 million improvement on the previous year. This increase was primarily due to the improved results of the subsidiary Monte-Carlo SBM International S.à.r.l., whose losses were lower than the previous year.

NET INCOME OR LOSS

The Parent Company net loss for fiscal 2018/2019 amounted to -€10.1 million, compared to a net loss of -€32.1 million the previous year, for an improvement of €22 million.

3.1.5 Article 23 of the Order of March 5, 1895

We hereby inform you of the transactions directly or indirectly involving your Company and its Directors during 2018/2019 fiscal year, or between your Company and its affiliated or non-affiliated companies with common Directors:

- transactions involving the affiliates of your Company:
  - Société Anonyme Monégasque d'Entreprise de Spectacles (S.A.M.E.S),
  - Société Anonyme Monégasque des Thermes Marins Monte-Carlo (S.T.M.),
  - Société Anonyme Monégasque Générale d'Hôtellerie (SOGETEL),
  - Société Anonyme Monégasque Hôtelière du Larvotto (S.H.L.),
  - Société Financière et d'Encaissement (S.F.E.),
  - Société Civile Particulière Soleil du Midi,
  - Société Civile Immobilière de l'Hermitage,
  - Société des Bains de Mer, USA, Inc.,
  - Société Monte-Carlo SBM Singapore, Pte Ldt,
  - S.à.r.l Monte-Carlo SBM International,
  - SARL Café Grand Prix,
  - Société Betclic Everest Group;
- and:
  - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.), in which the Company is a shareholder,
  - the providing of parking spots and a display window on an arm's length basis with Société Anonyme Monégasque Dotta Immobilier, whose Vice-President is Mr. Michel Dotta, for non-material amounts,
  - wine purchases conducted on an arm's length basis with SCEA Fondugues Pradugues and SARL Rainbow Wines, which are owned and managed by Mr. Laurent Nouvion, for non-material amounts,
  - and advisory operations conducted on an arm's length basis with Société Lochinvar Consulting, which CEO is Mr. William Timmins for non-material amounts.

3

3.2 Capital expenditure and future outlook

3.2.1 Capital expenditure

In recent years, the S.B.M. Group has pursued an active capital expenditure program, for a total of €538 million in the last three fiscal years, as shown in the table below, which groups together all capital expenditure, regardless of whether the projects have been completed and commissioned or are still in progress.

Capital Expenditure *(in thousands of euros)*	**Year ended March 31, 2017**	**Year ended March 31, 2018**	**Year ended March 31, 2019**
Gaming Sector	5,518	2,573	5,319
Hotel Sector	87,294	96,388	82,269
Rental Sector	45,778	87,785	94,023
Other Activities	9,206	12,456	8,907
TOTAL	**147,795**	**199,202**	**190,518**

GAMING SECTOR

Capital expenditure in the gaming sector amounted to €13.4 million over the last three fiscal years.

In fiscal 2018/2019, the S.B.M. Group pursued its slot machine pool renewal policy, with total capital expenditure of €3.8 million for the last three fiscal years. The objective is to maintain a competitive edge in terms of gaming offers and innovation and match the latest trends.

Over the last three years, the S.B.M. Group also carried out renovation work at two of its establishments.

During fiscal 2016/2017, the Sun Casino was refurbished in the spirit of Las Vegas. The layout was revamped: red-toned decor, refurbished bar, extended dining area, everything was done to create an American gaming atmosphere for clients. The games offering was also enhanced with slot machines and Craps tables exclusive to the Côte d'Azur.

Renovations also got underway in fiscal 2018/2019 at the Monte-Carlo Casino to better satisfy client expectations. These mainly focused on the lighting in the Casino's Europe and Renaissance rooms to create an atmosphere that meets the expectations of clients who come there for leisure, and make the rooms more welcoming by adding light effects. During the year, in the Casino Atrium, a boutique was created while the Bar Rotonde was reorganized as part of the Monte-Carlo Casino multi-annual refurbishment program.

Those two projects' capital expenditure, excluding the slot machines, totaled €3.5 million over the last three fiscal years.

HOTEL SECTOR

Capital expenditure in the hotel sector amounted to €266 million over the last three fiscal years.

The extensive renovation project of the Hôtel de Paris (see Note 3.2.2. below – "Main ongoing projects") itself represented more than 80% of the total capital expenditure in the hotel sector in the last three years.

Together with the ongoing refurbishment at the S.B.M. Group's other hotels, other investments mainly involved three projects:

- the renovation of Jimmy'z over three years during the winter closures in order to modernize the establishment, renovate the inside bar and VIP areas and create an outside bar overlooking the lagoon. The total amount of this three-year refurbishment was €6.2 million, of which €0.8 million in the last year;
- the creation of the Coya restaurant, restaurant with flavors of Latin America, open during the summer at the Sporting Monte-Carlo and a stone's throw from Jimmy'z and the Salle des Etoiles. The total amount of this project was €2.8 million, of which €1.9 million in fiscal 2018/2019;
- and finally, the creation of Mada One in the new One Monte-Carlo complex, a new "snackonomy" concept that refers to the gastronomic expertise of chef Marcel Ravin and the simplicity he seeks to bring to this establishment, which serves as a café, bistro or tea room depending on the time of day. This project cost €3.1 million in fiscal 2018/2019.

Hotel sector capital expenditure amounted to €82.3 million in fiscal 2018/2019.

RENTAL SECTOR

Major capital expenditure has also been incurred in the rental sector, amounting to €227.6 million over the last three fiscal years, in order to enhance the value of real estate assets, while attracting and strengthening the loyalty of a new international clientele in the Principality of Monaco.

This strategy, initiated in October 2005 with the opening of the "Résidence du Sporting" (24 luxury apartments), and confirmed in May 2012 with the opening of the Balmoral residence (7 apartments with a hotel service offering an exceptional view of Port Hercules), and in 2014/2015 with the villas du Sporting (3 villas ideally located in the Sporting Monte-Carlo peninsula, constituted an absolutely unprecedented real estate development in Monaco, surrounded by luxurious vegetation, and shaded by stone pines, cypresses, Atlas cedars and magnificent palm trees) has grown in importance with the real estate development project in the heart of Monaco described in Note 3.2.2 below.

Expenses incurred during the last three fiscal years amounted to €216.5 million, of which €86.6 million in fiscal 2018/2019.

Rental sector capital expenditure amounted to €94 million in fiscal 2018/2019.

OTHER ACTIVITIES AND COMMON SERVICES

Capital expenditure in other activities and common services amounted to €30.6 million over the last three fiscal years.

They mainly concerned the management software and systems rolled out by the S.B.M. Group support functions such as the Human Resources Department (time and activity, payroll management) or the IT Department, particularly as part of the IT master plan, and mostly the completion of major refurbishments at the Monte-Carlo Country Club.

3.2.2 Main ongoing projects and future outlook

PURSUIT OF THE CAPITAL EXPENDITURE PROGRAM

The projects under way as of March 31, 2019 will continue in 2019/2020 as part of the investment program defined by the S.B.M. Group and in line with the policy adopted in previous years.

The main ongoing projects are as follows:

GAMING SECTOR

The main projects undertaken involve the renewal of slot machines and the ongoing Monte-Carlo Casino refurbishment program.

The work planned for 2019/2020 in this establishment will focus on "Salle Médecin" and, more specifically its terrace where private rooms will be created to welcome high rollers. Similarly, there are plans to create a smokers' terrace, overlooking the allée François Blanc, for fun players.

HOTEL SECTOR

As mentioned previously, the main project in the hotel sector is the extensive renovation of the Hôtel de Paris, under completion in the first quarter of fiscal 2019/2020.

Renovation concerned the entire establishment, with restructuring of both public areas and service facilities. The hotel's overall accommodation capacity is slightly higher than the one before renovation, with the size of the rooms and suites and the proportion of suites increased.

The program's other key features are as follows:

- enhanced use of the roof space to host a new fitness, spa and pool area reserved for hotel clients, prestigious suites and a "roof-top villa" with a private garden and pool;
- creation of a garden courtyard in the center of the establishment;
- development of boutiques;
- opening of the Bar Américain and the future restaurant on the south terrace offering a 180° view spanning from the Casino de Monte-Carlo to Port Hercule;
- adaptation to state-of-the-art technologies and a direct underground link with the reception and conference facilities of the One Monte-Carlo complex.

These renovations and creations will ensure that the Hôtel de Paris continues to satisfy the increasingly demanding requirements of luxury hotel clientele.

The project, scheduled to last four years, began in 2014 with the total demolition and reconstruction of the Rotonde and Alice wings. These two wings were completed in May 2017 to be marketed for the Formula 1 Grand Prix. The Casino and Beaux-Arts wings were refurbished at the end of 2018. In fiscal 2018/2019, the establishment had an average capacity of 97 rooms compared to 56 in the previous year.

The historic facade of the Hôtel de Paris opposite the Café de Paris Monte-Carlo remained intact. The legendary lobby and the cellar, as well as emblematic establishments such as the Bar Américain, the Salle Empire, the Louis XV – Alain Ducasse and the Grill, were maintained.

Among the new features introduced during this reconstruction were the opening of the "Princesse Grace Suite", with its extended outside terrace offering a wider view and the creation of the "Prince Rainier III Suite", the largest in the Hôtel de Paris in terms of space and the showpiece of this transformation.

The cost of the Hôtel de Paris renovation for the 2014-2019 period is estimated €280 million, excluding the estimated operating losses.

As of March 31, 2019, a total of €271.4 million had already been invested in this project, of which €224.3 million in the last three fiscal years and €69.7 million during the last fiscal year.

The project was being finalized as of March 31, 2019, but most assets were commissioned in the last quarter of 2018/2019. The project is scheduled for completion in the first half of fiscal 2019/2020.

RENTAL SECTOR

The main project undertaken in the rental sector is the One Monte-Carlo real estate development, located in the heart of Monaco on the site previously occupied by the Sporting d'Hiver. Its main features are described below.

Comprising seven buildings, the One Monte-Carlo real estate complex forms part of an urban planning project involving a mixed real estate program combining luxury stores, upscale residences, offices and leisure and cultural areas. It will therefore include 4,600 m^2 of high-end boutiques on three floors (basement, ground floor and mezzanine), upscale multi-storey residences covering 12,900 m^2, 2,500 m^2 of office spaces, 2,500 m^2 of conference rooms equipped with multimedia technologies, an exhibition room of 400 m^2 and 350 parking spaces.

One of the priority tasks assigned to the architect was the need to design a complex that will redevelop the district by creating a friendly place for Meeting, Incentives, Conferences and Events (MICE) that is exemplary in terms of green urban planning and sustainable development: 30% of additional space accessible to the public will be created on the landscaped site, with a new pedestrianized street, named “Promenade Princesse Charlène”, linking avenue des Beaux-Arts to Jardins Saint-James.

The total cost of this major real estate and urban planning project in the heart of Monaco represents an estimated investment of €390 million over the 2013-2019 period.

As of March 31, 2019, a total of €340.4 million had already been invested in the project, including:

- design costs and professional fees for €60.7 million;
- construction costs and technical installations for €183.3 million;
- construction and development costs for the Pavillons Monte-Carlo in the Jardins des Boulingrins for €22.1 million;
- costs to purchase leasehold rights for €33 million;
- architectural and decoration costs for €26.2 million.

The share of these investments for fiscal 2018/2019 amounted to €86.6 million.

All the real estate complex infrastructures and the superstructure building construction were finalized, resulting in the new district's official inauguration on February 22, 2019 in the presence of H.S.H. Prince Albert II and H.S.H. Princess Charlène, accompanied by H.S.H. the Hereditary Prince Jacques and H.S.H. the Princess Gabriella.

The interior was still being finalized as of March 31, 2019, with completion scheduled in the first half of fiscal 2019/2020.

Given these various projects, the estimated capital expenditure for fiscal 2019/2020 should be slightly lower than €100 million, of which €50 million for the two major projects described above.

OUTLOOK

The extensive refurbishment of the Hôtel de Paris and the One Monte-Carlo real estate development in the heart of Monaco are the two main components of the S.B.M. Group's development strategy.

These projects nevertheless represent an unprecedented investment, currently estimated at €670 million, of which €611.8 million already accounted as of March 31, 2019.

With the completion of the two aforementioned projects, the S.B.M. Group seeks to generate an additional full-year operating income before depreciation and amortization of more than €50 million, as of the commissioning of these assets. The S.B.M. Group will thus take on a new dimension through both an expected revenue boost and portfolio growth.

The S.B.M. Group intends to pursue this growth strategy in the years to come. In this context, the aim of the S.B.M. Group's investment policy will be to guarantee services for its clients in accordance with the best market standards, while favoring more profitable projects.

The Monte-Carlo Casino investment program will continue to satisfy the expectations of an ever demanding clientele. Plans have been made to expand the “salle Blanche” and finalize the transformation of the “salle Médecin” into a very high-end, customized and intimate gaming area where its clients and their companions can dine and enjoy themselves.

Monte-Carlo Beach

4

SYNTHESIS OF 2018/2019 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

Complete Parent Company Financial Statement and Consolidated Financial Statement (annual financial statements and notes associated to financial statements) are presented in Chapter 5 of the "Document de Référence" filed in the French language on July 11, 2019 with the French Financial Markets Authority (*Autorité des Marchés Financiers*).

The following information relates to synthesis financial statements (statement of financial position, statement of income, cash flow statement, statement of changes in equity), and associated statutory auditors and contractual auditor's reports.

4.1 Annual financial statements in accordance with Monegasque accounting standards – Synthesis

4.1.1 Balance sheet as of March 31, 2019

ASSETS

	2018/2019 Fiscal year			2017/2018 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**223,171**	**60,251**	**162,920**	**101,767**
Cash in hand	32,059		32,059	29,998
Banks: deposit on demand	66,441		66,441	34,297
Other assets on demand	174		174	23
Banks: time deposits	5,000		5,000	
Marketable securities				
Operating receivables	25,194	1,605	23,588	6,756
Other receivables	23,965	411	23,554	23,550
Investment accounts				
Affiliate accounts	65,923	58,235	7,688	2,017
Assets withheld	4,416		4,416	5,126
INVENTORY	**11,729**	**20**	**11,709**	**11,187**
ADVANCE PAYMENTS OR GUARANTEES	**1,316**		**1,316**	**561**
Payments on account on orders	1,316		1,316	561
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**811**		**811**	**762**
Deposits and guarantees paid	811		811	762
PARTICIPATING INTERESTS	**275,966**	**59,760**	**216,207**	**225,987**
Affiliates	275,863	59,740	216,122	225,910
Other participating interests	104	20	84	77
FIXED ASSETS	**1,785,534**	**804,003**	**981,531**	**836,018**
Intangible assets:				
◆ Concessions, patents & similar	35,047	28,491	6,556	5,160
◆ Leasehold rights	18	18		
◆ Assets in progress	1,620		1,620	2,124
Property, plant & equipment:				
◆ Land	84,414		84,414	84,414
◆ Revaluation reserves as of 03/31/1979	35,611	35,611		
◆ Land development	2,491	2,491		
◆ Buildings	931,794	520,964	410,831	270,939
◆ Industrial and technical plant	232,048	159,037	73,012	21,268
◆ Other PP&E	76,786	57,390	19,395	9,112
◆ PP&E in progress	385,703		385,703	443,001
Total assets	**2,298,528**	**924,034**	**1,374,494**	**1,176,283**
CHARGES TO BE AMORTIZED	**2,721**		**2,721**	**3,284**
ACCRUED INCOME & DEFERRED CHARGES	**6,924**		**6,924**	**5,745**
Prepaid expenses	5,970		5,970	5,687
Other suspense accounts	954		954	54
Foreign exchange differences				4
GRAND TOTAL	**2,308,173**	**924,034**	**1,384,138**	**1,185,312**
CLEARING ACCOUNTS				
Directors' shares held as management			5	5
Deposits and guarantees given			205,110	59,170
Deposits received			25,166	31,831
Other guarantees received			41,600	11,700
Trade payables			86,704	172,193
Third-party receivables for bank guarantees given				
Opening of credit facility and confirmed unused overdrafts			5,000	108,200
Variable-rate hedge			170,000	100,000
			533,585	**483,099**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2018/2019 Fiscal Year	2017/2018 Fiscal Year
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**415,748**	**309,211**
Bank overdrafts		
Bills payable	11,324	23,785
Operating liabilities	91,959	72,772
Affiliate accounts	24,183	21,012
Employee accounts	32,883	30,685
Borrowings	230,820	127,293
Other liabilities	2,749	3,395
Liabilities withheld	21,830	30,270
ADVANCE COLLECTIONS OR GUARANTEES	**39,786**	**25,541**
Advances received	22,235	16,948
Deposits and guarantees received	17,552	8,593
LIABILITIES TO MATURE IN OVER 1 YEAR	**32,160**	**31,202**
Operating liabilities		
Liabilities withheld	32,160	31,202
PROVISIONS FOR CONTINGENCIES	**8,019**	**7,295**
Other provisions for contingencies	8,019	7,295
ACCRUED LIABILITIES & DEFERRED INCOME	**229,927**	**143,446**
Revenues to be recorded in future fiscal years	223,896	136,831
Other accrued liabilities and deferred income	357	395
Foreign exchange differences	43	23
Investment grant		
◆ *gross*	*17,535*	*17,535*
◆ *amortization*	*(11,904)*	*(11,339)*
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**430,791**	**430,791**
Common stock: 24,516,661 shares of €1	24,517	24,517
Additional paid-in capital on shares	214,650	214,650
Revaluation reserves:		
◆ Revaluation surplus 03/31/1990	167,694	167,694
◆ Revaluation reserve 03/31/1979	23,931	23,931
Reserves:	**162,243**	**162,243**
◆ Statutory reserve	2,452	2,452
◆ Optional reserve	148,799	148,799
◆ Contingency reserve	10,992	10,992
◆ Long-term capital gains		
Results:	**65,465**	**75,584**
◆ Retained earnings	75,584	107,732
◆ Net income for the period	(10,119)	(32,148)
Total stockholders' equity	**658,499**	**668,618**
GRAND TOTAL	**1,384,138**	**1,185,312**
CLEARING ACCOUNTS		
Directors' shares held as management	5	5
Deposits and guarantees given	205,110	59,170
Deposits received	25,166	31,831
Other guarantees received	41,600	11,700
Trade payables	86,704	172,193
Third-party receivables for bank guarantees given		
Opening of credit facility and confirmed unused overdrafts	5,000	108,200
Variable-rate hedge	170,000	100,000
	533,585	**483,099**

4.1.2 Statement of income

(in thousands of euros)	2018/2019 Fiscal Year	2017/2018 Fiscal Year
MAIN ACTIVITY		
Gaming receipts	231,332	207,145
Services rendered	236,530	204,535
Sales of bought-in goods	5,581	6,218
Other receipts	4,857	5,110
Less: intra-group transfers	(12,998)	(12,789)
Total income from main activity	**465,303**	**410,218**
To be deducted:		
◆ Cost of purchase of bought-in goods	(4,147)	(4,395)
◆ Purchases of raw materials and supplies	(153,295)	(141,602)
◆ License fees, duties and taxes other than income tax	(36,239)	(31,770)
◆ Wages and salaries	(218,998)	(205,300)
◆ Other operating expenses	(19,782)	(18,771)
◆ Depreciation and amortization charges	(40,532)	(42,719)
Provisions:		
◆ Charges	(31,809)	(21,143)
◆ Write-backs	18,314	16,940
Total expenses from main activity	**(486,488)**	**(448,759)**
Share in proceeds from joint ventures	(121)	(200)
Net income/(loss) from main activity	**(21,306)**	**(38,741)**
RELATED ACTIVITIES		
Financial net income/(loss)	(341)	(458)
Revenues from participating interests	10,951	9,961
Provisions:		
◆ Charges	(29)	(46)
◆ Write-backs	21	9
Net income/(loss) from related activities	**10,602**	**9,466**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	(323)	573
Provisions:		
◆ Charges	(1,759)	(6,082)
◆ Write-backs	1,451	1,219
Net exceptional items	**(631)**	**(4,290)**
Losses from prior years	**1,216**	**1,417**
NET INCOME/(LOSS) FOR THE PERIOD	**(10,119)**	**(32,148)**

4.1.3 Statutory Auditors' Report

Year ended March 31, 2019

André Garino

Expert-Comptable
2, rue de la Lüjerneta
98000 Monaco

Jean-Humbert Croci

Expert-Comptable
12, avenue de Fontvieille
98000 Monaco

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by the Monegasque legislation in such reports, whether modified or not. This information presented below is the auditors' opinion on the Financial Statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Financial Statements taken as a whole and not to provide a separate assurance on any individual financial caption or on any information taken outside the Financial Statements.

Dear Shareholders,

In accordance with the legal requirements in Article 25 of the law n° 408 of January 20, 1945 and with the terms of our appointment in accordance with Article 8 of the aforementioned law and the annual general shareholder meeting held on September 22, 2017 for the years 2017-2018, 2018-2019 and 2019-2020, we submit to you our report on the Financial Statements for the year ended March 31, 2019.

The Financial Statements and other internal documents approved by the Board of Directors were made available for the purpose of our audit in a timely manner.

Our audit, which was designed to allow us to express an opinion on these Financial Statements, was performed in accordance with professional auditing standards. It includes an examination of the balance sheet as of March 31, 2019 and of the Statement of Profit and Loss for the year 2018-2019.

The total balance sheet is €1,384,138 thousand. The net loss for the fiscal year ending March 31, 2019, is €10,119 thousand. The Shareholders' equity is worth €658,499 thousand.

These documents were prepared under the same accounting principles and methods as last year.

We examined the various components of the assets and liabilities together with methods used for their valuation and the matching of revenues and expenses.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require us to plan and perform the audit to obtain a reasonable assurance that the Financial Statements are free of material misstatement.

An audit requires examining the evidence supporting the amounts and disclosures in the Financial Statements, on a test basis or by other selection methods. It also includes assessing the assumptions made by the management regarding the accounting policies and estimates as well the as the overall presentation of the Financial Statements.

In our opinion, the Financial Statements attached to this report and submitted to your approval give a true and fair view of the company's position and its assets and liabilities as of March 31, 2019 and the result of the transactions for the twelve months then ended. The Financial Statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

We also examined the note to the Financial Statements included in the Board of Directors' report, the proposed allocation of the year net income and the compliance with legal and statutory provisions applying to the running of the Company. We do not have any further comments.

Monaco, July 5, 2019
The Statutory Auditors

André GARINO

Jean-Humbert CROCI

4.1.4 Statutory Auditors' Special Report

Year ended March 31, 2019

André Garino
Expert-Comptable
2, rue de la Lüjerneta
98000 Monaco

Jean-Humbert Croci
Expert-Comptable
12, avenue de Fontvieille
98000 Monaco

Dear Shareholders,

In accordance with the legal requirements of the Article 24 of the Law n° 408 dated January 20, 1945, we are submitting you a report on the transactions covered by the Article 23 of the Sovereign Ordinance dated March 5, 1895, for the year ending March 31, 2019 with respect to the shareholders 'meetings held in that period.

OPERATIONS SPECIFIED IN THE ARTICLE 23 OF THE SOVEREIGN ORDINANCE OF MARCH 5, 1895

We remind you that this involves all businesses or markets (transactions) implying a series of successive services (goods, supplies, etc.) similar in nature, conducted with the company or on its behalf, and in which a member of the Board of your Direction is either directly or indirectly interested.

The execution of these transactions during the fiscal year 2018-2019 is described in the special report disclosed by your Board of direction. We have checked the information included in that report and have no further remark.

GENERAL MEETINGS HELD DURING THE FISCAL YEAR

During the course of the fiscal year was held:

- on September 21, 2018, the Annual General Meeting to approve the financial statements for the year ending March 31, 2018 and to appoint a director.

For this General Meeting, we have checked:

- the respect of the legal and statutory requirements regarding its organization;
- the execution of the approved resolution.

We do not have any remark.

Monaco, July 5, 2019

The Statutory Auditors

André GARINO **Jean-Humbert CROCI**

4.2 Annual financial statements in accordance with French accounting standards – Synthesis

4.2.1 Balance sheet as of March 31, 2019

ASSETS

	2018/2019 Fiscal year			2017/2018 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
NON-CURRENT ASSETS				
Intangible assets	**36,686**	**28,510**	**8,176**	**7,284**
Concessions, patents & similar	35,047	28,491	6,556	5,160
Leasehold rights	18	18		
Intangible assets in progress	1,602		1,602	2,120
Payments on account	19		19	
Property, plant & equipment	**1,748,848**	**775,493**	**973,355**	**828,734**
Land	122,516	38,102	84,414	84,414
Buildings	931,794	520,964	410,831	270,939
Industrial and technical plant	232,048	159,037	73,012	21,268
Other PP&E	76,786	57,390	19,395	9,112
PP&E under construction	373,791		373,791	429,084
Payments on account	11,912		11,912	13,917
Long-term investments	**281,507**	**60,170**	**221,337**	**231,377**
Participating interests	280,028	59,740	220,288	230,190
Other financial investments	8	8		
Loans	564	411	154	349
Other financial assets	907	12	895	839
Total non-current assets	**2,067,041**	**864,173**	**1,202,868**	**1,067,395**
CURRENT ASSETS				
Inventory	11,729	20	11,709	11,187
Payments on account – advances paid	1,316		1,316	561
Operating receivables	25,444	1,605	23,838	7,603
Other operating receivables	22,577		22,577	22,940
Other receivables	67,701	58,235	9,465	2,332
Cash and cash equivalent	103,674		103,674	64,318
Prepaid expenses	5,970		5,970	5,687
Total current assets	**238,411**	**59,861**	**178,549**	**114,629**
Deferred charges & unrealized foreign exchange losses	2,721		2,721	3,288
TOTAL ASSETS	**2,308,173**	**924,034**	**1,384,138**	**1,185,312**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2018/2019 Fiscal year	2017/2018 Fiscal year
STOCKHOLDERS' EQUITY		
Common stock	24,517	24,517
Additional paid-in capital	214,650	214,650
Revaluation reserves	191,625	191,625
Statutory reserve	2,452	2,452
Long-term net capital gains reserve		
Contingency reserve	10,992	10,992
Optional reserve	148,799	148,799
Retained earnings	75,584	107,732
Net income/(loss)	(10,119)	(32,148)
Investment grants	5,631	6,196
Total stockholders' equity	**664,130**	**674,814**
PROVISIONS FOR CONTINGENCIES & LOSSES		
Provisions for contingencies	8,019	7,295
Provisions for losses	35,405	34,887
Total provisions for contingencies & losses	**43,423**	**42,182**
LIABILITIES		
Bank borrowings	230,820	127,227
Other borrowings	17,552	8,659
Payments on account – advances received	22,235	16,948
Trade payables and related accounts	20,855	16,364
Tax and employee-related liabilities	85,159	74,173
Other operating liabilities	4,444	8,524
Amounts payable on PP&E	44,293	54,766
Other liabilities	27,289	24,801
Prepaid income	223,896	136,831
Total liabilities	**676,543**	**468,292**
Unrealized foreign exchange gains	43	23
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**1,384,138**	**1,185,312**

4.2.2 Statement of income

(in thousands of euros)	2018/2019 Fiscal year	2017/2018 Fiscal year
OPERATING INCOME		
Net revenues	460,615	405,489
Write-back of depreciation, amortization and provisions	18,314	16,940
Expense reclassifications	1,127	102
Other income	4,857	5,130
Total operating income	**484,912**	**427,660**
OPERATING EXPENSES		
Purchases of bought-in goods	(3,192)	(3,299)
Changes in inventory of bought-in goods	(950)	(1,089)
Purchases of raw materials and other supplies	(27,120)	(24,569)
Changes in inventory of raw materials and other supplies	1,464	1,310
Other purchases and external charges	(127,513)	(117,437)
Share in proceeds from joint ventures	(121)	(200)
Duties and taxes other than income tax	(36,488)	(31,726)
Wages and salaries	(154,040)	(144,260)
Employee welfare contributions and similar charges	(64,938)	(61,048)
Depreciation and amortization on fixed assets	(40,532)	(42,719)
Charges to provisions on current assets	(25,696)	(12,970)
Charges to provisions for contingencies and losses	(6,112)	(8,173)
Other charges	(19,763)	(18,803)
Total operating expenses	**(505,002)**	**(464,984)**
NET INCOME/(LOSS) FROM OPERATIONS	**(20,090)**	**(37,323)**
FINANCIAL INCOME		
From participating interests and marketable securities	10,951	9,961
Other interest and similar income	73	94
Foreign exchange gains	77	70
Net proceeds from sale of short-term investment securities		5
Write-back of provisions	21	9
Total financial income	**11,121**	**10,138**
FINANCIAL EXPENSES		
Interest and similar charges	(417)	(586)
Foreign exchange losses	(74)	(41)
Net charges on sales of short-term investment securities		
Charges to provisions	(29)	(46)
Total financial expenses	**(520)**	**(672)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	**10,602**	**9,466**
EXCEPTIONAL INCOME		
From non-capital transactions	111	280
From capital transactions	781	1,207
Write-back of provisions	1,451	1,219
Total exceptional income	**2,343**	**2,706**
EXCEPTIONAL EXPENSES		
From non-capital transactions		(16)
From capital transactions	(1,215)	(898)
Charges to provisions	(1,759)	(6,082)
Total exceptional expenses	**(2,974)**	**(6,996)**
NET EXCEPTIONAL ITEMS	**(631)**	**(4,290)**
CORPORATE INCOME TAX		
NET INCOME FOR THE PERIOD	**(10,119)**	**(32,148)**

4.2.3 Cash flow statement for the period ended March 31, 2019

(in thousands of euros)	2018/2019 Fiscal year	2017/2018 Fiscal year
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	33,109	18,897
Changes in working capital requirements	80,970	9,135
CASH FLOW FROM OPERATING ACTIVITIES	**114,080**	**28,032**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(187,261)	(194,082)
Investment grants		
Changes in long-term investments and deferred charges	10,308	4,792
Proceeds from disposal of assets	216	640
Changes in amounts payable on PP&E	(10,473)	8,395
CASH FLOW USED IN INVESTING ACTIVITIES	**(187,210)**	**(180,256)**
FINANCING ACTIVITIES		
Draw-downs on credit facility	103,594	126,934
Credit line repayments		
Dividends paid		
Share capital increase		
Changes in stable financing activities	8,892	(674)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**112,486**	**126,261**
CHANGE IN CASH AND CASH EQUIVALENTS	**39,356**	**(25,964)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**64,318**	**90,282**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**103,674**	**64,318**

4.2.4 Contractual Auditor and Statutory Auditors' report on the financial statements prepared in accordance with French accounting regulations

Year ended March 31, 2019

Jean-Humbert Croci
12, avenue de Fontvieille
98000 Principauté de Monaco

André Garino
2, rue de la Lüjerneta
98000 Monaco Principauté

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex

This is a free translation into English of the Contractual Auditor's and Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

1. OPINION

We have audited the financial statements of Société des Bains de Mer et du Cercle des Étrangers à Monaco for the year ended March 31, 2019, comprising the balance sheet, income statement and cash flow statement, as well as the notes thereto which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as of March 31, 2019 and of its financial performance and cash flows for the year then ended in accordance with generally accepted accounting principles in France.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Responsibility of the Contractual Auditor and Statutory Auditors for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

Key audit matters related to risks of material misstatement are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Responses as part of our audit
Impairment of SBM International securities and related receivables *(see 1.2 "Accounting principles" of Note 1 "Accounting policies" and Note 5 "Long-term investments" to the financial statements)*	

Via SBM International, the Company has an indirect 50% share in Betclic Everest Group (BEG). SBM International's securities amounted to €1.5 million and were fully impaired in the Company's financial statements for the year ended March 31, 2019. The receivables relating to these securities totaled €219.1 million as of that date and were impaired in the amount of SBM International's losses, i.e. €56.8 million.
 	
BEG is faced with various risks that could have a material impact on its value. Any impairment of BEG securities at SBM International due to these circumstances would have impacts on the impairment of the related receivables in the Company's financial statements.
 	
BEG's recoverable amount was estimated using the discounted cash flow method based on a three-year business plan, a ten-year extrapolation and a perpetual forecast value.
 	
In this context, the verification that the SBM International securities and related receivables were correctly impaired, i.e. the recoverable amount of the securities and receivables largely exceeds the net carrying amount of said assets, is a key audit matter insofar as the key assumptions adopted in the discounted cash flow method rely heavily on management's judgment.
	We obtained the most recent business plans from Management and the impairment tests performed.
	
	Using this information, we performed a critical review of the Company's implementation of the adopted methodology and the following procedures:
	◆ with the help of our internal specialists, we carried out a critical analysis of:
	  ◆ the models used for the Group's main entities (BetClic-Expekt-Everest and Bet-at-Home),
	  ◆ the key assumptions used to calculate the discounted cash flows (long-term growth rate, forecast margin, discount rate),
	  ◆ the period forecasts with the corresponding actual results to assess the reliability of the forecast data preparation process;
	◆ additionally, we obtained and reviewed the sensitivity analyses performed by Management. We also performed our own sensitivity calculations to confirm that only an unreasonable change in assumptions could require the recognition of a material impairment of the goodwill,
	
	by comparing these items with online gaming market practices and data.
	
	Furthermore, using the business plans and their extrapolations, we verified that the data entered into the models was consistent with BEG's organization, action plans and projects.
	
	Finally, we verified that the securities and receivables relating to SBM International's securities in the Company's financial statements were correctly impaired to take into account SBM International's negative equity.

Recognition of gaming revenue	
The Company's revenue totaled €460.6 million for the year ended March 31, 2019, and the gaming sector, which mainly includes table games and automatic machines, represented a significant proportion. We considered that the recognition of gaming revenue was a key audit matter for the following reasons: ◆ gaming transactions are characterized by the constant handling of chips and cash, as well as daily manual counts used to recognize revenue in the accounts, which could be conducive to fraud and create a risk concerning the completeness of the recorded transactions; ◆ revenue is a key performance indicator and the verification that controls are not overridden by management requires particular attention.	We assessed the appropriateness of the control procedures set up by the Company in order to cover the risks of material misstatement that we identified for gaming revenue. Accordingly, we verified the effectiveness of the relevant controls to cover the risks relating to manual counts and the recording of gaming transactions, mainly by: ◆ physically observing the procedures in gaming rooms; ◆ verifying, on a sampling basis, that these relevant controls are actually performed and their effectiveness. This work was supplemented by substantive tests designed to verify, based on a sampling from the accounting records, that these transactions were properly recorded in the correct amount. We also covered the risk that gaming revenue would not be recognized in full, by verifying that a sample of gaming transactions was recorded in the accounts.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for supervising the Company's financial information preparation process.

The Board of Directors is responsible for approving the financial statements.

5. RESPONSIBILITY OF THE CONTRACTUAL AUDITOR AND STATUTORY AUDITORS FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- obtain 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. SPECIFIC VERIFICATION

We have also verified the information pertaining to the Company that corresponds to the management report information contained in the registration document in accordance with professional practices in France. We have no comments to make on its fair presentation and consistency with the financial statements.

Monaco and Paris-La Défense, July 5, 2019

The Statutory Auditors		*The Contractual Auditor*
		Deloitte & Associés
Jean-Humbert CROCI	**André GARINO**	**François-Xavier AMEYE**

4.3 Company results over the last five fiscal years

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
I – STOCKHOLDERS' EQUITY					
Common stock *(in thousands of euros)*	24,517	24,517	24,517	24,517	24,517
Number of ordinary shares	24,516,661	24,516,661	24,516,661	24,516,661	24,516,661
II – OPERATIONS AND INCOME FOR THE YEAR *(in thousands of euros)*					
Revenues before income tax	396,373	399,384	394,852	405,489	460,615
Net income/(loss) after income tax, but before depreciation, amortization & provisions	58,649	9,410	19,900	19,674	44,225
Net income/(loss) after income tax, depreciation, amortization & provisions	115	(38,317)	(36,814)	(32,148)	(10,119)
Dividends paid to stockholders					
III – PER SHARE DATA *(in euros)*					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	3.21	0.38	0.81	0.80	1.80
Net income/(loss) after income tax, depreciation, amortization & provisions	0.01	(1.56)	(1.50)	(1.31)	(0.41)
Dividend per share					
IV – EMPLOYEES					
Number of employees as of March 31	3,274	3,195	3,224	3,322	3,501
Total payroll for the year (1) *(in thousands of euros)*	127,917	134,978	141,482	144,260	154,040
Employee benefits for the year (social security, social welfare, etc.) (2) *(in thousands of euros)*	58,681	59,718	59,738	61,048	64,938

(1) Excluding funds and pools.
(2) Including retirement expenses.

4.4 Group consolidated financial statements – Synthesis

4.4.1 Consolidated statement of financial position as of March 31, 2019

ASSETS

(in thousands of euros)	March 31, 2018	March 31, 2019
Goodwill	**32**	**32**
Intangible assets	**7,321**	**8,235**
Property, plant & equipment	**908,787**	**1,049,834**
Equity investments	108,637	115,974
Other non-current financial assets	16,230	1,075
Non-current financial assets	**124,866**	**117,048**
Non-current assets	**1,041,007**	**1,175,150**
Inventory	12,337	12,951
Trade receivables	23,775	43,839
Other receivables	32,776	35,351
Other financial assets	173	6
Cash and cash equivalents	70,952	119,025
Current assets	**140,013**	**211,172**
TOTAL ASSETS	**1,181,020**	**1,386,322**

LIABILITIES & EQUITY

(in thousands of euros)	March 31, 2018	March 31, 2019
Common stock	24,517	24,517
Additional paid-in capital	214,650	214,650
Reserves	400,132	385,531
Reserves related to the change in fair value of financial assets registred in equity	(556)	(5,019)
Consolidated net income for the period	(14,595)	2,577
Equity attributable to owners of the Parent Company	**624,148**	**622,257**
Non controlling interests (minority interests)	604	800
Equity	**624,751**	**623,057**
Financial liabilities and borrowings	125,219	237,052
Employee benefits	48,981	51,900
Provisions	7,051	7,478
Other non-current liabilities	130,502	195,088
Total non-current liabilities	**936,504**	**1,114,573**
Trade payables	23,250	27,817
Contract liabilities		33,494
Other payables	216,118	204,116
Provisions	483	668
Financial liabilities	4,663	5,652
Total current liabilities	**244,515**	**271,748**
TOTAL LIABILITIES & EQUITY	**1,181,020**	**1,386,322**

4.4.2 Consolidated statement of income

(in thousands of euros)	2017/2018 Fiscal year	2018/2019 Fiscal year
Revenue	**474,589**	**526,536**
Cost of goods sold, raw materials & other supplies	(52,359)	(56,315)
Other external charges	(122,400)	(129,359)
Taxes and similar payments	(31,796)	(36,558)
Wages and salaries	(244,317)	(256,199)
Depreciation and amortization	(49,206)	(47,327)
Other operating income and expenses	(1,628)	(10,398)
Operating income	**(27,117)**	**(9,621)**
Income from cash and cash equivalents	4	15
Gross finance costs	(120)	(15)
Net finance costs	**(116)**	
Other financial income and expenses	277	70
Income tax expense		
Net income/(loss) of associates	12,511	12,333
Consolidated net income	**(14,446)**	**2,782**
Non controlling interests (minority shares)	(150)	(205)
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**(14,595)**	**2,577**
Average number of shares issued	24,516,661	24,516,661
Net earnings per share *(in euros)*	(0.60)	0.11
Net diluted earnings per share *(in euros)*	(0.60)	0.11

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2017/2018 Fiscal year	2018/2019 Fiscal year
Consolidated net income	(14,446)	2,782
Items that will not be reclassified subsequently to profit or loss		
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	213	(4,061)
◆ Share of profit/(loss) of associates		
Items that may be reclassified subsequently to profit or loss		
◆ Gains and losses on the remeasurement of financial instruments		(405)
◆ Share of profit/(loss) of associates	(180)	
TOTAL COMPREHENSIVE INCOME	**(14,413)**	**(1,684)**
Of which attributable to the owners of the parent company	(14,561)	(1,885)
Of which attributable to non controlling interests (minority interests)	149	201

4.4.3 Consolidated cash flow statement

(in thousands of euros)	2017/2018 Fiscal year	2018/2019 Fiscal year
OPERATING ACTIVITIES		
Consolidated net income attributable to owners of the parent company	(14,595)	2,577
Non controlling interest (minority interest)	150	205
Amortization	49,206	47,327
Net income/(loss) of associates	(12,511)	(12,333)
Portion of investment grant recorded in profit or loss	(567)	(565)
Changes in provisions	2,040	(530)
Gains and losses on changes in fair value	(402)	(327)
Other income and expenses calculated	33	13
Capital gains and losses on disposal	267	1,007
Cash generated from operations	**23,621**	**37,373**
Net finance costs (excluding change in fair value) and income tax expense	518	327
Cash generated from operations before net finance costs and income tax expense	**24,138**	**37,700**
Tax paid		
Decrease/(increase) in WCR relating to operations	8,522	78,231
CASH FLOW FROM OPERATING ACTIVITIES	**32,661**	**115,931**
INVESTING ACTIVITIES		
Purchase of PP&E, intangible and financial assets	(191,812)	(199,941)
Gains on disposal of PP&E and intangible assets	645	223
Impact of changes in scope of consolidation		
Change in loans and advances granted	9,523	12,799
Others		7,500
CASH FLOW USED IN INVESTING ACTIVITIES	**(181,643)**	**(179,417)**
FINANCING ACTIVITIES		
Dividends paid	(3)	(5)
Minority contributions and changes in scope of consolidation		
Share capital increase		
Changes in stable financing activities (including credit line)	125,612	111,891
Net interest received (paid)	(518)	(327)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**125,091**	**111,559**
CHANGE IN CASH AND CASH EQUIVALENTS	**(23,891)**	**48,073**
Cash and cash equivalents at beginning of the period	**94,850**	**70,952**
Cash restated at fair value	(7)	
Cash and cash equivalents at the end of the period	**70,952**	**119,025**
Cash and cash equivalents – Assets	70,952	119,025
Bank – Liabilities		

4.4.4 Consolidated statement of changes in equity

(in thousands of euros)	Common stock	Addtional paid-in capital	Items recognized directly in equity	Reserves and retained earnings	Equity attributable to the owners of the parent company	Non controlling interests (minority interests)	Equity
APRIL 1, 2017	**24,517**	**214,650**	**(153)**	**400,199**	**639,211**	**417**	**639,628**
Dividend paid						(3)	(3)
Share capital increase							
Other comprehensive income			34		34	(1)	33
Other variation			(51)		(51)	41	(10)
Net income for the period				(14,595)	(14,595)	150	(14,446)
Other variation related to associates			(451)		(451)		(451)
MARCH 31, 2018	**24,517**	**214,650**	**(620)**	**385,604**	**624,149**	**603**	**624,751**
Dividend paid						(5)	(5)
Share capital increase							
Other comprehensive income			(4,462)		(4,462)	(4)	(4,466)
Other variation			(10)		(10)		(10)
Net income for the period				2,577	2,577	205	2,782
Other variation related to associates			4		4		4
MARCH 31, 2019	**24,517**	**214,650**	**(5,088)**	**388,182**	**622,258**	**799**	**623,056**

4.4.5 Contractual Auditor and Statutory Auditors' Report on the consolidated financial statements

Year ended March 31, 2019

Jean-Humbert Croci
12, avenue de Fontvieille
98000 Principauté de Monaco

André Garino
2, rue de la Lüjerneta
98000 Monaco Principauté

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex

This is a free translation into English of the Contractual Auditor's and Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

1. OPINION

We have audited the consolidated financial statements of Société des Bains de Mer et du Cercle des Etrangers à Monaco for the year ended March 31, 2019, comprising the consolidated balance sheet, consolidated income statement, statement of comprehensive income, consolidated cash flow statement and statement of changes in equity, as well as the notes thereto which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as of March 31, 2019 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRSs as adopted in the European Union.

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Responsibility of the Contractual Auditor and Statutory Auditors for the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the IESBA (International Ethics Standards Board for Accountants) Code of Ethics, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. KEY AUDIT MATTERS

Key audit matters related to risks of material misstatement are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2019. 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 these matters.

Key audit matters	Responses as part of our audit
Impairment test of equity securities *(See Note 6 to the consolidated financial statements)*	
The Betclic Everest Group (BEG) securities accounted for under the equity method in the Company's consolidated financial statements for the year ended March 31, 2019 totaled €116.0 million and include implicit goodwill of €76.2 million. As the item cannot be amortized, an annual impairment test must be performed in order to verify that this valuation exceeds the recoverable amount. BEG is faced with various risks that could have a material impact on its value. BEG's recoverable amount was estimated using the discounted cash flow method based on a three-year business plan, a ten-year extrapolation and a perpetual forecast value. In this context, the verification that the SBM International securities and related receivables were correctly impaired, i.e. the recoverable amount of the securities and receivables largely exceeds the net carrying amount of said assets, is a key audit matter insofar as the key assumptions adopted in the discounted cash flow method rely heavily on management's judgment.	We obtained the most recent business plans from Management and the impairment tests performed. Using this information, we performed a critical review of the Company's implementation of the adopted methodology and the following procedures: ◆ with the help of our internal specialists, we carried out a critical analysis of: ◆ the models used for the Group's main entities (BetClic-Expekt-Everest and Bet-at-Home), ◆ the key assumptions used to calculate the discounted cash flows (long-term growth rate, forecast margin, discount rate), ◆ the period forecasts with the corresponding actual results to assess the reliability of the forecast data preparation process; ◆ additionally, we obtained and reviewed the sensitivity analyses performed by Management. We also performed our own sensitivity calculations to confirm that only an unreasonable change in assumptions could require the recognition of a material impairment of the goodwill, by comparing these items with online gaming market practices and data. Furthermore, using the business plans and their extrapolations, we verified that the data entered into the models was consistent with BEG's organization, action plans and projects.
Recognition of gaming revenue	
The Company's revenue totaled €526.5 million for the year ended March 31, 2019, and the gaming sector, which mainly includes table games and automatic machines, represented €222.7 million. We considered that the recognition of gaming revenue was a key audit matter for the following reasons: ◆ gaming transactions are characterized by the constant handling of chips and cash, as well as daily manual counts used to recognize revenue in the accounts, which could be conducive to fraud and create a risk concerning the completeness of the recorded transactions; ◆ revenue is a key performance indicator and the verification that controls are not overridden by management requires particular attention.	We assessed the appropriateness of the control procedures set up by the Company in order to cover the risks of material misstatement that we identified for gaming revenue. Accordingly, we verified the effectiveness of the relevant controls to cover the risks relating to manual counts and the recording of gaming transactions, mainly by: ◆ physically observing the procedures in gaming rooms; ◆ verifying, on a sampling basis, that these relevant controls are actually performed and their effectiveness. This work was supplemented by substantive tests designed to verify, based on a sampling from the accounting records, that these transactions were properly recorded in the correct amount. We also covered the risk that gaming revenue would not be recognized in full, by verifying that a sample of gaming transactions was recorded in the accounts.

4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

Management is responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, 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 Group'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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for supervising the Group's financial information preparation process.

The Board of Directors is responsible for approving the consolidated financial statements.

5. RESPONSIBILITY OF THE CONTRACTUAL AUDITOR AND STATUTORY AUDITORS FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- obtain 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

6. SPECIFIC VERIFICATION

We have also verified the information pertaining to the Group that corresponds to the management report information contained in the registration document in accordance with professional practices in France. We have no comments to make on its fair presentation and consistency with the consolidated financial statements.

Monaco and Paris-La Défense, July 5, 2019

The Statutory Auditors		*The Contractual Auditor*
		Deloitte & Associés
Jean-Humbert CROCI	**André GARINO**	**François-Xavier AMEYE**

4.5 Statutory Auditors and Contractual Auditor's fees

	Contractual Auditor				Statutory Auditors (detail per auditor below)			
	Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Certification of statutory and consolidated accounts and half-year limited review								
Issuer	283,000	283,000	90	95	98,400	81,800	94	79
Fully consolidated subsidiaries					6,040	21,125	6	21
Services other than accounts certification								
Issuer *	31,269	16,259	10	5				
Fully consolidated subsidiaries								
TOTAL FEES PAID	**314,269**	**299,259**	**100**	**100**	**104,440**	**102,925**	**100**	**100**

* *These fees are mainly related to services on social, environmental and societal information, and are also related, for 2018/2019, to services on the listing of the Monegasque state-owned shares that may not be assigned of sold pursuant to Monegasque law.*

Fees related to fully consolidated subsidiaries for statutory auditors that are not involved at issuer level are not mentioned in the table below. Those fees amounted to €111,710 for fiscal year 2018/2019 and €91,925 for fiscal year 2017/2018.

	Statutory Auditor Mr. André Garino				Statutory Auditor Mr. Jean-Humbert Croci			
	Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Audit								
Certification of statutory and consolidated accounts and half-year limited review								
Issuer	56,700	40,900	100	100	41,700	40,900	87	66
Fully consolidated subsidiaries					6,040	21,125	13	34
TOTAL FEES PAID	**56,700**	**40,900**	**100**	**100**	**47,740**	**62,025**	**100**	**100**

Casino de Monte-Carlo

5

ORDINARY GENERAL MEETING HELD ON SEPTEMBER 20, 2019

5.1 Agenda

- Report of the Board of Directors
- Reports of the Statutory Auditors and Contractual Auditor on financial statements as of March 31, 2019
- Approval of the fiscal 2018/2019 Parent Company financial statements
- Approval of the fiscal 2018/2019 Group consolidated financial statements
- Discharge of all Directors from any liabilities with respect to the performance of their mandate
- Appropriation of earnings for the year ended March 31, 2019
- Authorization granted by the General Meeting to the members of the Board of Directors to deal with the company personally or in an official capacity pursuant to Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws
- Authorization for the buyback of the company shares

5.2 Board of Directors' report

The purpose of this report is to draw your attention to the main points and issues of the draft resolutions submitted by the Board of Directors to the Ordinary General Meeting of Shareholders, due to deliberate on September 20, 2019. Therefore, this report is not comprehensive and should by no means replace your careful reading of the submitted resolutions before exercising your voting right.

The Ordinary General Meeting to be held on September 20, 2019 shall be asked to vote on six resolutions.

Overview of the resolutions

APPROVAL OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (1ST AND 2ND RESOLUTIONS)

The first two resolutions enable you, after familiarizing yourself with the reports of your Board of Directors, the Contractual Auditor and Statutory Auditors, to indicate whether you approve or disapprove the Company's financial statements and the consolidated financial statements for year ended March 31, 2019 as well as the transactions reflected in such financial statements and summarized in such reports.

The **first resolution** submitted to you, concerns the approval of the Parent Company's financial statements for the fiscal year ended March 31, 2019, which show a loss of - €10,118,918.26.

The **second resolution** asks the Meeting to vote its approval (if appropriate) of the S.B.M. Group's consolidated financial statements, which show a net consolidated profit (Group share) of €2,577,000.

DISCHARGE TO ALL CURRENT DIRECTORS (3RD RESOLUTION)

You are asked to grant discharge to all current Directors with respect to their management during the 2018/2019 financial year.

ALLOCATION OF PROFITS/LOSSES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019 (4TH RESOLUTION)

The **fourth resolution** concerns the allocation of profit/loss of the Parent Company.

The proposed profit/loss allocation is as follows:

- after noting that the company's net losses for the year ended March 31, 2019 amount to -€10,118,918.26 and that retained earnings amount to €75,583,918.07
- hence net income available for appropriation amounting to €65,464,999.81;
- propose to allocate the total net income for appropriation, i.e. €65,464,999.81, be appropriated to retained earnings.

AUTHORIZATION GRANTED BY THE GENERAL MEETING TO THE MEMBERS OF THE BOARD OF DIRECTORS TO DEAL WITH THE COMPANY PERSONALLY OR IN AN OFFICIAL CAPACITY PURSUANT TO ARTICLE 23 OF THE ORDER OF MARCH 5, 1895 AND ARTICLE 20 OF THE BYLAWS (5TH RESOLUTION)

The **fifth resolution** asks you to:

- approve the transactions carried out over the course of the 2018/2019 fiscal year that fall within the scope of application of Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws;
- renew the authorization granted to the Members of the Board of Directors to enter into contracts with the Company personally or in an official capacity in accordance with said articles.

In Chapter 3.1.5 of this document, we reported on the transactions that took place, directly or indirectly, between your Company and its Directors or your Company and affiliated and unaffiliated companies with the same directors.

Pursuant to Article 23 of the Order of March 5, 1895, we kindly ask you to ratify said transactions.

AUTHORIZATION TO BUYBACK THE COMPANY SHARES (6TH RESOLUTION)

The **sixth resolution** asks you to renew your authorization to buyback Company shares.

The Ordinary General Meeting held on September 21, 2018 gave such an authorization for an 18-month period as from the date of said Meeting, i.e. until March 21, 2020. This option has not been exercised.

However, the Meeting is asked to renew this authorization and thereby allow the Board of Directors to acquire a maximum of 5% of the Company's share capital.

The objectives pursued are identical to those that were indicated on September 21, 2018, i.e.:

- holding and subsequently using the shares in exchange or as payment within the framework of external growth (including the acquisition and increase of shareholding);
- ensuring active operation and market liquidity through an investment service provider, acting independently pursuant to a liquidity agreement that complies with a charter of ethics recognized by the French Financial Markets Authority (*Autorité des Marchés Financiers*);
- holding shares in order to enable the Company to honor its obligations in respect of debt securities that may be converted into shares or other securities granting access to existing shares;
- holding shares that may be allocated to employees and affiliate companies within the framework of stock options or free allocation of existing shares;
- carrying out any other practice as may be permitted or recognized by French law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*), or pursuing any other objective that complies with the applicable laws and regulations.

Consequently, we ask you to adopt the following share buyback program:

- authorization to purchase Company shares, under the conditions set forth here below, and representing a maximum of 5% of the existing share capital as of the date of this General Meeting;
- the maximum purchase price must not exceed €80 per share, it being hereby specified that in the event of capital transactions, including but not limited to, capitalization of reserves and allocation of free shares and/or splitting or pooling of shares, this maximum price shall be adjusted accordingly;
- maximum amount of funds to be used for the buyback program shall not be exceeded €30 million;
- authorization valid for an 18-month period as from September 20, 2019;
- shares to be acquired or transferred by any means, including, but not limited to, on the market or by private sale, including block purchases or transfers, through derivative financial instruments traded on a regulated market or by private sale, in accordance with the applicable laws as of the date of the transactions in question, and at such time as the Board of Directors or any person acting on the authority of the Board of Directors deems appropriate.

As from the date hereof such authorization would replace and invalidate the remaining term of any unused portion of any authorization that may have been granted by the Shareholders' General Meeting for the same purpose.

We kindly ask you to authorize the share buyback program that we have submitted to you for approval.

5.3 Resolutions submitted to the Ordinary General Meeting

FIRST RESOLUTION

APPROVAL OF THE FINANCIAL STATEMENTS OF SOCIÉTÉ DES BAINS DE MER FOR THE YEAR ENDED MARCH 31, 2019

The Shareholders' General Meeting, after listening to the report of the Board of Directors and the reports of the Contractual Auditor and Statutory Auditors, approves the financial statements of the Parent Company for the financial year ended March 31, 2019, as presented to it, and the transactions reflected in the financial statements and summarized in these reports.

SECOND RESOLUTION

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The Shareholders' General Meeting, after listening to the report of the Board of Directors and the reports of the Contractual Auditor and Statutory Auditors, approves the consolidated financial statements for the financial year ended March 31, 2019, as presented to it, and the transactions reflected in the financial statements and summarized in these reports.

THIRD RESOLUTION

DISCHARGE TO ALL CURRENT DIRECTORS

The Shareholders' General Meeting granted discharge to the current Directors with respect of their management during the financial year.

FOURTH RESOLUTION

ALLOCATION OF PROFITS/LOSSES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

The Shareholders' General Meeting, having read the Board of Directors' and the Statutory Auditors' reports:

■ notes that the loss for the 2018/2019 financial year amounts to	-€10,118,918.26
■ notes that the retained earnings amount to	€75,583,918.07
hence, net income available for appropriation amounts to	€65,464,999.81
■ decides to appropriate the resulting total:	
– retained earnings	€65,464,999.81

FIFTH RESOLUTION

AUTHORIZATION ENABLING MEMBERS OF THE BOARD OF DIRECTORS TO ENTER INTO CONTRACTS WITH THE COMPANY PERSONALLY OR IN AN OFFICIAL CAPACITY PURSUANT TO ARTICLE 23 OF THE ORDER OF MARCH 5, 1895 AND ARTICLE 20 OF THE BYLAWS

The Shareholders' General Meeting approved the transactions that were carried out over the course of the 2018/2019 financial year and that fall within the scope of application of Article 23 of the Order of March 5, 1895 and Article 20 of the Bylaws.

It renewed the authorization granted to Members of the Board of Directors enabling them to enter into contracts with the Company personally or in an official capacity in accordance with said articles.

SIXTH RESOLUTION

AUTHORIZATION TO BUYBACK COMPANY SHARES

Pursuant to Article 41 of the Bylaws, the Shareholders' General Meeting authorizes the Board of Directors to purchase Company shares, under the terms defined below and for up to 5% of the share capital as of the date of this meeting:

- the maximum purchase price shall not exceed €80 per share, bearing in mind that in the event of share capital transactions, particularly through the capitalization of reserves and allotment of bonus shares, and/or share splits or reserve splits, this price shall be adjusted accordingly;
- the maximum amount of funds intended for this buyback program may not exceed €30 million;
- this authorization is valid for a period of 18 months as from September 20, 2019;
- these shares may be purchased or transferred, by any means, particularly on the stock exchange or in a private transaction, including through purchase or sale of blocks, use derivative financial instruments traded on a regulated market or in a private transaction, in accordance with the regulations prevailing on the date of the transactions considered, and at times that the Board of Directors or the person acting on behalf of the Board shall see fit.

The Shareholders' General Meeting decides that this share buyback program is as follows:

- retention and subsequent tender of shares within the scope of an exchange offer or for payment in external growth transactions (including new investments or additional investments);

- maintaining an active and liquid market in the Company's shares through an independent investment services provider, pursuant to a liquidity agreement in accordance with an ethics charter recognized by the French Financial Markets Authority (*Autorité des Marchés Financiers*);
- possession of shares enabling the Company to fulfil obligations relating to debt securities exchangeable for shares or other marketable securities granting entitlement to existing shares;
- possession of shares that may be allotted to the Company's personnel and that of affiliates under share purchase option or bonus share allotment plans;
- adoption of any other practice accepted or recognized by French law or the French Financial Markets Authority in the future, or any other objective that would comply with prevailing regulations.

As from the date hereof this authorization shall replace and invalidate the remaining term of any unused portion of any authorization that may have been granted by the Shareholders' General Meeting for the same purpose.

The Shareholders' General Meeting grants full powers to the Board of Directors, with the possibility of delegating such powers, to deliberate and implement this authorization, clarify, if need be, the terms and conditions and approve them, place orders for trades, enter into all agreements, prepare all disclosure documents, allocate, and where appropriate reallocate, the purchased share to the various objectives, perform all formalities and make all declarations with regard to all authorities and, generally, do all that necessary.

Coya Monte-Carlo

6

EXTRAORDINARY GENERAL MEETING HELD ON SEPTEMBER 20, 2019

6.1 Agenda

- Approval of Addendum 4 to the Terms of Reference dated March 21, 2003 and Amendment of Article 2 of the Bylaws
- Sundry matters

6.2 Board of Directors' report

We have convened this Extraordinary General Meeting to approve Addendum 4 to the Terms of Reference drafted with the Principality Government, the Concession Granting Authority, and record a reference to the date of its conclusion in Article 2 of the Bylaws.

The purpose of this report is to draw to your attention the various amendments made to the Terms of Reference and its Supplemental Agreement 2 by Addendum 4 dated April 1, 2019.

AUTHORIZATION TO OPERATE THREE NEW GAMES

Pursuant to Addendum 4 dated April 1, 2019, your Company was authorized to operate three new games:

- Black Jack 21 + 3
- Punto 2000
- Roulette Monte-Carlo

mentioned in subsection 1.1.2 – "European" or "US" house games of paragraph 1.1 of Article One "Gaming Rights Concession" in the Terms of Reference, dated March 21, 2003.

LICENSING FEES

The conditions defined in paragraph 2.1 of Article 2 – "Licensing fees" of the Terms of Reference, amended by Addendum 2 dated March 31, 2008 and Addendum 3 dated June 9, 2011, stipulated that the licensing fee rate applicable to gross gaming receipts would increase from 15% to 17% starting from April 1, 2019.

Addendum 4 stipulates that licensing fee rate will remain equal to 15% for a further three fiscal years, i.e until March 31, 2022.

Furthermore, and for a three-year period only, starting from April 1, 2019 and until March 31, 2022, rebates on client gaming losses accounted for in financial statements will reduce the gross gaming receipts used to determine the basis on which the licensing fees are calculated.

SUPPLEMENTAL AGREEMENT 2 TO THE TERMS OF REFERENCE

Section II "Security – Fire" of Supplement Agreement 2 is amended to precise:

- the missions assigned to the Company's security team and its interactions with the Fire & Emergency Service;
- the qualifications required for staff in the Company's security team.

The Extraordinary General Meeting to be held on September 20, 2019 shall be asked to vote on two resolutions.

Overview of the resolutions

APPROVAL OF ADDENDUM 4 TO THE TERMS OF REFERENCE DATED MARS 21, 2003 AND AMENDMENTS OF THE ARTICLE 2 OF THE BYLAWS (1ST RESOLUTION)

The **first resolution** enables you, after familiarizing yourself with the amendments introduced by Addendum 4 to the Terms of Reference, to indicate whether you approve or disapprove this addendum.

In addition, Article 2 of the Bylaws, which provides an exhaustive list of the various agreements reached with the Concession Granting Authority since the Company was founded, is supplemented by a reference to the date of signature of the new addendum.

POWERS (2ND RESOLUTION)

The **second resolution** submitted to you concerns the powers to be provided to the Chairman of the Board of Directors and, in the case of absence or hindrance, a director so empowered, to undertake all required formalities in order to formalise the amendments of the Bylaws.

6.3 Resolutions submitted to the Extraordinary General Meeting

FIRST RESOLUTION

APPROVAL OF ADDENDUM 4 TO THE TERMS OF REFERENCE DATED MARCH 21, 2003 AND MODIFICATION OF THE ARTICLE 2 OF THE BYLAWS

The Extraordinary General Meeting resolves to:

- approve Addendum 4 and its appendix, dated April 1, 2019, to the Terms of Reference;
- amend, subject to the Principality Government's approval, Article 2 of the Bylaws, which will be worded as follows:

  "The Company's main purpose is the management of a gaming rights concession granted by:

  - Order of H.S.H. Prince of Monaco on April 2, 1863, by Sovereign Order on March 24, 1987, and by Sovereign Order on March 13, 2003,
  - subject to the reserves, terms and conditions and obligations of the Terms of Reference dated April 27, 1915, amended by additional act on April 28, 1936, the agreements of January 6, 1940 and September 12, 1950, and by the Terms of Reference and the three Supplemental Agreements dated March 17, 1987, approved on March 24, 1987, amended by the Addendums dated October 4, 1994, December 20, 1996 and September 12, 2000, and by the Terms of Reference and the three Supplemental Agreements approved on March 13, 2003, dated March 21, 2003, amended by the Addendums dated November 3, 2006, March 31, 2008, June 9, 2011, and April 1, 2019, and any acts and agreements amending or completing the aforementioned texts in force as of this date or which would be subsequently undertaken or concluded.

  The Company's purpose is also to manage and develop all its assets, as set forth in Article 6 and generally all civil, commercial, movable or immovable operations directly related to such purpose".

SECOND RESOLUTION

POWERS

The Extraordinary General Meeting grants all powers to the Chairman of the Board of Directors and, in the case of absence or hindrance, a director so empowered, with admission as to the genuine nature of the document and the signature to the minutes of Mr. Henry Rey, notary and custodian of the Bylaws, to file the minutes of this Meeting and any other related document.

NOTES

NOTES

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MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

CASINOS

Casino de Monte-Carlo
Casino Café de Paris
Sun Casino
Monte-Carlo Bay Casino

HOTELS & RESTAURANTS

Hôtel de Paris Monte-Carlo
Hôtel Hermitage Monte-Carlo
Monte-Carlo Bay Hotel & Resort
Monte-Carlo Beach
Le Méridien Beach Plaza
Café de Paris Monte-Carlo
Buddha Bar Monte-Carlo
Coya Monte-Carlo
Mada One

RESIDENTIAL

La Résidence du Sporting
Les Villas du Sporting
Le Balmoral
One Monte-Carlo

LEISURE & ENTERTAINMENTS

Salle Garnier – Opéra de Monte-Carlo
Salle des Etoiles
Jimmy'z Monte-Carlo
Thermes Marins Monte-Carlo
Monte-Carlo Beach Club
La Rascasse
Monte-Carlo Country Club
Monte-Carlo Golf Club
Promenade Monte-Carlo Shopping

Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco (S.B.M.)
Société anonyme au capital de 24 516 661 euros

Siège social : Place du Casino – 98000 MONACO
RCI Principauté de Monaco 56S00523

www.montecarlosbm.com