MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Board of Directors' Report

Ordinary General Meeting September 25, 2020

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 September 25, 2020

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 – 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

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

General 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

Dear Shareholders,

Despite the Covid-19 pandemic that affected your Company at the start of March, eventually forcing it to virtually shut down all activity on 15 March, the financial year under review confirms the recovery seen over the previous two years.

Your Company's revenues grew strongly (+17.7%).

All sectors of the business contributed to this growth, with a special mention for the real estate sector, which saw revenue increase by +85% thanks to a full year's rental income from the retail and residential units at the One Monte-Carlo.

The growth in gaming revenues, including +11% for slot machines and +5% for table games, confirms that the policy adopted by Mr. Pascal Camia and his team to kick-start business was the right one.

Hotel revenues also rose strongly by +12%, benefiting from the full opening of the Hôtel de Paris.

This revenue growth, combined with strict cost control measures, has allowed the Company to post an operating profit for the first time in a decade.

Thanks to significant growth in operating income and the continuing positive contribution made by the online gaming business of our 50% owned subsidiary, net profit has improved significantly, despite the appearance of new financial costs linked to borrowing for the construction of the One Monte-Carlo.

Since 15 March 2020, your Company has had to contend with one of the most serious crises in its history.

In terms of human resources, we have had to organise lockdown measures for more than 3,000 employees, placing them into two separate groups:

- *employees with no work to do owing to the closure of venues were placed on furlough;*
- *those in essential roles were asked to work from home.*

In addition, we terminated the fixed-term contracts of more than 400 employees, to protect the business and the jobs of permanent staff.

In terms of organisation, we were forced to close all of the Company's venues, with the exception of the Hôtel de Paris, the Monte-Carlo Bay Hotel & Resort, and our hotel residences. Some employees continued to work on these sites.

In terms of health and safety, considerable work was also done in close collaboration with the Prince's Government, in two different areas:

- *we urgently obtained protective equipment for employees who continued to work on-site (masks, gloves, hydro-alcoholic gel, virucides, temperature checks). In addition to its own stocks, the Company received help from the Galaxy group, which supplied tens of thousands of FFP2 masks free of charge;*
- *we adopted mandatory preventive and corrective health and safety procedures. The Company produced a reference document of over 150 pages, and the procedures adopted received certification from the French standards agency, "AFNOR".*

Since 2 June 2020, your Company's various establishments and operations have reopened, with the exception of the Jimmy'z and the Sporting Monte-Carlo, although the economic context and the epidemic situation remain problematic:

- *on the HR side, given that business remains well below usual levels, a part of the workforce remains on furlough. Some employees have also been transferred to the Monte-Carlo Beach. With the exception of the Monte-Carlo Beach, and to a much lesser extent than in previous years, no seasonal staff have been taken on;*
- *in terms of health and safety, the Company, in direct contact with the Prince's Government and its departments, is applying the various procedures designed to prevent the spread of the epidemic and the associated controls.*

I would like to thank all of the staff for their efforts to help the Company overcome this extremely difficult situation, whether during the lockdown or the reopening.

Given the highly concerning economic outlook, the structural constraints posed by "excess social costs" represent a considerable risk to the sustainability of your Company's business. The level of salaries offered, highly advantageous collective agreements, and overstaffing in some places, are all issues for which the Company needs - starting this autumn - to propose and negotiate structuring solutions with both short-term and long-term effects.

Jean-Luc Biamonti

Chairman and Chief Executive Officer

Casino de Monte-Carlo

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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	127.7
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.

One Monte-Carlo

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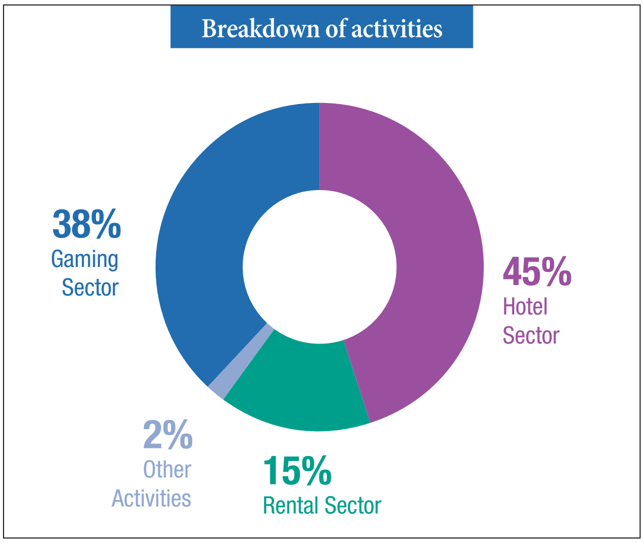
ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2019/2020

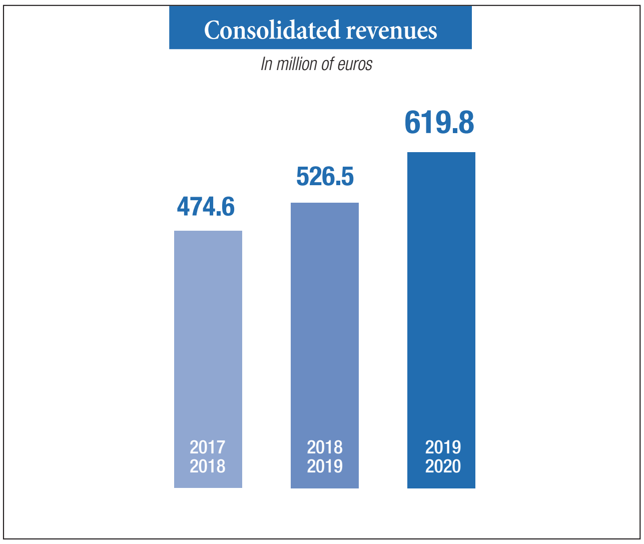
3.1 Presentation of fiscal year 2019/2020 results

3.1.1 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**





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.

3.1.2 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.

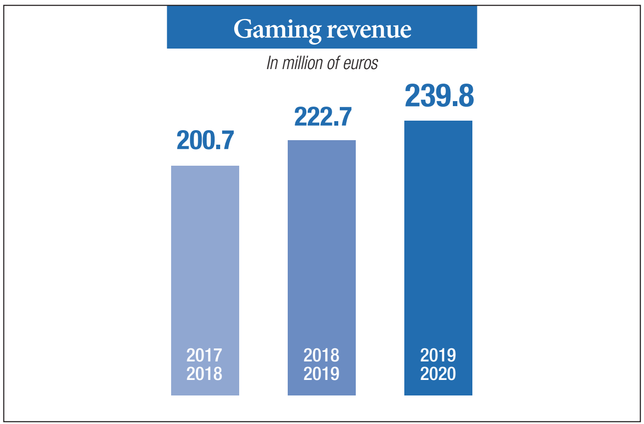
The 24/7 operation of the Café de Paris Casino, smoking areas, and a more intense events policy enabled the various establishments to boost the number of visitors and maintain a strong competitive position compared to rival establishments on the French and Italian Riviera.

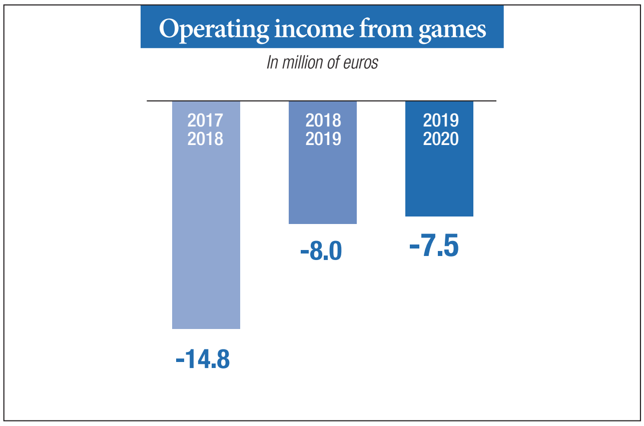
The receipts of **other activities** totaled €13.4 million, up €1.1 million compared to the previous year. This improvement mainly concerned Monte-Carlo Casino entry fee revenue and the Gift Shop activity with the organization of temporary events throughout the year at the establishment (pop-ups, events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

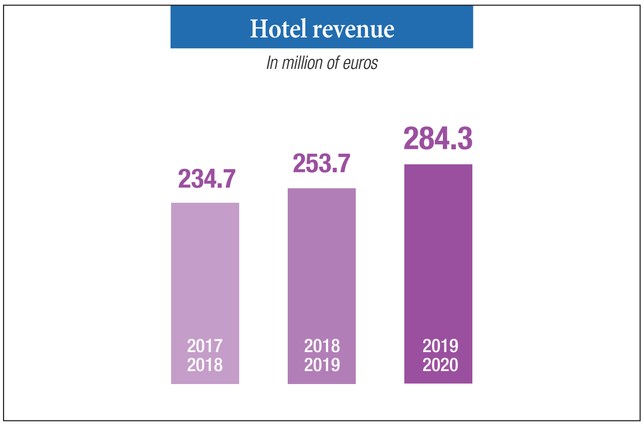
Finally, with a stable activity compared to the previous year, the Café de Paris remained the most visited establishment of the S.B.M. Group, with 233,000 meals served during the fiscal year.

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.

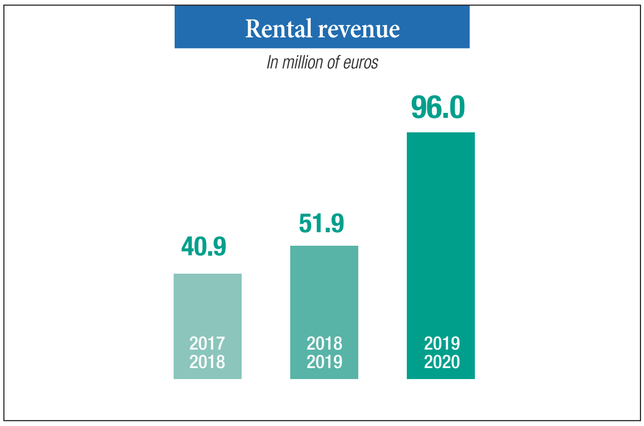
	Rental revenue *(in million of euros)*	2017/2018	2018/2019	2019/2020	%
67%	Commercial rental	23.2	32.7	64.6	97%
33%	Residential rental	17.7	19.2	31.4	64%
100%	**TOTAL RENTAL SECTOR**	**40.9**	**51.9**	**96.0**	**85%**

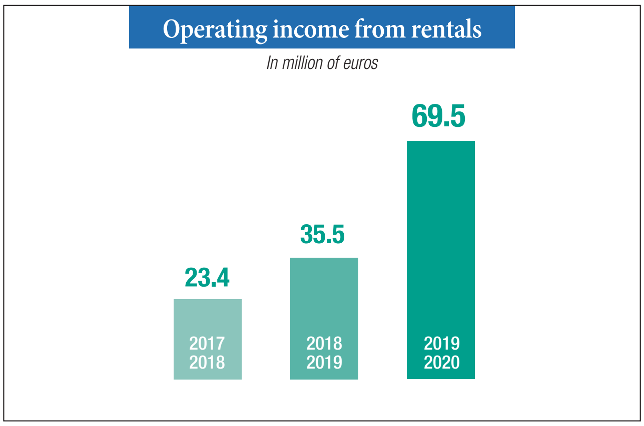
The **commercial rental** segment, which combines the leasing of boutiques and office spaces, reported revenue of €64.6 million for fiscal 2019/2020, compared to €32.7 million the previous year. This strong increase of €31.8 million is primarily the result of the leasing of new commercial spaces in the 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.





3.1.3 2019/2020 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, 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

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".*

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"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:

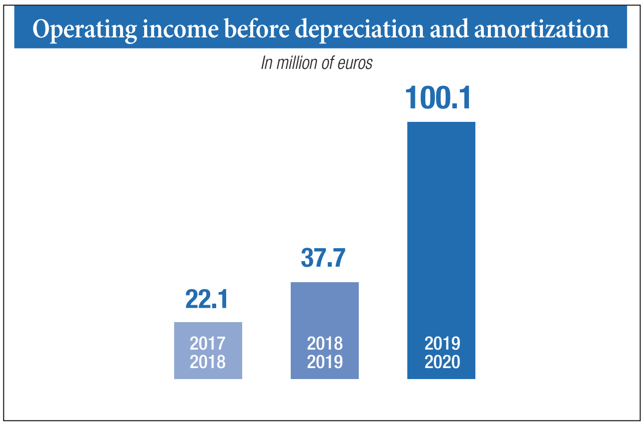
- decline in gaming sector wages and salaries by €0.3 million: the increase arising from the improvement in business was offset by the paid leave taken and the use of furlough following the government support measures adopted by the Principality of Monaco as of March 15, 2020, the closure date for all 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.

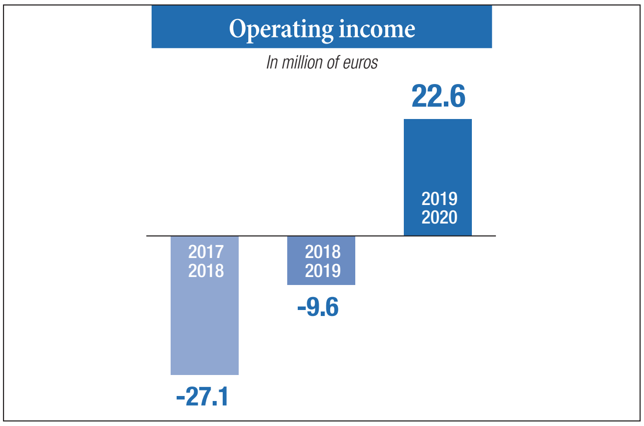
Finally, "Depreciation and amortization" rose by €30.1 million, mainly due to the commissioning of facilities at the Hôtel de Paris as of early 2019 and at One Monte-Carlo as of September 1, 2019. Furthermore, as stated in note 2.1 to consolidated financial statements presented in Chapter 5 "Financial 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.

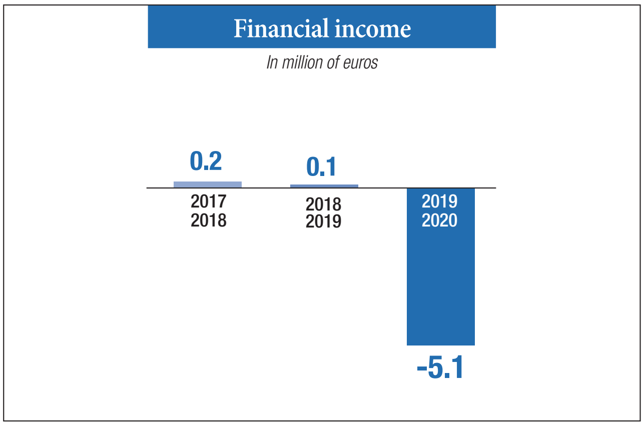


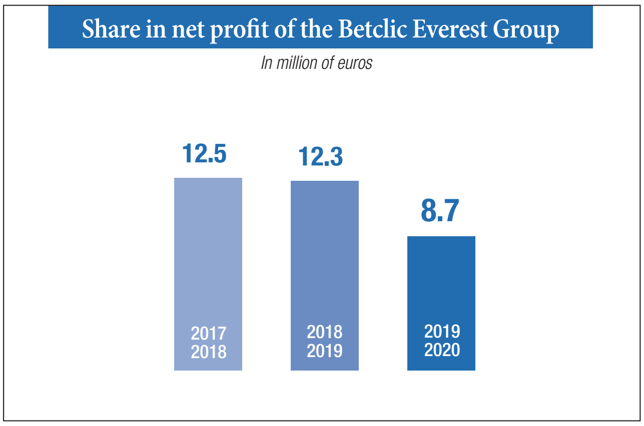


The **financial loss** for fiscal 2019/2020 totaled -€5.1 million, compared to financial income of €0.1 million for the previous year. Note that the borrowing costs related to the financing of property, plant and equipment are capitalized for the portion incurred during the construction period. Such 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.

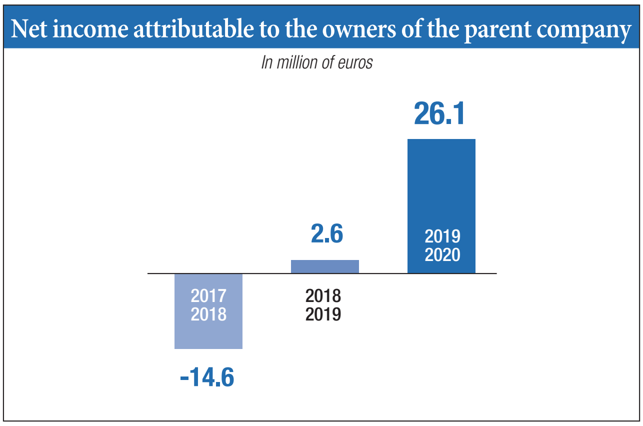
Furthermore, as stated in note 2.1 to the consolidated financial statements presented in Chapter 5 “Financial statements” of the “Document d’enregistrement universel” 2020, the 2018/2019 financial statements were not restated for the adoption of IFRS 16 “Leases”. Pursuant to this standard, the S.B.M. 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.



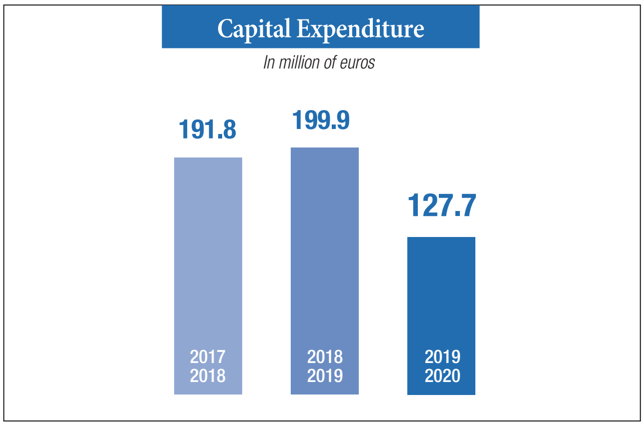


Consolidated net income attributable to owners of the parent company stood at €26.1 million for fiscal 2019/2020, compared to €2.6 million for fiscal 2018/2019, i.e. an improvement of €23.5 million.



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 3.2.1 – “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.

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)*	2017/2018	2018/2019	2019/2020	Variation
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 S.B.M. 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.

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 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 S.B.M. Singapore, Pte Ldt,
  - S.à.r.l Monte-Carlo S.B.M. 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.

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 €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.

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 Étoiles. 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.

3.2.2 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.

Monte-Carlo Bay Hotel & Resort

4

SYNTHESIS OF 2019/2020 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 d'enregistrement universel" filed in the French language on July 8, 2020 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, 2020

ASSETS

	2019/2020 Fiscal year			2018/2019 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**232,909**	**81,052**	**151,856**	**162,920**
Cash in hand	5,034		5,034	32,059
Banks: deposit on demand	91,895		91,895	66,441
Other assets on demand	7		7	174
Banks: time deposits	6,000		6,000	5,000
Marketable securities				
Operating receivables	13,644	1,626	12,018	23,588
Other receivables	14,100	434	13,666	23,554
Investment accounts				
Affiliate accounts	94,231	78,993	15,238	7,688
Assets withheld	7,996		7,996	4,416
INVENTORY	**12,284**	**21**	**12,263**	**11,709**
ADVANCE PAYMENTS OR GUARANTEES	**1,106**		**1,106**	**1,316**
Payments on account on orders	1,106		1,106	1,316
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**847**		**847**	**811**
Deposits and guarantees paid	847		847	811
PARTICIPATING INTERESTS	**265,843**	**65,817**	**200,026**	**216,207**
Affiliates	265,739	65,800	199,940	216,122
Other participating interests	104	17	86	84
FIXED ASSETS	**1,863,801**	**840,818**	**1,022,983**	**981,531**
Intangible assets:				
◆ Concessions, patents & similar	37,401	30,461	6,940	6,556
◆ Leasehold rights	18	18		
◆ Assets in progress	1,545		1,545	1,620
Property, plant & equipment:				
◆ Land	84,414		84,414	84,414
◆ Revaluation reserves as of 03/31/1979	35,611	35,611		
◆ Land development	2,970	2,497	472	
◆ Buildings	1,297,648	538,047	759,601	410,831
◆ Industrial and technical plant	261,798	169,845	91,952	73,012
◆ Other PP&E	127,584	64,337	63,247	19,395
◆ PP&E in progress	14,811		14,811	385,703
Total assets	**2,376,789**	**987,708**	**1,389,081**	**1,374,494**
CHARGES TO BE AMORTIZED	**2,158**		**2,158**	**2,721**
ACCRUED INCOME & DEFERRED CHARGES	**5,704**		**5,704**	**6,924**
Prepaid expenses	5,601		5,601	5,970
Other suspense accounts	103		103	954
Foreign exchange differences				
GRAND TOTAL	**2,384,651**	**987,708**	**1,396,942**	**1,384,138**
CLEARING ACCOUNTS				
Directors' shares held as management			5	5
Deposits and guarantees given			176,777	205,110
Deposits received			9,894	25,166
Other guarantees received			142,354	41,600
Trade payables			33,408	86,704
Third-party receivables for bank guarantees given				
Opening of credit facility and confirmed unused overdrafts			15,000	5,000
Variable-rate hedge			170,000	170,000
			547,439	**533,585**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2019/2020 Fiscal Year	2018/2019 Fiscal Year
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**419,954**	**415,748**
Bank overdrafts		
Bills payable	7,265	11,324
Operating liabilities	73,660	91,959
Affiliate accounts	27,853	24,183
Employee accounts	39,625	32,883
Borrowings	250,010	230,820
Other liabilities	2,495	2,749
Liabilities withheld	19,046	21,830
ADVANCE COLLECTIONS OR GUARANTEES	**42,696**	**39,786**
Advances received	21,571	22,235
Deposits and guarantees received	21,125	17,552
LIABILITIES TO MATURE IN OVER 1 YEAR	**32,533**	**32,160**
Operating liabilities		
Liabilities withheld	32,533	32,160
PROVISIONS FOR CONTINGENCIES	**7,907**	**8,019**
Other provisions for contingencies	7,907	8,019
ACCRUED LIABILITIES & DEFERRED INCOME	**222,344**	**229,927**
Revenues to be recorded in future fiscal years	216,826	223,896
Other accrued liabilities and deferred income	382	357
Foreign exchange differences	57	43
Investment grant		
◆ *gross*	*17,535*	*17,535*
◆ *amortization*	*(12,457)*	*(11,904)*
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 March 31, 1990	167,694	167,694
◆ Revaluation reserve March 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:	**78,476**	**65,465**
◆ Retained earnings	65,465	75,584
◆ Net income for the period	13,011	(10,119)
Total stockholders' equity	**671,509**	**658,499**
GRAND TOTAL	**1,396,942**	**1,384,138**
CLEARING ACCOUNTS		
Directors' shares held as management	5	5
Deposits and guarantees given	176,777	205,110
Deposits received	9,894	25,166
Other guarantees received	142,354	41,600
Trade payables	33,408	86,704
Third-party receivables for bank guarantees given		
Opening of credit facility and confirmed unused overdrafts	15,000	5,000
Variable-rate hedge	170,000	170,000
	547,439	**533,585**

4.1.2 Statement of income

(in thousands of euros)	2019/2020 Fiscal year	2018/2019 Fiscal year
MAIN ACTIVITY		
Gaming receipts	256,729	231,332
Services rendered	313,270	236,530
Sales of bought-in goods	5,679	5,581
Other receipts	6,749	4,857
Less: intra-group transfers	(12,431)	(12,998)
Total income from main activity	**569,995**	**465,303**
To be deducted:		
◆ Cost of purchase of bought-in goods	(4,192)	(4,147)
◆ Purchases of raw materials and supplies	(175,554)	(153,295)
◆ License fees, duties and taxes other than income tax	(36,042)	(36,239)
◆ Wages and salaries	(233,186)	(218,998)
◆ Other operating expenses	(26,691)	(19,782)
◆ Depreciation and amortization charges	(64,216)	(40,532)
Provisions:		
◆ Charges	(38,658)	(31,809)
◆ Write-backs	17,202	18,314
Total expenses from main activity	**(561,338)**	**(486,488)**
Share in proceeds from joint ventures	(96)	(121)
Net income/(loss) from main activity	**8,561**	**(21,306)**
RELATED ACTIVITIES		
Financial net income/(loss)	(3,200)	(341)
Revenues from participating interests	12,126	10,951
Provisions:		
◆ Charges	(31)	(29)
◆ Write-backs	12	21
Net income/(loss) from related activities	**8,908**	**10,602**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	574	(323)
Provisions:		
◆ Charges	(6,853)	(1,759)
◆ Write-backs	784	1,451
Net exceptional items	**(5,495)**	**(631)**
Results from prior years	**1,037**	**1,216**
NET INCOME/(LOSS) FOR THE PERIOD	**13,011**	**(10,119)**

4.1.3 Statutory Auditors' Report

Year ended March 31, 2020

André GARINO

Expert-Comptable
2, rue de la Lüjerneta
98000 Monaco

Jean-Humbert CROCI

Expert-Comptable
2, rue de la Lüjerneta
98000 Monaco

FREE TRANSLATION OF THE STATUTORY AUDITORS' REPORT 2020

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English speaking users. The statutory auditor's report includes information specifically required by the Monacan legislation in such reports, whether modified or not. This information presented below is the auditor's opinion on the Financial Statements and includes an explanatory paragraph discussing the auditor's 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, 2020.

The Financial Statements and other internal documents approved by the Board of Directors were made available, in an evolving context of a health crisis related to COVID-19, 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, 2020 and of the Statement of Profit and Loss for the year 2019-2020.

The total balance sheet is €1,396,942 thousand. The net loss for the financial year ended March 31, 2020, is €13,011 thousand. The Shareholders' equity is worth €671,509 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 as the overall presentation of the Financial Statements.

During our mission, we have noted the following fact which we bring to your attention:

Without qualifying the opinion expressed below, we draw your attention to the fact that your company has been impacted by the COVID-19 health crisis; the related information has been specified in the management report prepared by your Board of Directors and in the "Document d'Enregistrement Universel" (Universal Registration Document).

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, 2020 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 have 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 6, 2020

The Statutory Auditors

André GARINO **Jean-Humbert CROCI**

4.1.4 Statutory Auditors' Special Report

Year ended March 31, 2020

André GARINO

Expert-Comptable
2, rue de la Lüjerneta
98000 Monaco

Jean-Humbert CROCI

Expert-Comptable
2, rue de la Lüjerneta
98000 Monaco

FREE TRANSLATION OF THE STATUTORY AUDITORS' SPECIAL REPORT 2020

This is a free translation into English of the statutory auditor's report issued in French and is provided solely for the convenience of English speaking users. The statutory auditor's report includes information specifically required by the Monacan legislation in such reports, whether modified or not. This information presented below is the auditor's opinion on the Financial Statements and includes an explanatory paragraph discussing the auditor's 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 of the Article 24 of the Law n° 408 dated January 20, 1945, we hereby report to you on the transactions covered by the Article 23 of the Sovereign Ordinance dated March 5, 1895, for the year ended March 3, 2020 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.) of the same or similar 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 involved.

The execution of these transactions during the fiscal year 2019-2020 is described in the special report disclosed by your Board of Directors. We have checked the information included in that report and have no further remark.

GENERAL MEETINGS HELD DURING THE FINANCIAL YEAR

During the course of the fiscal year, it was held:

- on September 20, 2019, the Annual General Meeting in order to approve the financial statements for the year ended March 31, 2019;
- on September 20, 2019, the Extraordinary General Meeting in order to approve amendment no. 4 to the specifications, dated March 21, 2003, and to amend Article 2 of the Articles of Association.

For these General Meetings, we have checked:

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

We do not have any remark.

Monaco, July 6, 2020
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, 2020

ASSETS

	2019/2020 Fiscal year			2018/2019 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
NON-CURRENT ASSETS				
Intangible assets	**38,964**	**30,480**	**8,485**	**8,176**
Concessions, patents & similar	37,401	30,461	6,940	6,556
Leasehold rights	18	18		
Intangible assets in progress	1,529		1,529	1,602
Payments on account	16		16	19
Property, plant & equipment	**1,824,836**	**810,338**	**1,014,498**	**973,355**
Land	122,996	38,109	84,887	84,414
Buildings	1,297,648	538,047	759,601	410,831
Industrial and technical plant	261,798	169,845	91,952	73,012
Other PP&E	127,584	64,337	63,247	19,395
PP&E under construction	13,873		13,873	373,791
Payments on account	937		937	11,912
Long-term investments	**271,567**	**66,250**	**205,317**	**221,337**
Participating interests	270,049	65,800	204,249	220,288
Other financial investments	8	8		
Loans	568	434	134	154
Other financial assets	943	10	934	895
Total non-current assets	**2,135,368**	**907,069**	**1,228,299**	**1,202,868**
CURRENT ASSETS				
Inventory	12,284	21	12,263	11,709
Payments on account – advances paid	1,106		1,106	1,316
Operating receivables	17,331	1,626	15,705	23,838
Other operating receivables	10,091		10,091	22,577
Other receivables	97,776	78,993	18,783	9,465
Cash and cash equivalent	102,937		102,937	103,674
Prepaid expenses	5,601		5,601	5,970
Total current assets	**247,125**	**80,640**	**166,485**	**178,549**
Deferred charges & unrealized foreign exchange losses	2,158		2,158	2,721
TOTAL ASSETS	**2,384,651**	**987,708**	**1,396,942**	**1,384,138**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2019/2020 Fiscal year	2018/2019 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	65,465	75,584
Net income/(loss)	13,011	(10,119)
Investment grants	5,078	5,631
Total stockholders' equity	**676,587**	**664,130**
PROVISIONS FOR CONTINGENCIES & LOSSES		
Provisions for contingencies	7,907	8,019
Provisions for losses	36,201	35,405
Total provisions for contingencies & losses	**44,107**	**43,423**
LIABILITIES		
Bank borrowings	230,013	230,820
Other borrowings	41,123	17,552
Payments on account – advances received	21,571	22,235
Trade payables and related accounts	19,508	20,855
Tax and employee-related liabilities	83,773	85,159
Other operating liabilities	6,614	4,444
Amounts payable on PP&E	26,032	44,293
Other liabilities	30,730	27,289
Prepaid income	216,826	223,896
Total liabilities	**676,190**	**676,543**
Unrealized foreign exchange gains	57	43
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**1,396,942**	**1,384,138**

4.2.2 Statement of income

(in thousands of euros)	2019/2020 Fiscal year	2018/2019 Fiscal year
OPERATING INCOME		
Net revenues	563,273	460,615
Write-back of depreciation, amortization and provisions	17,202	18,314
Expense reclassifications	1,133	1,127
Other income	6,749	4,857
Total operating income	**588,357**	**484,912**
OPERATING EXPENSES		
Purchases of bought-in goods	(3,245)	(3,192)
Changes in inventory of bought-in goods	(945)	(950)
Purchases of raw materials and other supplies	(29,968)	(27,120)
Changes in inventory of raw materials and other supplies	1,559	1,464
Other purchases and external charges	(147,500)	(127,513)
Share in proceeds from joint ventures	(96)	(121)
Duties and taxes other than income tax	(35,813)	(36,488)
Wages and salaries	(162,603)	(154,040)
Employee welfare contributions and similar charges	(70,582)	(64,938)
Depreciation and amortization on fixed assets	(64,216)	(40,532)
Charges to provisions on current assets	(33,756)	(25,696)
Charges to provisions for contingencies and losses	(4,902)	(6,112)
Other charges	(26,689)	(19,763)
Total operating expenses	**(578,759)**	**(505,002)**
NET INCOME/(LOSS) FROM OPERATIONS	**9,598**	**(20,090)**
FINANCIAL INCOME		
From participating interests and marketable securities	12,126	10,951
Other interest and similar income	86	73
Foreign exchange gains	73	77
Net proceeds from sale of short-term investment securities		
Write-back of provisions	12	21
Total financial income	**12,298**	**11,121**
FINANCIAL EXPENSES		
Interest and similar charges	(3,270)	(417)
Foreign exchange losses	(90)	(74)
Net charges on sales of short-term investment securities		
Charges to provisions	(31)	(29)
Total financial expenses	**(3,390)**	**(520)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	**8,908**	**10,602**
EXCEPTIONAL INCOME		
From non-capital transactions	108	111
From capital transactions	614	781
Write-back of provisions	784	1,451
Total exceptional income	**1,506**	**2,343**
EXCEPTIONAL EXPENSES		
On non-capital transactions		
On capital transactions	(148)	(1,215)
Charges to provisions	(6,853)	(1,759)
Total exceptional expenses	**(7,001)**	**(2,974)**
NET EXCEPTIONAL ITEMS	**(5,495)**	**(631)**
CORPORATE INCOME TAX		
NET INCOME/(LOSS) FOR THE PERIOD	**13,011**	**(10,119)**

4.2.3 Cash flow statement for the period ended March 31, 2020

(in thousands of euros)	2019/2020 Fiscal year	2018/2019 Fiscal year
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	83,526	33,109
Changes in working capital requirements	6,486	80,970
CASH FLOW FROM OPERATING ACTIVITIES	**90,012**	**114,080**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(105,488)	(187,261)
Investment grants		
Changes in long-term investments and deferred charges	10,174	10,308
Proceeds from disposal of assets	61	216
Changes in amounts payable on PP&E	(18,260)	(10,473)
CASH FLOW USED IN INVESTING ACTIVITIES	**(113,513)**	**(187,210)**
FINANCING ACTIVITIES		
Draw-downs on credit facility	(807)	103,594
Credit line repayments		
Dividends paid		
Share capital increase		
Changes in stable financing activities	23,571	8,892
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**22,764**	**112,486**
CHANGE IN CASH AND CASH EQUIVALENTS	**(736)**	**39,356**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**103,674**	**64,318**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**102,937**	**103,674**

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

Year ended March 31, 2020

Jean-Humbert CROCI
2, rue de la Lüjerneta
98000 Principauté de Monaco

André GARINO
2, rue de la Lüjerneta
98000 Principauté de Monaco

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, 2020, comprising the balance sheet, income statement and cash flow statement, as well as the notes thereto which include a summary of significant accounting policies. These financial statements were approved by the board of directors on May 27, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

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, 2020 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. EMPHASIS OF MATTER

We draw attention to the matter described in the note 3.1 "COVID-19 pandemic" to the financial statements which outlines the impacts of the COVID-19 crisis on the company's operations and the measures implemented by management on costs and cash flows in response to this crisis.

Our opinion is not modified in respect of this matter.

4. 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, 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, 2020. The receivables relating to these securities totaled €213.2 million as of that date and were impaired in the amount of SBM International's losses, i.e. €65.2 million.
 	
BEG is faced with various risks that could have a material impact on its value. In particular, the evolution of the regulatory context, concerning both online gaming and taxation, could have an impact on BEG's activity and therefore on the company's accounts.
 	
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 five-year extrapolation and a perpetual forecast value. The results of this discounted cash flow method is also compared with a valuation report performed by an external expert in order to support the assessment of BEG's recoverable amount. As of March 31, 2020, the Management did not update the last external assessment conducted in May 2018, given the positive trend recorded by the activities since that date, which is higher than the forecasted assumptions retained in the business plan for the purposes of this assessment.
 	
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), comparing it with our own estimated rates and, where applicable, corroborating it with external market analysis,
	  ◆ the period forecasts with the corresponding actual results to assess the reliability of the forecast data preparation process;
	◆ 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;
	◆ we also compared the activity indicators observed since May 2018 with the activity assumptions applied in the external assessment carried out on that date, to which the results of the discounted cash flow method are compared, in order to support the evaluation assessed by the company;
	◆ additionally, we 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;
	◆ 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 €563.3 million for the year ended March 31, 2020, 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 responded to the risk that gaming revenue would not be recognized in full, by verifying that a sample of gaming transactions was recorded in the accounts.

5. 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.

6. 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

7. SPECIFIC VERIFICATION

We have also verified the information pertaining to the Company that corresponds to the Board of director's management report information approved on May 27, 2020 and contained in the universal 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 6, 2020

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

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
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	399,384	394,852	405,489	460,615	563,273
Net income/(loss) after income tax, but before depreciation, amortization & provisions	9,410	19,900	19,674	44,225	104,770
Net income/(loss) after income tax, depreciation, amortization & provisions	(38,317)	(36,814)	(32,148)	(10,119)	13,011
Dividends paid to stockholders					
III – PER SHARE DATA *(in euros)*					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	0.38	0.81	0.80	1.80	4.27
Net income/(loss) after income tax, depreciation, amortization & provisions	(1.56)	(1.50)	(1.31)	(0.41)	0.53
Dividend per share					
IV – EMPLOYEES					
Number of employees as of March 31	3,195	3,224	3,322	3,501	3,677
Total payroll for the year (1) (in thousands of euros)	134,978	141,482	144,260	154,040	162,603
Employee benefits for the year (social security, social welfare, etc.) (2) *(in thousands of euros)*	59,718	59,738	61,048	64,938	70,582

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

4

4.4 Group consolidated financial statements – Synthesis

4.4.1 Consolidated statement of financial position 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".*

4.4.2 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".*

4.4.3 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".*

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 1ST, 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**
Dividend paid						(3)	(3)
Share capital increase							
Other comprehensive income			1,403		1,403		1,403
Other variation			(10)		(10)		(10)
Net income for the period				26,115	26,115	189	26,303
Other variation related to associates			(401)		(401)		(401)
MARCH 31, 2020	**24,517**	**214,650**	**(4,096)**	**414,296**	**649,365**	**986**	**650,350**

* *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".*

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

Year ended March 31, 2020

Jean-Humbert CROCI	André GARINO	Deloitte & Associés
2, rue de la Lüjerneta 98000 Principauté de Monaco	2, rue de la Lüjerneta 98000 Principauté de Monaco	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 Étrangers à Monaco for the year ended March 31, 2020, 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. These financial statements were approved by the board of directors on May 27, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

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, 2020 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. EMPHASIS OF MATTERS

We draw attention to the matters described in the following notes to the consolidated financial statements:

- 3.1 "COVID-19 pandemic" which outlines the impacts of the COVID-19 crisis on the group's operations and the measures implemented by management on costs and cash flows in response to this crisis;
- and 2.1.1 "Change in accounting standards – IFRS 16 leases" which describes the impacts of the first-time application of IFRS 16 standard starting from April 1, 2019.

Our opinion is not modified in respect of these matters.

4. 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, 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 7 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, 2020 totaled €109.3 million and include implicit goodwill of €76.2 million. As the item cannot be amortized, an annual impairment test must be performed at least once a year 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. In particular, the evolution of the regulatory context, concerning both online gaming and taxation, could have an impact on BEG's activity and therefore on the company's consolidated accounts.
BEG's recoverable amount was estimated using the discounted cash flow method based on a three-year business plan, a five-year extrapolation and a perpetual forecast value.
The results of this discounted cash flow method is also compared with a valuation report performed by an external expert in order to support the assessment of BEG's recoverable amount. As of March 31, 2020, the Management did not update the last external assessment conducted in May 2018, given the positive trend recorded by the activities since that date, which is higher than the forecasted assumptions retained in the business plan for the purposes of this assessment.
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), comparing it with our own estimated rates and, where applicable, corroborating it with external market analysis,
	  ◆ the period forecasts with the corresponding actual results to assess the reliability of the forecast data preparation process;
	◆ 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;
	◆ we also compared the activity indicators observed since May 2018 with the activity assumptions applied in the external assessment carried out on that date, to which the results of the discounted cash flow method are compared, in order to support the evaluation assessed by the company;
	◆ additionally, we 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 assets.

Recognition of gaming revenue	
The Company's revenue totaled €563.3 million for the year ended March 31, 2020, and the gaming sector, which mainly includes table games and automatic machines, represented €239.8 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 responded to the risk that gaming revenue would not be recognized in full, by verifying that a sample of gaming transactions was recorded in the accounts.

5. 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.

6. 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

7. SPECIFIC VERIFICATION

We have also verified the information pertaining to the Group that corresponds to the Board of Director's management report information approved on May 27, 2020 and contained in the universal 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 6, 2020

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)	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Audit								
Certification of statutory and consolidated accounts and half-year limited review								
Issuer	290,000	283,000	95	90	100,000	98,400	80	94
Fully consolidated subsidiaries					6,170	6,040	5	6
Services other than accounts certification								
Issuer	15,366	31,269	5	10	19,200		15	
Fully consolidated subsidiaries								
TOTAL FEES PAID	**305,366**	**314,269**	**100**	**100**	**125,370**	**104,440**	**100**	**100**

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 €111,240 for fiscal year 2019/2020 and €111,710 for fiscal year 2018/2019.

	Statutory Auditor Mr. André Garino				Statutory Auditor Mr. Jean-Humbert Croci			
	Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Audit								
Certification of statutory and consolidated accounts and half-year limited review								
Issuer	57,500	56,700	75	100	42,500	41,700	87	87
Fully consolidated subsidiaries					6,170	6,040	13	13
Services other than accounts certification	19,200		25					
TOTAL FEES PAID	**76,700**	**56,700**	**100**	**100**	**48,670**	**47,740**	**100**	**100**

Hôtel de Paris - Suite Prince Rainier III

5

ORDINARY GENERAL MEETING HELD ON SEPTEMBER 25, 2020

5.1 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

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 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 €13,010,633.67.

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 €13,010,633.67 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 €260,212.67 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 €390,319.01 to the Board of Directors, in accordance with the Article 18 of the Bylaws,
  - an amount of €77,825,101.80 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 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 (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.

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, 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	€13,010,633.67
■ 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	€260,212.67
– to the Board of Directors	€390,319.01
– to retained earnings	€77,825,101.80

SIXTH RESOLUTION

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

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.

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Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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

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
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