MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

# Notice of meeting 2020

*Ordinary General Meeting*

## *September 25, 2020 at 9.30 a.m.*

*One Monte-Carlo - Centre de Conférence (Salle des Arts)*

# CONTENTS



*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.*

# 1

# GENERAL MEETING INVITATION

*Ladies, Gentlemen, Dear Shareholders,*

*I am pleased to invite you to attend the Ordinary General Meeting of Société des Bains de Mer, to be held on* ***Friday, September 25, 2020 at 9.30 a.m.*** *at the One Monte-Carlo - Centre de Conférence (Salle des Arts), Place du Casino in Monaco.*

*This meeting aims at providing you with information on the Company's developments, and is a privileged occasion to answer all the questions you may have, regardless of the number of shares you own.*

***I sincerely hope you will be able to participate, either by attending, or by using the proxy form*** *which allows you* ***to vote directly, or be represented*** *by the Chairman, or any other Shareholder of your choice.*

*In view of the current circumstances, I would like to reassure those of you who will be attending in person that all of the necessary health measures will be strictly followed. This includes the availability of hydroalcoholic gel, social distancing, a one-way system, mandatory wearing of masks, temperature checks, and so on.*

*In this document, you will find instructions on how to participate in the General Meeting, the agenda and the text of the resolutions submitted to your approval.*

*Finally, we propose you to consult the* ***digital interactive version*** *of the "Document d'enregistrement universel" including the annual report as of March 31, 2020, available on our website (montecarlosbm-corporate.com).*

*I would like to thank you in advance for taking the time to consider the resolutions proposed.*

*Yours sincerely,*

***Jean-Luc Biamonti***
*Chairman and Chief Executive Officer*

# 2

# HOW TO PARTICIPATE IN THE GENERAL MEETING

The terms and conditions for attending General Meetings are defined in Article 30 of the Company's bylaws:

*"The General Meeting, ordinary or extraordinary, shall be composed of all holders of a share that was transferred for their benefit at least ten days prior to the date of the meeting.*

*Only a holder possessing on his or her own behalf a share can take part in the deliberations of meetings.*

*Any shareholder may be represented by another shareholder at the General Meeting. The proxy shall be filed two days before the date of the meeting. Each shareholder attending the General Meeting is granted as many votes as he or she holds or represents in shares.*

*The shareholders can vote or give a proxy by any way, especially by transmitting postal voting form or proxy by remote transmission or by online voting before the meeting.*

*The Board of Directors determines the deadline date for the return form of proxies. This date is communicated in the notice of meeting published in the Bulletin des Annonces Légales Obligatoires (Official Legal Announcement Publication)."*

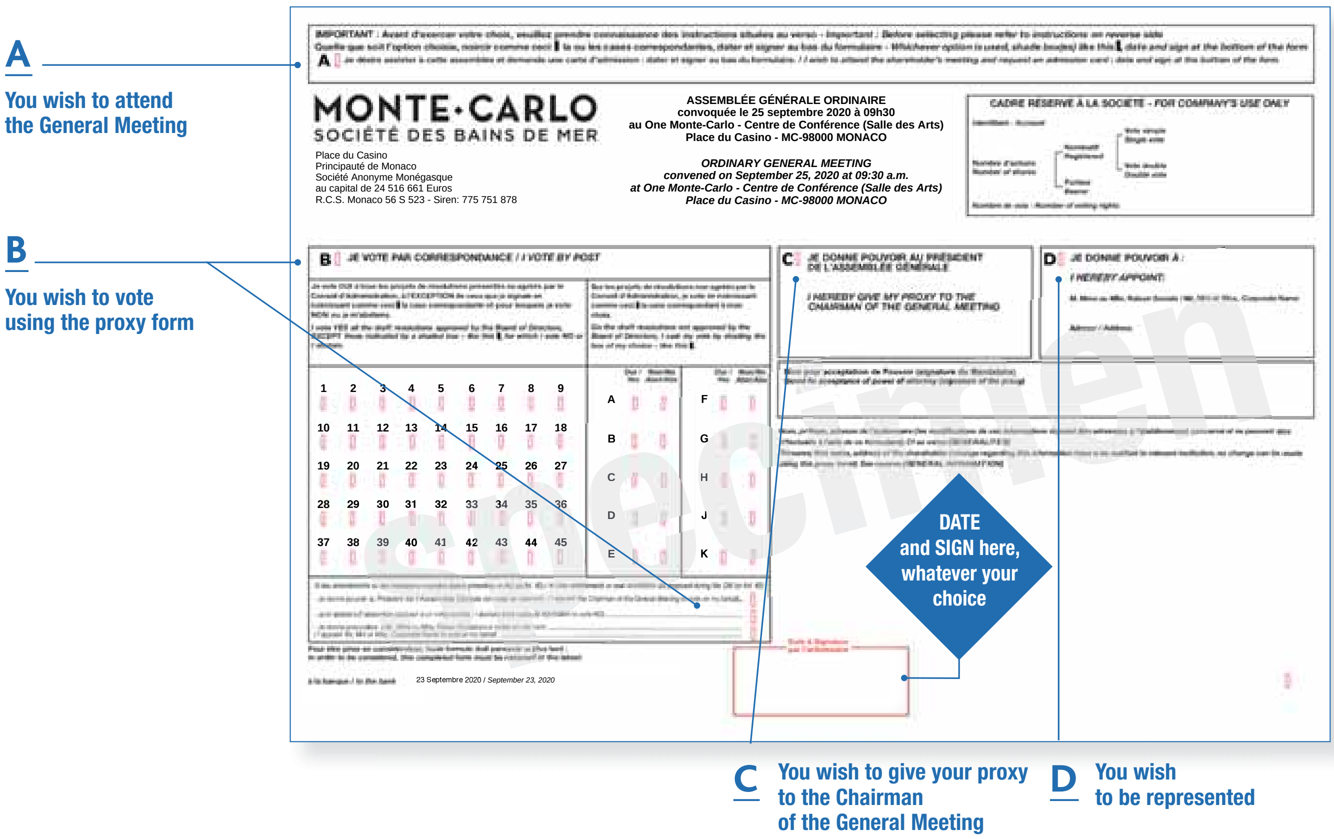
Thus you can attend the Shareholders General Meeting in person, vote using the proxy or be represented. In any case, you must indicate your choice using the proxy form enclosed to the invitation meeting received and detailed hereafter. To ensure a correct preparation of the Shareholders' General Meeting, we ask you to transfer your choice as soon as possible.

Société Générale (SGSS) centralizes the General Meeting:

Société Générale, Service des Assemblées Générales, CS 30812, 44308 NANTES CEDEX 3

Shares held or represented should be registered or transferred to the Company's Register held by Société Générale Securities Services by no later than **September 15, 2020** (Euroclear settlement-delivery date corresponding to the transfer of share ownership).

The voting right attached to the share belongs to the usufructuary in ordinary general meetings.



## A - You wish to attend the General Meeting:

Fill in the box A of the enclosed form, date and sign the bottom of the form.

The form must be returned to SGSS. As from September 10, 2020, you will receive an admission card, which you will be asked to show at the entrance to the meeting room. It is recommended that you make this request as soon as possible in order to receive your card in time for the meeting.

Should you represent other Shareholders, we would ask you to enclose the proxies duly granted by the Shareholders with your form.

For any demand of an admission card related to a corporation, the form must be accompanied with a power of representation. The representative will have to show an identification document the day of the General Meeting.

## B – You wish to vote using the proxy form:

Fill in the box B of the enclosed form.

- **Resolutions approved by the Board of Directors (numerical references):**

Boxes correspond to resolutions proposed in sections 4.3 of the present document.

If you wish to vote « yes » for all resolutions proposed and approved by the Board of Directors, leave the boxes blank.

If you wish to vote « no – abstention » for one or more resolution(s), shade the corresponding box(es).

- **Resolutions not agreed by the Board of Directors (alphabetical references):**

For each resolution, shade the box of your choice: « yes » or « no – abstention ».

- **Amendments or new resolutions proposed during the General Meeting:**

In the case of the agenda of the General Meeting would be completed after the convening of shareholders, according to the Article 40 of the Company's bylaws, you are requested to fill in the box of your choice. Complete the identity of the authorized representative who must be Company shareholders, if needed.

Your proxy form must then be dated and signed in the appropriate box.

## C – You wish to give your proxy to the chaiman of the General Meeting:

Fill in the box C of the enclosed form, date and sign the bottom of the form.

## D – You wish to be represented at the General Meeting:

If you wish to be represented at the General Meeting by a representative who must be Company Shareholders:

- fill in the box D;
- complete the identity of the authorized representative;
- date and sign the bottom of the form.

In the event that no authorized representative is specified in a shareholder's proxy, the Chairman of the General Meeting shall cast a vote on the draft resolutions according to the recommendations of the Company's Board of Directors.

In any case, the enclosed form must be received by the Société Générale Securities Services (SGSS), using the T envelop, at the latest on **September 23, 2020,** after being duly completed.

For any additional question, you are invited to contact directly the Société Générale, from Monday to Friday from 8.30 a.m. to 6 p.m. at +33(0)2 51 85 59 82 or at +33(0)2 51 85 67 89 (cost of the call depending on the local operator from outside France).

The "Document d'enregistrement universel" 2019/2020 including the annual financial report as of March 31, 2020 is available at the Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco, Place du Casino, 98000 – Monaco (Principauté de Monaco), as well as in electronic version on the website of the Company (montecarlosbm-corporate.com).

# 3

# BOARD OF DIRECTORS AS OF MARCH 31, 2020

**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

UFIPAR SAS (permanent representative: Mr. Nicolas BAZIRE)

# 4

# ORDINARY GENERAL MEETING HELD ON SEPTEMBER 25, 2020

## 4.1 Agenda

- Report of the Board of Directors
- Reports of the Statutory Auditors and Contractual Auditor on financial statements as of March 31, 2020
- Approval of the fiscal 2019/2020 Parent Company financial statements
- Approval of the fiscal 2019/2020 Group consolidated financial statements
- Discharge of all Directors from any liabilities with respect to the performance of their mandate
- Final discharge to the Director whose term of office ended during the fiscal year
- Appropriation of earnings for the year ended March 31, 2020
- Renewal of Mr. Jean-Luc Biamonti's term of office as a Director
- Appointment of the Statutory Auditors
- 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

# 4.2 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 25, 2020. 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 25, 2020 shall be asked to vote on nine 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, 2020 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, 2020, which show a profit of €13,013,633.67.

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 €26,115,000.

### DISCHARGE TO ALL CURRENT DIRECTORS (3RD RESOLUTION)

You are asked to grant discharge to all current Directors with respect to their management during the 2019/2020 financial year.

### FINAL DISCHARGE TO THE DIRECTOR WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR (4TH RESOLUTION)

You are asked to grant final discharge to Mr. William Timmins, Director whose term of office ended as of September 20, 2019.

### ALLOCATION OF PROFITS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020 (5TH RESOLUTION)

The **fifth resolution** concerns the allocation of profits of the Parent Company.

The proposed profit allocation is as follows:

- after noting that the company's net gain for the year ended March 31, 2020 amounts to €13,013,633.67 and that retained earnings amount to €65,464,999.81;
- hence net income available for appropriation amounting to €78,475,633.48;
- propose to allocate the total net income for appropriation, i.e. €78,475,633.48, be appropriated as follow:
  - an amount of €260,272.67 to the contingency reserve fund, i.e. 2% of the net income for the year in accordance with the Article 48 of the Bylaws,
  - an amount of €390,409.01 to the Board of Directors, in accordance with the Article 18 of the Bylaws,
  - an amount of €77,824,951.80 to retained earnings.

### RENEWAL OF MR. JEAN-LUC BIAMONTI'S TERM OF OFFICE AS A DIRECTOR (6TH RESOLUTION)

Mr. Jean-Luc Biamonti's term of office as a Director expires at the close of this Shareholders' General Meeting.

The **sixth resolution** is to propose that you renew his term.

In accordance with Article 12 of the Bylaws, Mr. Jean-Luc Biamonti's term of office would expire at the Shareholders' General Meeting to be held following August 17, 2025.

Mr. Jean-Luc Biamonti has been appointed as Director of the Company by the Government of HSH the Prince of Monaco on September 19, 1985, then as Director of the Company appointed by the Shareholders' General Meeting and Chairman since September 22, 1995. He is Chairman and Chief Executive Officer since January 10, 2013.

He also holds the following roles and offices for the S.B.M. Group:

- Director of Société Financière d'Encaissement (S.F.E);
- Chairman and Chief Executive Officer of Société Hôtelière du Larvotto (S.H.L), representing S.B.M.;
- Chairman of S.B.M. USA Inc.

Other current roles and offices are as follow:

- Independent Director, Chairman of the Audit Committee and member of the Appointments and Remunerations Committee of Covivio;
- Chairman of the Board of Directors of Betclic Everest Group.

## APPOINTMENT OF THE STATUTORY AUDITORS (7TH RESOLUTION)

The terms of office of Mr. André Garino and Mr. Jean-Humbert Croci as Permanent Statutory Auditors as well as those of Mrs. Bettina Ragazzoni and Mr. Romain Viale as Substitute Statutory Auditors will expire at the end of this Shareholders' Meeting.

The **seventh resolution** asks you to appoint:

- Mr. Stéphane Garino and Mr. Jean-Humbert Croci as Permanent Statutory Auditors;
- Mrs. Bettina Ragazzoni and Mr. Romain Viale as Substitute Statutory Auditors.

Their terms of office will expire at the end of the Ordinary General Meeting of Shareholders held to approve the 2022/2023 financial statements.

## 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 (8TH RESOLUTION)

The **eighth resolution** asks you to:

- approve the transactions carried out over the course of the 2019/2020 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 6.1.7 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 (9TH RESOLUTION)

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

The Ordinary General Meeting held on September 20, 2019 gave such an authorization for an 18-month period as from the date of said Meeting, i.e. until March 20, 2021. 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 20, 2019, 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 25, 2020;
- 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.

# 4.3 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, 2020

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, 2020, 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, 2020

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, 2020, 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

### FINAL DISCHARGE TO A DIRECTOR WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR

The Shareholders' General Meeting granted final discharge to Mr. William Timmins.

#### FIFTH RESOLUTION

### ALLOCATION OF PROFITS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

- notes that the profit for the 2019/2020 financial year amounts to €13,013,633.67
- notes that the retained earnings amount to €65,464,999.81

  hence, net income available for appropriation amounts to €78,475,633.48
- decides to appropriate the resulting total:
  - to the contingency reserve fund, i.e. 2% of the net income for the year €260,272.67
  - to the Board of Directors €390,409.01
  - to retained earnings €77,824,951.80

#### SIXTH RESOLUTION

### RENEWAL OF MR. JEAN-LUC BIAMONTI'S TERM OF OFFICE AS A DIRECTOR

The Shareholders' General Meeting renewed Mr. Jean-Luc Biamonti's term of office as a Director.

In accordance with Article 12 of the Bylaws, Mr. Jean-Luc Biamonti's term of office would expire at the Shareholders' General Meeting to be held following August 17, 2025.

#### SEVENTH RESOLUTION

### APPOINTMENT OF THE STATUTORY AUDITORS

The Shareholders hereby approve the appointment of:

- Mr. Stephane Garino and Mr. Jean-Humbert Croci as Permanent Statutory Auditors;
- Mrs. Bettina Ragazzoni and Mr. Romain Viale as Substitute Statutory Auditors.

Their terms of office will expire at the end of the Ordinary General Meeting of Shareholders held to approve the 2022/2023 financial statements.

### EIGHTH 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 2019/2020 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.

### NINTH 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 25, 2020;
- 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.

# 5

# KEY FIGURES

## Key figures related to the last three fiscal years

| **CONSOLIDATED FIGURES** *(in million of euros)* | **2017/2018 **** | **2018/2019 **** | **2019/2020** |
|---|---|---|---|
| Consolidated revenue | 474.6 | 526.5 | 619.8 |
| Operating income before depreciation and amortization | 22.1 | 37.7 | 100.1 |
| Operating income | (27.1) | (9.6) | 22.6 |
| Consolidated net income attributable to the owners of the parent company | (14.6) | 2.6 | 26.1 |
| Comprehensive income attributable to the owners of the parent company | (14.6) | (1.9) | 27.5 |
| Cash generated from operations* | 23.6 | 37.4 | 93.7 |
| Purchase of PP&E, intangible and financial assets | 191.8 | 199.9 | 127.5 |
| Equity | 624.8 | 623.1 | 650.4 |
| Net Debt/(Cash position)* | 50.9 | 106.8 | 137.1 |
| Average number of employees | 4,213 | 4,349 | 4,593 |
| Market share price as of fiscal year's last day *(in euros)* | 54.80 | 47.10 | 56.00 |
| **GAMING SECTOR FIGURES** | | | |
| Casinos operated (number of permanent establishments at the end of the period) | 4 | 4 | 4 |
| Consolidated revenue (gross gaming revenue) | 200.7 | 222.7 | 239.8 |
| Operating income | (14.8) | (8.0) | (7.5) |
| **HOTEL SECTOR FIGURES** | | | |
| Hotels operated | 5 | 5 | 5 |
| Accomodation capacity (average number of rooms available) | 1,100 | 1,144 | 1,206 |
| Occupancy rate (average rate including Le Méridien Beach Plaza) | 67.5 % | 66.4 % | 63.8 % |
| Consolidated revenue | 234.7 | 253.7 | 284.3 |
| Operating income | (5.1) | (4.2) | (5.1) |
| **RENTAL SECTOR FIGURES** | | | |
| Consolidated revenue | 40.9 | 51.9 | 96.0 |
| Operating income | 23.4 | 35.5 | 69.5 |

* *Cash generated from operations and net debt are defined in the "Document d'enregistrement universel" 2020 in Chapter 4.1.5.*

** *As stated in note 2.1 to consolidated financial statements for the year ended March 31, 2020 presented in Chapter 5 of the "Document d'enregistrement universel" 2020, the 2017/2018 and 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases".*

*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, 2018, 2019 and 2020.*

# 6

# ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2019/2020

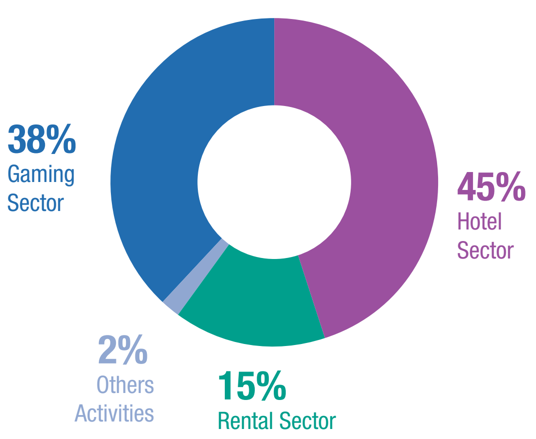
## 6.1 Presentation of fiscal year 2019/2020 results

### 6.1.1 Highlights of activity in fiscal year 2019/2020

S.B.M. Group reported consolidated revenue of €619.8 million for fiscal 2019/2020 compared to €526.5 million the previous year, for an increase of +18%.

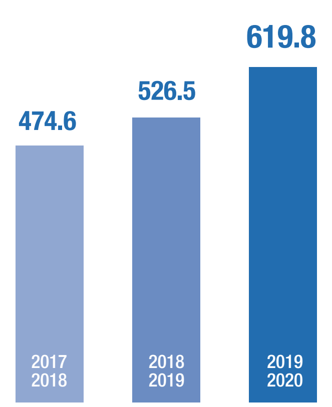
| **Consolidated revenue by business segment** *(in million of euros)* | **2017/2018** | **2018/2019** | **2019/2020** | **Variation** *(in million of euros)* |
|---|---|---|---|---|
| Gaming Sector | 200.7 | 222.7 | 239.8 | 17.2 |
| Hotel Sector | 234.7 | 253.7 | 284.3 | 30.6 |
| Rental Sector | 40.9 | 51.9 | 96.0 | 44.1 |
| Other Activities | 13.5 | 13.7 | 14.4 | 0.7 |
| Internal transfers | (15.2) | (15.4) | (14.8) | 0.6 |
| **CONSOLIDATED REVENUES** | **474.6** | **526.5** | **619.8** | **93.3** |

Breakdown of activities




Consolidated revenues

*In million of euros*



The €93.3 million increase in revenue was attributable to the improved receipts in all business sectors, recorded steadily during the year until the end of February. However, the last month of the year was heavily impacted by the Covid-19 epidemic.

All casinos and restaurants were closed mid-March pursuant to government decisions, followed by the Hôtel Hermitage and Le Méridien Beach Plaza. Only the Hôtel de Paris and the Monte-Carlo Bay Hotel & Resort remained partially open to welcome clients, mainly permanent residents, but occupancy rates were low. The impact of the pandemic on activity in the last month of fiscal 2019/2020 is estimated at more than €15 million in revenue.

The gaming sector reported revenue of €239.8 million, versus €222.7 million in 2018/2019. This increase was primarily due to the higher revenue from slot machines, which totaled €113.0 million for the year, up 11% compared to €101.9 million the previous year. Table games revenue also rose 5%, standing at €113.5 million for fiscal 2019/2020, versus €108.4 million the previous year. The favorable trend observed in the first three quarters of the year continued until March 15, when all casinos closed following government decisions taken in connection with the Covid-19 pandemic.

Hotel revenue totaled €284.3 million, compared to €253.7 million in 2018/2019. The sector mainly benefited from the full reopening of the Hôtel de Paris and the solid business of Coya. For the full year, all the other S.B.M. Group establishments, with the exception of Jimmy'z, reported higher revenue until March 15, when their business was heavily impacted by the pandemic.

The rental sector, comprising the leasing of boutiques and office space, and the activities of the Monte-Carlo Bay, Balmoral, Villas du Sporting and the One Monte-Carlo complex, reported revenue of €96 million, up 85% compared to €51.9 million the previous year This improvement was primarily attributable to the leasing of new commercial space at the Hôtel de Paris and in the One Monte-Carlo complex, and the gradual leasing of One Monte-Carlo apartments.

Finally, other activities accounted for annual consolidated revenue of €14.4 million, compared to €13.7 million last year.

## 6.1.2 Analysis of fiscal year 2019/2020 operating results by sector

The developments in the various business sectors – gaming, hotel and rental – are analyzed below for the year ended March 31, 2020.

### GAMING SECTOR

The gaming sector reported revenue of €239.8 million, versus €222.7 million in 2018/2019. This increase was primarily due to the higher revenue from slot machines, which totaled €113.0 million for the year, up 11% compared to €101.9 million the previous year. Table games revenue also rose 5%, standing at €113.5 million for fiscal 2019/2020, versus €108.4 million the previous year. The favorable trend observed in the first three quarters of the year continued until March 15, when all casinos closed following government decisions taken in connection with the Covid-19 pandemic.

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)* | **2017/2018** | **2018/2019** | **2019/2020** | **%** |
|---|---|---|---|---|---|
| 47% | Table games | 87.2 | 108.4 | 113.5 | 5% |
| 47% | Slot machines | 102.8 | 101.9 | 113.0 | 11% |
| 6% | Other activities | 10.8 | 12.3 | 13.4 | 8% |
| **100%** | **TOTAL GAMING SECTOR** | **200.7** | **222.7** | **239.8** | **8%** |

The **table games** sector reported revenue of €113.5 million for fiscal year 2019/2020, compared to €108.4 million the previous year, for an increase of €5.1 million, or +5%.

The favorable trend observed in the first three quarters of the year continued until March 15, when all casinos closed following government decisions taken in connection with the Covid-19 pandemic. The sector benefited from a steady and diverse events program in gaming establishments that led to an increase in the number of players and the drop.

In fiscal 2019/2020, the drop rose by 15.9% and the hold (receipts/betting ratio) fell by 0.9%.

The main changes were as follows:

- the Monte-Carlo Casino mainly operates European games. In fiscal 2019/2020, the establishment's receipts rose by €7.9 million, mainly due to the excellent results of Punto Banco, up more than €10.4 million compared to the previous year and Black Jack with receipts up by €9.4 million compared to fiscal 2018/2019. European Roulette declined by €14.7 million, due to a particularly unfavorable environment with a 8.9% hold rate compared to 19.7% in the previous year. Punto Banco remains the establishment's principal game, with nearly €38.4 million in receipts, representing 30% of the Monte-Carlo Casino's gross table game receipts;

- the Café de Paris Casino's table game operations generated revenue of €8.2 million for the year, up €1 million compared to the previous year;
- the Sun Casino reported a revenue decline of €3.8 million due to a lower drop, i.e. fiscal year revenue of €8.1 million.

The **slot machines** sector posted a sharp increase in its activity, with revenue of €113.0 million in fiscal 2019/2020, up €11.1 million compared to €101.9 million the previous year.

Receipts rose by 11% due to the higher betting volumes, particularly at the Café de Paris Casino, with a slight increase in the payout rate over the period. With revenue of €105.1 million, Café de Paris Casino receipts rose by €12.4 million compared to fiscal 2018/2019.

It also bears mentioning the rise in the number of players, up 51% at the Monte-Carlo Casino and 16% at the Café de Paris Casino.

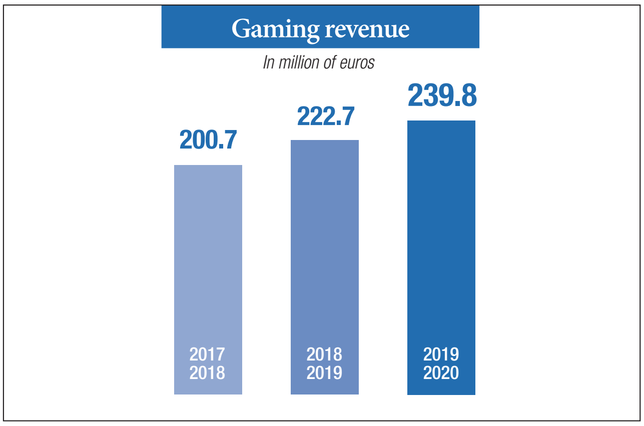
The 24/7 operation of the Café de Paris Casino, smoking areas, and a more intense events policy enabled the various establishments to boost the number of visitors and maintain a strong competitive position compared to rival establishments on the French and Italian Riviera.

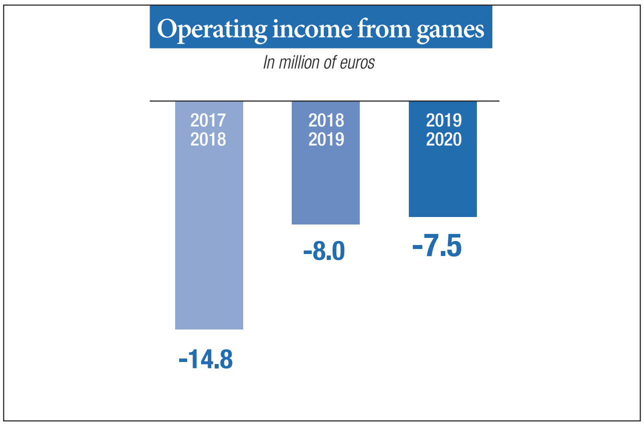
The receipts of **other activities** totaled €13.4 million, up €1.1 million compared to the previous year. This improvement mainly concerned Monte-Carlo Casino entry fee revenue and the Gift Shop activity with the organization of temporary events throughout the year at the establishment (pop-ups, events in the Atrium, etc.). Catering activity remained stable compared to the previous year with revenue of €8.4 million.

For the **entire gaming sector**, operating income before depreciation and amortization of €2.6 million was recorded in fiscal 2019/2020, compared to an operating loss of -€1.3 million for the previous year.

The improvement in results was primarily due to the sharp increase in revenue in the two segments described above despite the loss of business due to the closure of establishments as of March 15, 2020 following government decisions in connection with the Covid-19 pandemic.

After taking into account the depreciation and amortization charge, the gaming sector reported an operating loss of -€7.5 million in fiscal 2019/2020, compared to a loss of -€8.0 million the previous year.




## HOTEL SECTOR

The hotel sector mainly benefited from the full reopening of the Hôtel de Paris, whose accommodation and catering capacity was significantly higher than the previous year, the opening of a new catering space Mada One and the solid business of Coya. For the full year, all the other S.B.M. Group establishments, with the exception of Jimmy'z, reported higher revenue until March 15, when their business was heavily impacted by the Covid-19 pandemic.

Overall, the hotel sector posted revenue of €284.3 million for fiscal 2019/2020, compared to €253.7 million year on year, up +12%, or €30.6 million, with:

- Hôtel de Paris revenue up by €28.5 million mainly due to its full reopening following refurbishment work (205 rooms available for sale in fiscal 2019/2020, compared to 97 rooms in fiscal 2018/2019);
- the Coya restaurant reported revenue of €7.9 million in its second year of operation, up +53% compared to the previous year;
- the opening of the Mada One restaurant generated revenue of €1.9 million;
- Jimmy'z reported a €1.5 million decline in revenue due to less visitors at the establishment during the 2019/2020 summer season.

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

| **Hotel revenue** *(in million of euros)* | | 2017/2018 | 2018/2019 | 2019/2020 | % |
|---|---|---|---|---|---|
| 43% | Accomodation | 95.4 | 104.4 | 121.3 | 16% |
| 44% | Catering | 106.2 | 115.3 | 124.3 | 8% |
| 13% | Other activities | 33.1 | 34.0 | 38.6 | 14% |
| **100%** | **TOTAL HOTEL SECTOR** | **234.7** | **253.7** | **284.3** | **12%** |

The Group's **accommodation** revenue stood at €121.3 million, compared to €104.4 million for fiscal 2018/2019.

The accommodation activity benefited from the full reopening of the Hôtel de Paris, with an average of 205 rooms available in fiscal 2019/2020, compared to 97 for the previous year. This establishment reported a 66% increase in the number of overnight stays and a 14% rise in average receipts, as a direct result of the quality of the services proposed and a greater proportion of suites, including the opening of two luxury suites. This rise in occupancy and the substantial increase in average prices enabled the Hôtel de Paris to boost its accommodation revenue by €18.3 million.

The revenue generated by the Monte-Carlo Bay Hotel & Resort and Le Méridien Beach Plaza was stable compared to the previous year. The accommodation activity of the Hôtel Hermitage fell 4% due to the gradual reopening of the Hôtel de Paris. The Beach Hôtel reported a 6% decline in accommodation revenue due to a disappointing start to the season compared to fiscal 2018/2019.

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

- the occupancy rate declined slightly to 63.8%, compared to 66.4% for fiscal 2018/2019. 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 13% for all five establishments;
- finally, client segmentation by geographical origin remained similar to last year, with French clients continuing to dominate with 19.4% of the market, compared to 18.4% last year. Russian and American clients respectively accounted for 14.8% and 13.5% of the Resort's clientèle.

**Catering** revenue totaled €124.3 million, compared to €115.3 million the previous year, for an increase of €9.0 million. This increase was mainly due to the catering activity of the Hôtel de Paris for €9.2 million, the Coya restaurant for €2.8 million with a longer opening period, and the opening of the Mada One restaurant for €1.8 million. Jimmy'z reported a €1.4 million decrease in revenue with a lower number of visitors compared to the previous year.

The trends for the other catering establishments of the S.B.M. Group were less striking. The number of meals served for the entire S.B.M. Group stood at 1,011,000, i.e. an increase of 95,000 in relation to last year. There was a particularly marked improvement in catering activity at the Hôtel de Paris (+43,000 meals served to 102,000), where the rise in the number of visitors and a change in the offering had a positive impact on business.

For all establishments, the average price per meal dropped by 2% compared to the previous year, mainly due to a change in the visitor mix at the various establishments.

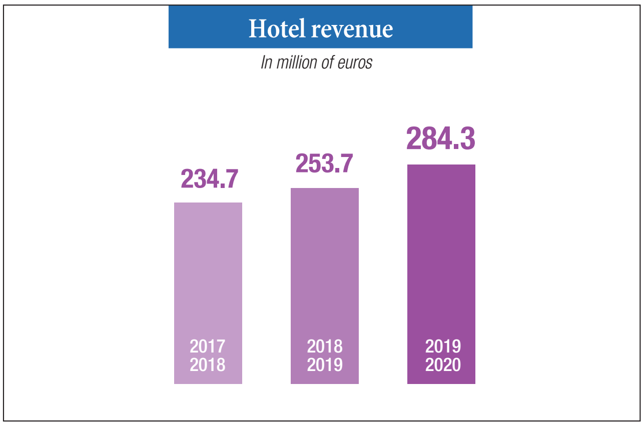
Finally, with a stable activity compared to the previous year, the Café de Paris remained the most visited establishment of the S.B.M. Group, with 233,000 meals served during the fiscal year.

Revenue for the **other activities** of the hotel sector rose 14% to €38.6 million for fiscal 2019/2020, versus €34.0 million the previous year.

For the **entire hotel sector**, operating income before depreciation and amortization amounted to €37 million for fiscal 2019/2020, compared to €21 million for fiscal 2018/2019, an increase of €16 million.

The depreciation and amortization charge for the hotel sector rose by €16.9 million, with the full impact of depreciation and amortization at the Hôtel de Paris following the completion of refurbishment work (impact of €14.9 million during the year).

After depreciation and amortization charges, the hotel sector posted an operating loss of -€5.1 million for fiscal 2019/2020, compared to a loss of -€4.2 million the previous year.





## RENTAL SECTOR

Rental sector revenue rose 85%, standing at €96 million for fiscal 2019/2020, versus €51.9 million the previous year.



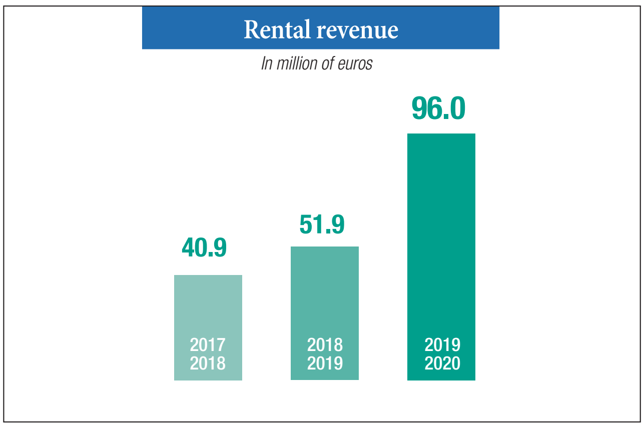
| **Rental revenue** *(in million of euros)* | | 2017/2018 | 2018/2019 | 2019/2020 | % |
|---|---|---|---|---|---|
| 67% | Commercial rental | 23.2 | 32.7 | 64.6 | 97% |
| 33% | Residential rental | 17.7 | 19.2 | 31.4 | 64% |
| **100%** | **TOTAL RENTAL SECTOR** | **40.9** | **51.9** | **96.0** | **85%** |

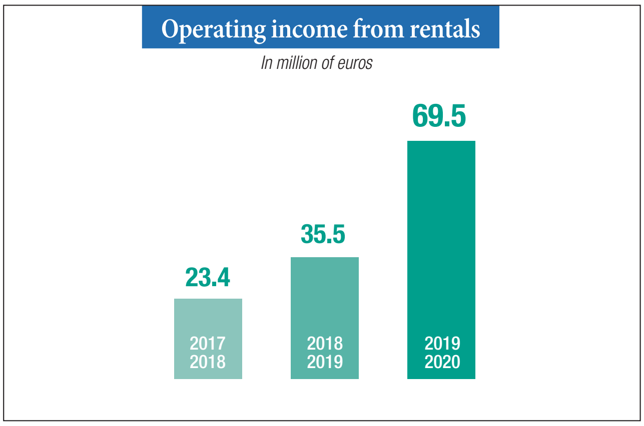
The **commercial rental** segment, which combines the leasing of boutiques and office spaces, reported revenue of €64.6 million for fiscal 2019/2020, compared to €32.7 million the previous year. This strong increase of €31.8 million is primarily the result of the leasing of new commercial spaces in the One Monte-Carlo, but also at the Hotel de Paris (Avenue de Monte-Carlo, Avenue des Beaux-Arts, Avenue Princesse Alice and in its garden courtyard).

**Residential rental** revenue totaled €31.4 million, up €12.3 million compared to the previous year. This increase was mainly due to the gradual leasing of One Monte-Carlo apartments. The revenue of the other establishments, i.e. the Sporting and Balmoral Residences and the Villas du Sporting remained stable compared to fiscal 2018/2019.

For the **rental sector as a whole**, operating income before depreciation and amortization amounted to €85.2 million for fiscal 2019/2020, compared to €44.8 million the previous year, up by €40.4 million.

Taking into account the depreciation and amortization charge, up €6.5 million due to the commissioning of One Monte-Carlo, operating income for the rental sector stood at €69.5 million, compared to €35.5 million the previous year, for an increase of €34.0 million.



## 6.1.3 2019/2020 consolidated earnings

The table below presents the S.B.M. Group's consolidated statement of income for the years ended March 31, 2019 and March 31, 2020:

### CONSOLIDATED STATEMENT OF INCOME

| *(in thousands of euros)* | 2018/2019 Fiscal year* | 2019/2020 Fiscal year |
|---|---|---|
| **Revenue** | **526,536** | **619,827** |
| Cost of goods sold, raw materials & other supplies | (56,315) | (60,563) |
| Other external charges | (129,359) | (139,724) |
| Taxes and similar payments | (36,558) | (35,877) |
| Wages and salaries | (256,199) | (269,359) |
| Depreciation and amortization | (47,327) | (77,453) |
| Other operating income and expenses | (10,398) | (14,214) |
| **Operating income** | **(9,621)** | **22,637** |
| Income from cash and cash equivalents | 15 | 50 |
| Gross finance costs | (15) | (5,079) |
| **Net finance costs** | | **(5,029)** |
| Other financial income and expenses | 70 | (45) |
| Income tax expense | | |
| Net income/(loss) of associates | 12,333 | 8,740 |
| **Consolidated net income** | **2,782** | **26,303** |
| Non controlling interests (minority shares) | (205) | (189) |
| **CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY** | **2,577** | **26,115** |
| Average number of shares issued | 24,516,661 | 24,516,661 |
| Net earnings per share *(in euros)* | 0.11 | 1.07 |
| Net diluted earnings per share *(in euros)* | 0.11 | 1.07 |

* *As stated in note 2.1 to consolidated financial statements for the year ended March 31, 2020 presented in Chapter 5 of the «Document d'enregistrement universel» 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases".*

### STATEMENT OF COMPREHENSIVE INCOME

| *(in thousands of euros)* | 2018/2019 Fiscal year* | 2019/2020 Fiscal year |
|---|---|---|
| Consolidated net income | 2,782 | 26,303 |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | |
| ◆ Actuarial gains and losses on employee benefits (IAS 19 revised) | (4,061) | 1,547 |
| ◆ 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) | (144) |
| ◆ Share of profit/(loss) of associates | | |
| **TOTAL COMPREHENSIVE INCOME** | **(1,684)** | **27,707** |
| of which attributable to the owners of the parent company | (1,885) | 27,517 |
| of which attributable to non controlling interests (minority interests) | 201 | 189 |

* *As stated in note 2.1 to consolidated financial statements for the year ended March 31, 2020 presented in Chapter 5 of the «Document d'enregistrement universel» 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases".*

"Cost of goods sold" and "Other external charges" increased €4.2 million and €10.4 million, respectively, in line with the increase in activity.

The decline in "Taxes and similar payments" was due to the change in the games licensing fee calculation: pursuant to Addendum 4 to the Terms of Reference of April 1, 2019, approved by the Extraordinary General Meeting of September 20, 2019, the licensing fee rate remained at 15% in fiscal 2019/2020 and discounts on client gaming losses recorded in the accounts reduced gross gaming receipts for the fee base calculation.

The €13.2 million increase in "Wages and salaries" compared to the previous year breaks down as follows:

- decline in gaming sector wages and salaries by €0.3 million: the increase arising from the improvement in business was offset by the paid leave taken and the use of furlough following the government support measures adopted by the Principality of Monaco as of March 15, 2020, the closure date for all casinos;
- rise in hotel sector wages and salaries by €8.7 million in line with the improvement in business, the opening of several establishments (Mada One restaurant and the One Monte-Carlo Conference Center) and the full operation of the Hôtel de Paris, the increase in expenses being partially offset by the paid leave taken and the use of furlough starting from March 15, 2020;
- increase in rental sector wages and salaries by €1.8 million with the opening of One Monte-Carlo;
- consideration of an expense for the S.B.M. Group profit-sharing scheme in the amount of €2.8 million;
- decline in provisions for employee litigation by €0.8 million.

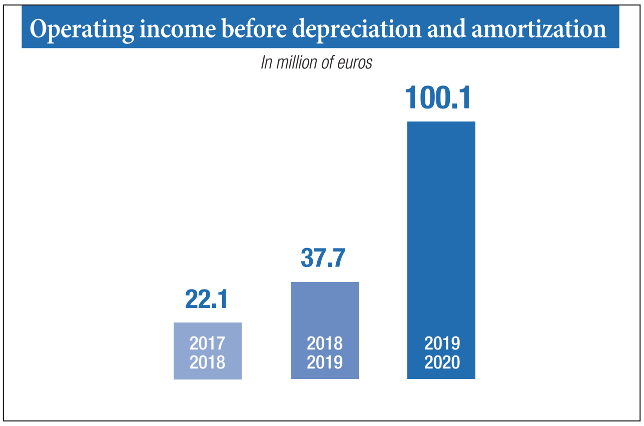
Finally, "Depreciation and amortization" rose by €30.1 million, mainly due to the commissioning of facilities at the Hôtel de Paris as of early 2019 and at One Monte-Carlo as of September 1, 2019. Furthermore, as stated in note 2.1 to consolidated financial statements presented in Chapter 5 "Financial statements" of the "Document d'enregistrement universel" 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases". In accordance with this standard, S.B.M. Group records in the balance sheet, on the signing of a lease for a specific asset, a liability corresponding to discounted future payments under "lease liabilities", and a right-of-use for the same asset under "right-of-use assets", depreciated over the term of the lease. The depreciation of right-of-use assets recorded for fiscal 2019/2020 amounted to €7.4 million.

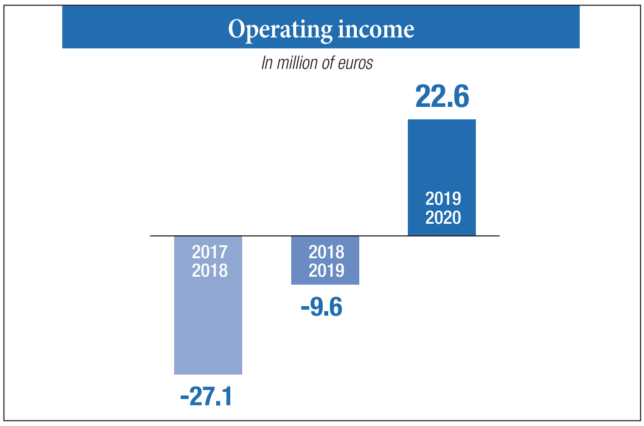
The S.B.M. Group's **operating income** stood at €22.6 million, compared to an operating loss of -€9.6 million for the previous year, i.e. a €32.2 million increase.

This improvement in operating performance mainly involves the rental sector which reported a €34 million increase in operating income. This business sector benefited from the leasing of new commercial space at the Hôtel de Paris and the One Monte-Carlo complex, and the gradual leasing of One Monte-Carlo apartments. It was only slightly impacted by the Covid-19 pandemic, whereas the operating results of the other sectors – games and hotels – were badly hit by the March closures.

The gaming sector nevertheless reported a €0.5 million increase in operating income, while the hotel sector recorded a €0.9 million decrease due to the closures.



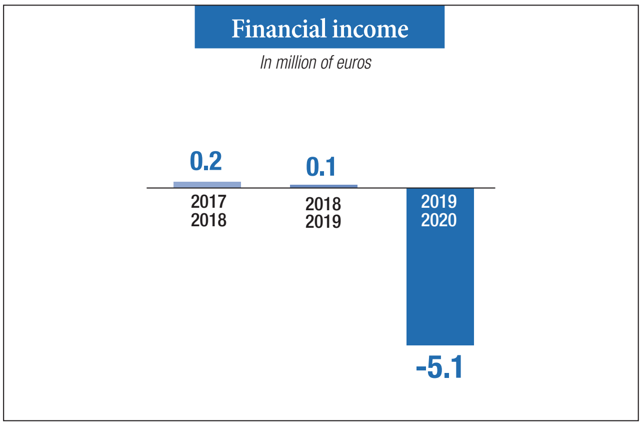


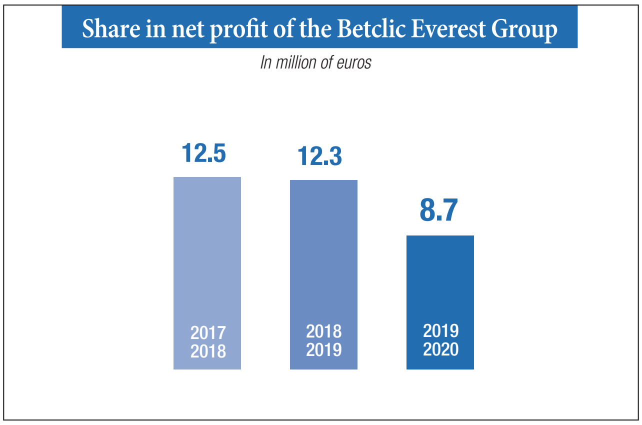



The **financial loss** for fiscal 2019/2020 totaled -€5.1 million, compared to financial income of €0.1 million for the previous year. Note that the borrowing costs related to the financing of property, plant and equipment are capitalized for the portion incurred during the construction period. Such is the case, until the asset commissioning date, for the financial expenses relating to the loan agreement that was contracted in January 2017 to finance real estate development work. Given that the work has been completed, the interest expense on borrowing costs recorded for fiscal 2019/2020 totaled €3.8 million.

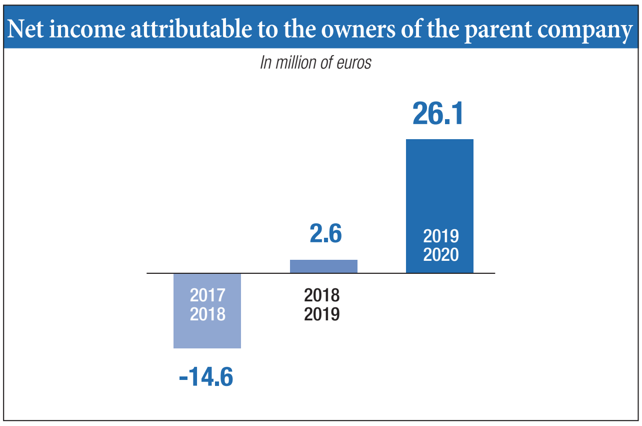
Furthermore, as stated in note 2.1 to the consolidated financial statements presented in Chapter 5 “Financial statements” of the “Document d’enregistrement universel” 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 “Leases”. Pursuant to this standard, the S.B.M. Group recognized interest on lease liabilities of €0.5 million in financial expenses for fiscal 2019/2020.

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 €8.7 million, compared to a net income of €12.3 million for fiscal 2018/2019. Although business remained buoyant, the results of Betclic Everest Group were impacted by an increase with retroactive effect of the income tax expense incurred by Bet-At-Home and the set-up of a long-term incentive plan for the main managers of Betclic Group.




**Consolidated net income attributable to owners of the parent company** stood at €26.1 million for fiscal 2019/2020, compared to €2.6 million for fiscal 2018/2019, i.e. an improvement of €23.5 million.



## 6.1.4 Consolidated balance sheet as of March 31, 2020

### ASSETS

| *(in thousands of euros)* | March 31, 2019* | March 31, 2020 |
|---|---|---|
| **Goodwill** | **32** | **32** |
| **Intangible assets** | **8,235** | **8,522** |
| **Property, plant & equipment** | **1,049,834** | **1,088,282** |
| **Right-of-use asset** | | **18,454** |
| Equity investments | 115,974 | 109,313 |
| Other non-current financial assets | 1,075 | 1,078 |
| **Non-current financial assets** | **117,048** | **110,391** |
| **Non-current assets** | **1,175,150** | **1,225,681** |
| Inventory | 12,951 | 13,582 |
| Trade receivables | 43,839 | 49,115 |
| Other receivables | 35,351 | 25,188 |
| Other financial assets | 6 | 22 |
| Cash and cash equivalents | 119,025 | 109,737 |
| **Current assets** | **211,172** | **197,644** |
| **TOTAL ASSETS** | **1,386,322** | **1,423,325** |

### LIABILITIES & EQUITY

| *(in thousands of euros)* | March 31, 2019* | March 31, 2020 |
|---|---|---|
| Common stock | 24,517 | 24,517 |
| Additional paid-in capital | 214,650 | 214,650 |
| Reserves | 385,531 | 387,698 |
| Reserves related to the change in fair value of financial assets registred in equity | (5,019) | (3,616) |
| Consolidated net income for the period | 2,577 | 26,115 |
| **Equity attributable to owners of the parent company** | **622,257** | **649,364** |
| Non controlling interests (minority interests) | 800 | 986 |
| **Equity** | **623,057** | **650,350** |
| Financial liabilities and borrowings | 237,052 | 190,217 |
| Lease liabilities | | 11,247 |
| Employee benefits | 51,900 | 49,607 |
| Provisions | 7,478 | 7,007 |
| Other non-current liabilities | 195,088 | 187,061 |
| **Total non-current liabilities** | **1,114,573** | **1,095,488** |
| Trade payables | 27,817 | 25,373 |
| Contract liabilities | 33,494 | 33,024 |
| Other payables | 204,116 | 183,645 |
| Provisions | 668 | 1,004 |
| Lease liabilities | | 7,489 |
| Financial liabilities | 5,652 | 77,303 |
| **Total current liabilities** | **271,748** | **327,836** |
| **TOTAL LIABILITIES & EQUITY** | **1,386,322** | **1,423,325** |

* *As stated in note 2.1 to consolidated financial statements for the year ended March 31, 2020 presented in Chapter 5 of the "Document d'enregistrement universel" 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases".*

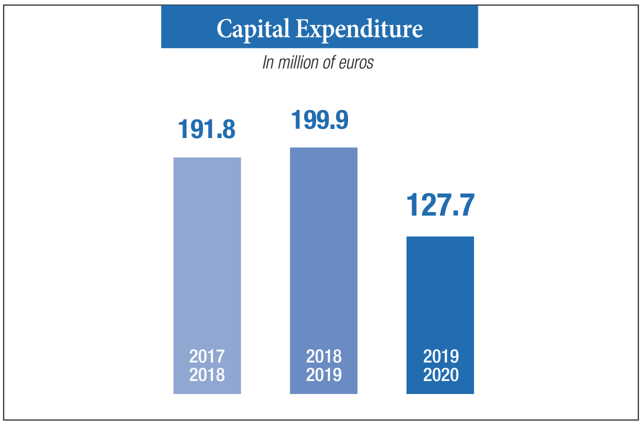
## 6.1.5 2019/2020 consolidated cash flow statement

| *(in thousands of euros)* | 2018/2019* Fiscal year | 2019/2020 Fiscal year |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Consolidated net income attributable to owners of the parent company | 2,577 | 26,115 |
| Non controlling interest (minority interest) | 205 | 189 |
| Amortization | 47,327 | 77,453 |
| Net income of associates | (12,333) | (8,740) |
| Portion of investment grant recorded in profit or loss | (565) | (553) |
| Changes in provisions | (530) | (889) |
| Gains and losses on changes in fair value | (327) | |
| Other income and expenses calculated | 13 | 9 |
| Capital gains and losses on disposal | 1,007 | 116 |
| **Cash generated from operations** | **37,373** | **93,700** |
| Net finance costs (excluding change in fair value) and income tax expense | 327 | 5,029 |
| **Cash generated from operations before net finance costs and income tax expense** | **37,700** | **98,729** |
| Tax paid | | |
| Decrease/(increase) in WCR relating to operations | 78,231 | (8,608) |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **115,931** | **90 121** |
| **INVESTING ACTIVITIES** | | |
| Purchase of PP&E, intangible and financial assets | (199,941) | (127,740) |
| Gains on disposal of PP&E and intangible assets | 223 | 62 |
| Impact of changes in scope of consolidation | | |
| Change in loans and advances granted | 12,799 | (50) |
| Others | 7,500 | 15,000 |
| **CASH FLOW USED IN INVESTING ACTIVITIES** | **(179,417)** | **(112,727)** |
| **FINANCING ACTIVITIES** | | |
| Dividends paid | (5) | (3) |
| Minority contributions and changes in scope of consolidation | | |
| Share capital increase | | |
| Changes in stable financing activities (including credit line) | 111,891 | 23,652 |
| Lease liabilities paid | | (7,155) |
| Net interest received (paid) | (327) | (3,177) |
| **CASH FLOW FROM (USED IN) FINANCING ACTIVITIES** | **111,559** | **13,318** |
| **CHANGE IN CASH AND CASH EQUIVALENTS** | **48,073** | **(9,288)** |
| **Cash and cash equivalents at beginning of the period** | **70,952** | **119,025** |
| Cash restated at fair value | | |
| **Cash and cash equivalents at the end of the period** | **119,025** | **109,737** |
| Cash and cash equivalents – Assets | 119,025 | 109,737 |
| Bank – Liabilities | | |

* *As stated in note 2.1 to consolidated financial statements for the year ended March 31, 2020 presented in Chapter 5 of the "Document d'enregistrement universel" 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases".*

**Cash from operations** amounted to €93.7 million for fiscal 2019/2020, compared to €37.4 million the previous year. This increase was primarily due to the rise in operating income before depreciation and amortization of €62.4 million. After taking into account the €8.6 million increase in the working capital requirement, mainly due to the transfer to net income of a portion of the leasehold rights received in advance regarding the new boutique spaces available at the Hôtel de Paris and One Monte-Carlo, net cash flows from operations totaled €90.1 million for fiscal 2019/2020, compared to €115.9 million for fiscal 2018/2019.

In addition, the continued roll-out of the **capital expenditure** program (see note 6.2.1 – "Capital expenditure") led to a cash outflow of €127.7 million in fiscal 2019/2020 for acquisitions of property, plant and equipment, intangible assets and long-term investments, compared to €199.9 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 €112.7 million for fiscal 2019/2020, compared to €179.4 million year-on-year.




As of March 31, 2020, the S.B.M. Group's **net debt** totaled €137.1 million, compared to €106.8 million as of March 31, 2019. Net debt is the difference between year-end cash flow and the liabilities relating to loans with credit institutions and issues of short-term negotiable debt securities (NEU CP).

Until April 1, 2019, net debt included the borrowing relating to finance leases as defined by IAS 17 (€0.2 million as of March 31, 2019). As of April 1, 2019, IAS 17 was replaced by IFRS 16. This standard stipulates that, on the signing of a lease for a specific asset, a right-of-use ("right-of-use asset") must be recognized against a liability ("lease liability") for an amount corresponding to the discounted future payments. This lease liability was not taken into account in the calculation of net debt published by S.B.M. Group.

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 S.B.M. Group's initiative until January 31, 2019.

As of March 31, 2020, 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.

To supplement its short-term financing means, the Company set up a short-term negotiable debt securities (NEU CP) issuance program in July 2019 for a maximum amount of €150 million. The Monegasque State pledged to subscribe, within the limit of a total principal amount of €120 million, to all or part of the negotiable debt securities that the Company will issue under this program and that will not be acquired on the market for whatever reason. As of March 31, 2020, the amount outstanding of securities issued under this program was €20 million.



## 6.1.6 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)* | 2017/2018 | 2018/2019 | 2019/2020 | Variation *(in million of euros)* |
|---|---|---|---|---|
| **Revenue** | **405.5** | **460.6** | **563.3** | **102.7** |
| **Operating income before depreciation and amortization** | **5.4** | **20.4** | **73.8** | **53.4** |
| Amortization | (42.7) | (40.5) | (64.2) | (23.7) |
| **Operating income/(loss)** | **(37.3)** | **(20.1)** | **9.6** | **29.7** |
| Financial income/(loss) | 9.5 | 10.6 | 8.9 | (1.7) |
| Exceptional income/(loss) | (4.3) | (0.6) | (5.5) | (4.9) |
| **NET INCOME/(LOSS)** | **(32.1)** | **(10.1)** | **13.0** | **23.1** |

### REVENUE

Revenue amounted to €563.3 million for fiscal 2019/2020, compared to €460.6 million the previous year, for an increase of €102.7 million.

### OPERATING INCOME

Operating income was a profit of €9.6 million, compared to a loss of -€20.1 million in 2018/2019. This improvement is mainly due to the increase in activity in all sectors.

### FINANCIAL INCOME OR LOSS

Financial income notably 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.

The borrowing costs related to the financing of property, plant and equipment are capitalized for the portion incurred during the construction period. Such is the case, until the asset commissioning date, for the financial expenses relating to the loan agreement that was contracted in January 2017 to finance real estate development work. Given that the work has been completed, the interest expense on borrowing costs recorded for fiscal 2019/2020 totaled €2.4 million.

### NET EXCEPTIONAL ITEMS

A net exceptional loss of -€5.5 million was recorded for fiscal 2019/2020, compared to a loss of -€0.6 million the previous year. This decline was primarily due to the ongoing losses incurred by the subsidiary Monte-Carlo SBM International S.à.r.l.

### NET INCOME OR LOSS

The parent company net income for fiscal 2019/2020 amounted to €13 million, compared to a net loss of -€10.1 million the previous year, for an improvement of €23.1 million.

## 6.1.7 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 2019/2020 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 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.

# 6.2 Capital expenditure and future outlook

## 6.2.1 Capital expenditure

In recent years, the S.B.M. Group has pursued an active capital expenditure program, for a total of €499 million in the last three fiscal years, out of which €109.2 million for the fiscal year 2019/2020, 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, 2018** | **Year ended March 31, 2019** | **Year ended March 31, 2020** |
|---|---|---|---|
| Gaming Sector | 2,573 | 5,319 | 5,149 |
| Hotel Sector | 96,388 | 82,269 | 37,264 |
| Rental Sector | 87,785 | 94,023 | 50,955 |
| Other Activities | 12,456 | 8,907 | 15,789 |
| **TOTAL** | **199,202** | **190,518** | **109,156** |

### GAMING SECTOR

Capital expenditure in the gaming sector amounted to €13 million over the last three fiscal years.

In fiscal 2019/2020, the S.B.M. Group pursued its slot machine pool renewal policy, with total capital expenditure of €2.4 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.

The S.B.M. Group also carried out renovations 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. A boutique was created in the Casino's Atrium and the Bar Rotonde was reorganized, while private rooms were created in the Médecin room, and more particularly its terrace, to welcome high roller clients. In fiscal 2020/2021, there are plans to overhaul the Grand Change and the Caisse Centrale as part of the development of a new experience for fun players.

This work is part of the Monte-Carlo Casino long-term refurbishment program.

Excluding slot machines, a total of €2.9 million was invested in this project over the last three fiscal years.

### HOTEL SECTOR

Capital expenditure in the hotel sector amounted to €215.9 million over the last three fiscal years.

The extensive renovation project of the Hôtel de Paris itself represented almost 75% of the total capital expenditure in the hotel sector in the last three years.

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 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 future 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. 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 Gril, 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.

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Excluding operating losses, the cost of the Hôtel de Paris renovation for the period 2014-2019 totaled €282 million.

Most assets were commissioned in the last quarter of 2018/2019, and any finishing stages still ongoing as of March 31, 2019 have now been completed.

In fiscal 2019/2020, the establishment had an average capacity of 205 rooms compared to 97 in the previous year.

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

- 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 €3.1 million, of which €0.3 million in fiscal 2019/2020;
- 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. The total amount of this project, started in fiscal 2018/2019, was €4.5 million, of which €1.4 million in fiscal year 2019/2020;
- and, finally, work at the Monte-Carlo Beach, with the creation of an underwater seawall to reduce coastal erosion during storms and preserve the local underwater biodiversity. The first work phase, suspended in the winter of 2019, was completed during the winter of 2020. The second phase will commence once the positive effects of the seawall have been confirmed. Since the start of the work, this project has amounted to €5.8 million, including €5.3 million in fiscal 2019/2020.

Hotel sector capital expenditure amounted to €37.3 million in fiscal 2019/2020.

## RENTAL SECTOR

Major capital expenditure has also been incurred in the rental sector, amounting to €232.8 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 One Monte-Carlo real estate development project in the heart of Monaco.

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 investment of €392.3 million over the 2013-2019 period:

- design costs and professional fees for €65.2 million;
- construction costs and technical installations for €205.9 million;
- construction and development costs for the Monte-Carlo Pavilions in the Jardins des Boulingrins for €22.1 million;
- costs to purchase leasehold rights for €33 million;
- architectural and decoration costs for €49.9 million.

The share of these investments for fiscal 2019/2020 amounted to €51.9 million.

The new district was officially inaugurated on February 22, 2019 in the presence of T.S.H. the Prince and Princess of Monaco, accompanied by H.S.H. the Hereditary Prince Jacques and H.S.H. the Princess Gabriella.

The interior was still being finalized during the year. As planned, the selling process began in the first half 2019/2020 and the assets have been commissioned.

## OTHER ACTIVITIES AND COMMON SERVICES

Capital expenditure in other activities and common services amounted to €37.2 million over the last three fiscal years.

They mainly concerned the completion of major refurbishments at the Monte-Carlo Country Club, and 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.

## 6.2.2 Main ongoing projects and future outlook

### PURSUIT OF THE CAPITAL EXPENDITURE PROGRAM

The projects under way as of March 31, 2020 will continue in 2020/2021 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 projects are the ongoing Monte-Carlo Casino refurbishment program, the finalization of the Monte-Carlo Beach seawall, ongoing projects under the IT master plan and the completion of the Place du Casino renovations, still in progress as of March 31, 2020.

The new fully flattened Place du Casino, with its new central water feature and palm trees, offers a new pedestrianized area and is the result of the district's general transformation project following the refurbishment of the Hôtel et Paris and the construction of One Monte-Carlo.

### 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 represent unprecedented capital expenditure totaling €674.9 million as of March 31, 2020 for both projects.

With the completion of the two aforementioned projects, the S.B.M Group aimed to generate additional full-year operating income before depreciation and amortization of over €50 million once these assets had been fully commissioned. This goal has already been met and the S.B.M. Group has taken on a new dimension with greater revenues and a larger asset base.

The enhancement of real estate assets is a major growth vector for the S.B.M. Group.

However, considering the impacts of the Covid-19 pandemic, all capex projects have been reviewed and budgets drastically reduced by suspending all non-essential investments. Given these various projects and budget reductions, estimated capital expenditure for fiscal 2020/2021 should amount to around €35 million.

## 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 & ENTERTAINEMENTS

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

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