MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

Board of Directors' Report

Ordinary General Meeting September 24, 2021

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 24, 2021

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

Mrs. Brigitte BOCCONE-PAGÈS

Mr. Michel DOTTA

Mrs. Agnès FALCO

Mr. Alexandre KEUSSEOGLOU

Mr. Thierry LACOSTE

Mr. Michael MECCA

Mr. Christophe NAVARRE

Mr. Laurent NOUVION

Mr. Pierre SVARA

UFIPAR SAS (permanent representative: Mr. Nicolas BAZIRE)

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. Stéphane 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,

Your Company has been severely affected by the Covid-19 pandemic that began shortly prior to the beginning of the fiscal year under review. Mid-March 2020, we had to close all our casinos and restaurants, and some of our hotels, in accordance with the decisions taken by the Monegasque Authorities. Only the Hôtel de Paris Monte-Carlo and the Monte-Carlo Bay Hotel & Resort remained partially open, notably to accommodate long-term guests.

Subsequently, throughout the fiscal year and whenever possible, we kept most of our venues open, often with reduced capacity, in order to maintain Monaco as a prized Destination.

Your Company's financial performance has been heavily impacted by this health crisis, generating an operating loss of €103 million. Revenue generated by the rental sector and the activity of our subsidiary, Betclic Everest Group, helped limit the effects of the crisis, confirming that the diversification policy adopted in recent years was indeed the right decision. Your Company also benefited from the support measures introduced by the Prince's Government which I would like to thank here.

Given the seriousness of this situation, your Company has taken drastic measures, by reducing certain operating expenses and a significant number of its investments. This immediate reaction and the mobilization of short-term financing resources enabled the S.B.M. to honour repayments on existing bank loans, at each maturity.

In addition to these measures, the Company also restructured its organisation during the fiscal year under review, implementing a "plan de sauvegarde de l'emploi" (job preservation plan) for 236 employees (including 234 voluntary early retirements), which generated a significant cost during the year under review, but will produce substantial savings in the years ahead.

Thanks to this reduced cost structure, your Company is now in a better position to take advantage of the upcoming economic recovery, as the 2021 summer season seems to confirm.

From an operational perspective, we have anticipated the recovery by implementing new systems designed to improve our performances (Casino Management System) and new offers for our clients (including the restaurant "Yannick Alléno at the Hôtel Hermitage Monte-Carlo").

The Members of the Board of Directors and myself are preparing the future, by considering plans to fully refurbish the Café de Paris building and to pursue the modernisation of the Monte-Carlo Beach Club. We have decided to group together the Gaming, Hotels and Restaurants sectors, so that these activities are decompartmentalised and that the concept of Resort reaches a new dimension. Responsibility for this new combination has been entrusted to Mr. Pascal Camia, appointed Chief Operating Officer.

During the course of the year, Mrs. Brigitte Boccone-Pagès was co-opted by the Board of Directors. You are invited to ratify her appointment as a Director. Mrs. Brigitte Boccone-Pagès brings her valuable knowledge of decision-making mechanisms in the Principality, and has already contributed to move key projects forward for your Company.

Mr. Michel Dotta, Member of the Board since 2010, has reached the age limit stipulated by the Bylaws. On behalf of myself and of the entire Board of Directors, I would like to thank him for his precious contribution over the last decade, more particularly in the area of real estate investments and as Chairman and Chief Executive Officer of "Société des Thermes Marins".

Before finishing, I want to express my gratitude to our employees, in all sectors and at every position, some of whom have unfortunately been affected by the pandemic. Despite the difficult conditions, S.B.M.'s teams have worked tirelessly, whenever possible, to carry out their missions. Their unfailing devotion to their duties has enabled your Company to continue working to satisfy its clients throughout this major crisis. The Members of the Board of Directors and myself thank them warmly.

Jean-Luc Biamonti

Chairman and Chief Executive Officer

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KEY FIGURES

Key figures related to the last three fiscal years

(in million of euros)	2018/2019** Fiscal year	2019/2020 Fiscal year	2020/2021 Fiscal year
CONSOLIDATED FIGURES			
Consolidated revenue	526.5	619.8	336.9
Operating income before depreciation and amortization	37.7	100.1	(14.0)
Operating income	(9.6)	22.6	(103.3)
Consolidated net income attributable to the owners of the parent company	2.6	26.1	(79.1)
Comprehensive income attributable to the owners of the parent company	(1.9)	27.5	(80.9)
Cash generated from operations*	37.4	93.7	(7.5)
Purchase of PP&E, intangible and financial assets	199.9	127.7	43.2
Equity	623.1	650.4	567.2
Net Debt/(Cash position)*	106.8	137.1	129.9
Average number of employees	4,349	4,593	3,664
Market share price as of fiscal year's last day *(in euros)*	47.10	56.00	63.40
GAMING SECTOR FIGURES			
Casinos operated (number of permanent establishments at the end of the period)	4	4	3
Consolidated revenue (gross gaming revenue)	222.7	239.8	124.3
Operating income	(8.0)	(7.5)	(46.9)
HOTEL SECTOR FIGURES			
Hotels operated	5	5	5
Accommodation capacity (average number of rooms available)	1,144	1,206	1,070
Occupancy rate (average rate including Le Méridien Beach Plaza)***	66.4%	63.8%	26.0%
Consolidated revenue	253.7	284.3	109.0
Operating income	(4.2)	(5.1)	(61.7)
RENTAL SECTOR FIGURES			
Consolidated revenue	51.9	96.0	106.2
Operating income	35.5	69.5	71.9

* *Cash generated from operations and net debt are defined in the "Document d'enregistrement universel" 2021 in Chapter 4.1.5.*
** *As a reminder, 2018/2019 financial statements were not restated for the adoption of IFRS 16 "Leases".*
*** *The number of rooms in establishments closed from mid-March 2020 and in the first quarter of the fiscal year due to the Covid-19 pandemic was restated in calculating the occupancy rate.*

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, 2019, 2020 and 2021.

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ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2020/2021

Introduction to the analysis of the financial position of S.B.M. Group during fiscal year 2020/2021

S.B.M. Group consolidated results for fiscal year 2020/2021 fell significantly year-on-year. S.B.M. Group activities and results were severely impacted in fiscal year 2020/2021 by the unprecedented health crisis tied to the Covid-19 pandemic.

If S.B.M. Group recorded higher revenue from its commercial and residential leasing activities, confirming that the diversification strategy adopted in recent years at developing its real estate assets and rental business was indeed justified, however the Covid-19 epidemic has a major impact on the S.B.M. Group's gaming and hotel/catering activity, particularly as the forced closures affecting its establishments came in the first half of the fiscal year, when business is traditionally strongest.

All casinos and restaurants were closed mid-March 2020 pursuant to government decisions, followed by the Hôtel Hermitage and Le Méridien Beach Plaza. Only the Hôtel de Paris and Monte-Carlo Bay Hotel & Resort remained partially open to welcome clients, mainly permanent residents, but occupancy rates were low. Only from June 2, 2020 onwards did the Monegasque Government permit restaurants and casinos to re-open, with the S.B.M. Group's establishments gradually opening their doors with special health measures to guarantee maximum safety for clients and staff.

Activity remained severely impacted in the summer period due to the unprecedented nature of the health crisis, its effect on client behavior and transport and travel restrictions. While the Principality of Monaco did not impose a lockdown in response to the epidemic's second wave which hit Europe this autumn, casino and restaurant opening hours were nonetheless reduced from November 1, and spas, swimming pools and bars were closed, in accordance with government decisions.

The fourth quarter of the fiscal year was impacted by the third wave of the Covid-19 epidemic and the tightening of health restrictions, with the implementation of an early curfew leading to the closure of restaurants in the evening.

In this context, the S.B.M. Group has acted to drastically reduce its operating and investment expenses. When its establishments closed, the S.B.M. Group immediately took steps to adapt its organisation, with employees taking paid leave and being placed on furlough following the government support measures adopted by the Principality of Monaco.

The health crisis caused by the Covid-19 epidemic and resulting economic shock forced Société des Bains de Mer to accelerate the deployment of its global restructuring plan, in addition to the measures already taken since the beginning of the crisis.

This was made particularly necessary by the chronic losses recorded by its hotel and catering operations and casino sector, largely due to payroll expenses disproportionate to the revenues generated. The restructuring plan was implemented successfully.

On March 4, 2021, the S.B.M. Group announced the implementation its restructuring plan, materialized by:

- a voluntary redundancy plan, open to Group employees aged over 57 on the essential condition that they would not be replaced, with 234 employees already having signed up;
- a collective forced redundancy plan, currently limited to just two people, with most of the staff departures targeted at certain departments, for reasons of overstaffing or re-organisation to restore competitiveness, having been moved to alternative roles.

This restructuring plan has been recorded for a net cost of €25.3 million in fiscal year 2020/2021 results.

The first employee departures took place in January 2021 and should continue until the end of the first-half of fiscal year 2021/2022.

These redundancies are expected to yield annual savings of €18 million. These savings, along with other measures to bring costs more into line with seasonal fluctuations in activity, should enable the S.B.M. Group to reduce its annual operating costs by around €25 million. This will enable the S.B.M. Group to return to the level of profitability needed to make the long-term investments required, once the health crisis has passed.

In fiscal year 2020/2021, operating costs before depreciation and amortization and before the restructuring plan therefore fell 37% year-on-year. After depreciation and amortization and expenses relating to the restructuring plan, the net operating loss is -€103.3 million, compared to an operating profit of €22.6 million last year.

Finally, equity accounting consolidation of Betclic Everest Group, an online 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, resulting in a profit of €30.9 million, compared to a profit of €8.7 million last year.

Net consolidated income (Group share) was a loss of -€79.1 million, compared to a profit of €26.1 million for the fiscal year 2019/2020, a decrease of -€105.2 million.

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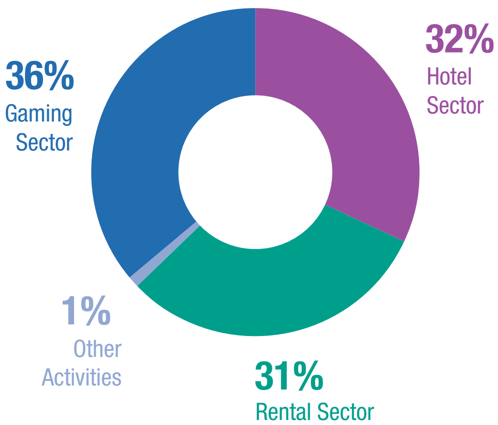
3.1 Presentation of fiscal year 2020/2021 results

3.1.1 Highlights of activity in fiscal year 2020/2021

S.B.M. Group reported consolidated revenue of €336.9 million for fiscal 2020/2021 compared to €619.8 million the previous year, a decrease of -46%.

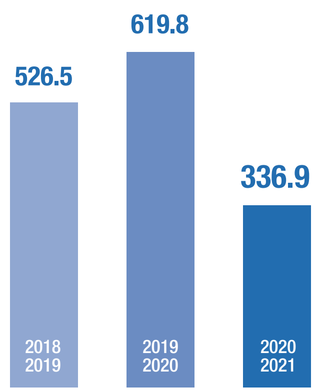
Consolidated revenue by business segment *(in million of euros)*	2018/2019	2019/2020	2020/2021	Variation *(in million of euros)*
Gaming Sector	222.7	239.8	124.3	(115.6)
Hotel Sector	253.7	284.3	109.0	(175.3)
Rental Sector	51.9	96.0	106.2	10.2
Other Activities	13.7	14.4	4.6	(9.8)
Internal transfers	(15.4)	(14.8)	(7.2)	7.6
CONSOLIDATED REVENUES	**526.5**	**619.8**	**336.9**	**(282.9)**

Breakdown of activities



Consolidated revenues

In million of euros



This fall of €282.9 million in revenue is a direct consequence of the Covid-19 epidemic that has very significantly affected the S.B.M. Group's activity. If S.B.M. Group recorded higher revenue from its commercial and residential leasing activities, confirming that the diversification strategy adopted in recent years at developing its real estate assets and rental business was indeed justified, however the Covid-19 epidemic has a major impact on the S.B.M. Group's gaming and hotel/catering activity, particularly as the forced closures affecting its establishments came in the first half of the fiscal year, when business is traditionally strongest.

The gaming sector reported revenue of €124.3 million, compared to €239.8 million in 2019/2020. Gaming revenue was substantially down across all activities (table games, slot machines, other activities and catering). This was partly due to the temporary forced closure of establishments at the start of the fiscal year, and partly due to a lower attendance in establishments as a result of travel restrictions.

Hotel revenue was €109 million, compared to €284.3 million in 2019/2020. This sector is also heavily impacted by the Covid-19 epidemic. All establishments are subject to a decline in business in fiscal year 2020/2021 compared to 2019/2020. Owing to successive Government measures and travel restrictions introduced in response to the Covid-19 epidemic, the S.B.M. Group's establishments never operated normally in 2020/2021.

The rental sector, which combines boutiques and office leasing together with the activities of the Sporting residences, the Balmoral, the Villas du Sporting and the One Monte-Carlo, reported revenue of €106.2 million, compared to €96 million previously, an increase of 11%. This increase is primarily the result of the gradual take-up of the residential leases at the One Monte-Carlo.

Finally, the Other activities sector reported revenue of €4.6 million, compared to €14.4 million last year, a fall of -€9.8 million due to the decrease in revenue at the Place du Casino Boutique and Drugstore and the cancellation of the Rolex Monte-Carlo Masters tennis tournament.

3.1.2 Analysis of fiscal year 2020/2021 operating results by sector

The developments in the various business sectors – gaming, hotel and rental – are analyzed below for the year ended March 31, 2021.

GAMING SECTOR

The gaming sector reported revenue of €124.3 million, versus €239.8 million in 2019/2020, for a decrease of -48%. This fall is mainly due to the closure of all establishments during the first two months of the fiscal year, as well as lower revenues from June year-on-year, due to the health crisis and travel restrictions. While the Monte-Carlo Casino and the Café de Paris Casino reopened in June, the S.B.M. Group announced its intention to definitively close the Sun Casino, and the Bay Casino remained closed throughout fiscal year 2020/2021.

This downturn in the gaming sector business is mainly due to a fall in table games revenue to €41.2 million from €113.5 million the previous year, representing a slump of -64%. Slot machine revenue also fell to €79.6 million for fiscal year 2020/2021 from €113 million previously, a reduction of -30%. Finally, revenue from other activities totaled €3.4 million, compared to €13.4 million the previous year, down -75%.

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)*	2018/2019	2019/2020	2020/2021	%
33%	Table games	108.4	113.5	41.2	(64)%
64%	Slot machines	101.9	113.0	79.6	(30)%
3%	Other activities	12.3	13.4	3.4	(75)%
100%	**TOTAL GAMING SECTOR**	**222.7**	**239.8**	**124.3**	**(48)%**

The **table games** sector reported revenue of €41.2 million in fiscal year 2020/2021 compared to €113.5 million the previous year, a reduction of -€72.2 million or -64%.

The table games activity remained heavily impacted by the consequences of the unprecedented health crisis, and its effect on client behavior and particularly the impact of transport and travel restrictions. Activity was penalized by the absence of the usual international client base.

Therefore, overall in fiscal year 2020/2021, the drop fell -59% and the hold (receipts/betting ratio) increased slightly by 0.3 point to 15.3%, compared to 15.0% the previous year.

The main changes are:

- the Monte-Carlo Casino mainly operates European games. In fiscal year 2020/2021, the establishment's receipts fell by €57.8 million, due to the closure of the establishments during the first two months of the fiscal year, followed by a reduction in the number of international clients due to the health crisis and transport and travel restrictions. All games reported a downturn in receipts, with the biggest fall recorded by Punto Banco, which decreased -€25 million due to the marked reduction in the number of Asian clients. European Roulette declined by -€12.5 million year-on-year, due to a reduction in the drop and an unfavorable event. Finally, Black Jack receipts fell -€8.8 million on fiscal year 2019/2020, due to a reduction in the drop;
- the Café de Paris Casino's table game operations generated revenue of €1.9 million for the year, down -€6.3 million compared to the previous year;
- the Sun Casino remained closed throughout the year.

The **slot machines** sector posted a decrease in activity, with revenue of €79.6 million for fiscal year 2020/2021 compared to €113 million the previous year, a decrease of -€33.4 million (-30%).

Monte-Carlo Casino slot machine receipts increased €5.1 million on the prior year following the opening of the "1889" room on October 9, 2020. The opening of this room for High Rollers is part of the strategy to reorganize the floors by client type.

The Café de Paris Casino reported a -€34.5 million decrease in revenue under the combined effects of a partial transfer of activity to the Monte-Carlo Casino "1889" room and a fall in activity due to the health crisis, its effects on client behavior and transport and travel restrictions.

The Bay Casino was closed throughout fiscal year 2020/2021 due to low client numbers in the Principality of Monaco and the S.B.M. Group announced its intention to definitively close the Sun Casino.

Receipts from other activities totaled €3.4 million, down -€10 million year-on-year. This decrease mainly concerned Monte Carlo Casino entry fee revenue and the Gift Shop activity, with the decrease in visitors to the Monte-Carlo Casino due to the Covid-19 pandemic. The catering activity reported revenue of €2.6 million, down -€5.9 million year-on-year.

Despite drastic cuts in operating expenditure with, immediately following the closure of the establishments, steps taken to adapt the Group's organization, with employees taking paid leave and being placed on furlough following the government support measures adopted by the Principality of Monaco (Total Temporary Lay-off) for the **entire gaming sector**, the operating loss before depreciation and amortization is -€32.4 million for fiscal year 2020/2021, compared to a profit of €2.6 million the previous year, a fall of -€35.0 million.

After taking into account the depreciation and amortization charge, the gaming sector reported an operating loss of -€46.9 million in fiscal 2020/2021, compared to a loss of -€7.5 million the previous year.

It should be noted that the gaming sector net operating loss is impacted by an expense of €7.5 million relating to the closure of the Sun Casino. The S.B.M. Group has decided not to reopen this establishment and all outstanding financial commitments up to June 2022, the lease expiry date for this gaming room, were provided.

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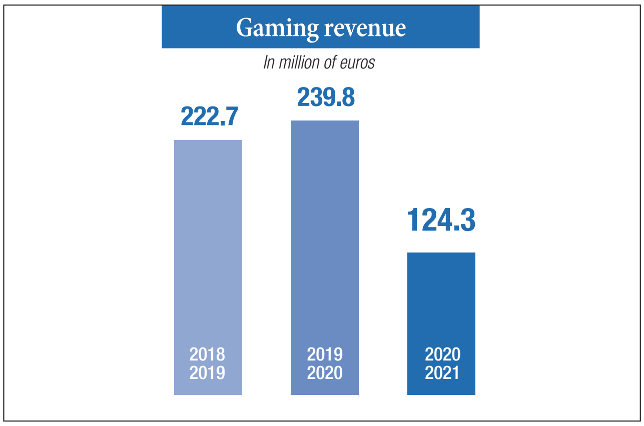
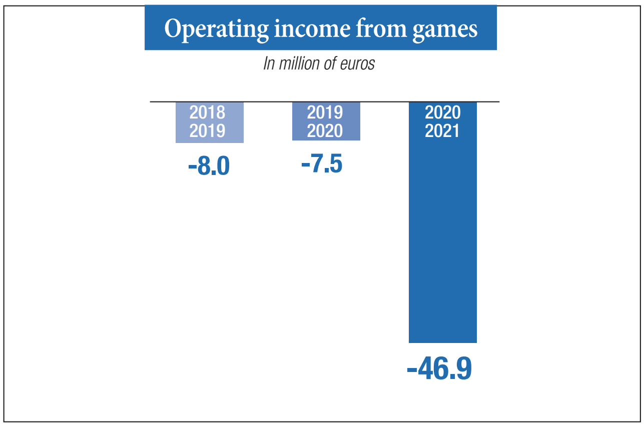




HOTEL SECTOR

The hotel sector was particularly impacted by the health crisis. After a first fiscal year quarter marked by the mid-March 2020 closure of all restaurants, the Hôtel Hermitage and the Méridien Beach Plaza (only Hôtel de Paris and the Monte-Carlo Bay Hotel & Resort remained partially open to welcome clients, mainly permanent residents, with low occupancy rates), activity during the summer period remained heavily impacted by the unprecedented nature of the health crisis, its effect on client behavior and transport and travel restrictions.

While the Principality of Monaco did not impose a lockdown in response to the epidemic's second wave which hit Europe this autumn, casino and restaurant opening hours were nonetheless reduced from November 1, and spas, swimming pools and bars were closed, in accordance with government decisions.

The fourth quarter of the fiscal year was impacted by the third wave of the Covid-19 epidemic and the tightening of health restrictions, with notably the implementation of an early curfew leading to the closure of restaurants in the evening. All hotels and restaurants therefore suffered a marked drop in activity in fiscal year 2020/2021 compared to 2019/2020.

The hotel sector therefore reported revenue of €109 million for fiscal year 2020/2021 compared to €284.3 million the previous year, a decrease of -62% or -€175.3 million:

- Hôtel de Paris revenue fell €33 million due to the marked reduction in the number of international clients impacting both the accommodation activity and bar & restaurant activities;
- the Hôtel Hermitage reported a €30.2 million decrease in revenue year-on-year due to the establishment's closure in the first quarter of the fiscal year (April to June) and the fall in visitor numbers during the rest of the year;
- Monte-Carlo Bay Hotel & Resort revenue fell €25.7 million due to the marked drop in visitor numbers which, once again, impacted both the accommodation activity and bar & restaurant activities;
- the Café de Paris reported a €11.9 million fall due, first and foremost, to the closure of the establishment in April and May. The establishment was able to open in June, implementing health measures ensuring maximum client and staff safety, before seeing its opening hours reduced with the introduction of a curfew throughout nearly the entire second half of the year. The establishment's activity therefore remained well below normal levels.

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

Hotel revenue *(in million of euros)*		2018/2019	2019/2020	2020/2021	%
42%	Accommodation	104.4	121.3	46.2	(62)%
42%	Catering	115.3	124.3	45.2	(64)%
16%	Other activities	34.0	38.6	17.5	(55)%
100%	**TOTAL HOTEL SECTOR**	**253.7**	**284.3**	**109.0**	**(62)%**

The Group's **accommodation** revenue stood at €46.2 million, compared to €121.3 million for fiscal 2019/2020.

The accommodation activity was heavily impacted by the health crisis. In April and May, only the Hôtel de Paris and the Monte-Carlo Bay Hotel & Resort remained partially open to welcome clients, mainly permanent residents, but with low occupancy rates. Le Méridien reopened at the end of June and the Monte Carlo Beach and Hôtel Hermitage reopened progressively from the beginning of July 2020. All S.B.M. Group establishments therefore suffered a -64% fall in the number of overnight stays in fiscal year 2020/2021 year-on year. Activity for the two main client segments (Individuals and Groups/Business) reported a marked downturn.

Some accommodation indicators for the entire S.B.M. Group are presented below:

- occupancy rate down significantly to 26%, compared to 64% in fiscal year 2019/2020;
- average accommodation prices increased overall by 2% in aggregate for all five establishments, reflecting stable price levels despite the crisis and notably supported by the client mix which mainly consisted of individual clients;
- finally, client segmentation by geographical origin was heavily impacted by travel restrictions imposed due to the pandemic. Accordingly, the proportion of French clients increased significantly due to their proximity with the Principality of Monaco, accounting for 45.8% of the market compared to 19.4% last year. Travel restrictions impacted American clients the most, with them representing only 3.6% of the total compared to 14.8% last year.

Catering revenue totaled €45.2 million, compared to €124.3 million last year, a fall of €79.1 million. The decrease in the number of clients was a direct consequence of the mid-March 2020 closure of all restaurants. The Monegasque government only authorized the reopening of restaurants from June 2. The social distancing rules applied then led to a fall in the number of meals available in the restaurants operated. Finally, the catering activity had to adapt to reduced opening hours following the implementation of a curfew from November 1, resulting in the evening closure of establishments in the last quarter of the fiscal year.

A total of 427,000 meals were served by the entire S.B.M. Group in fiscal year 2020/2021, a decrease of 584,000 meals compared to the prior year. The decrease in catering activity was particularly marked at the Café de Paris (-152,000 meals to 80,000), the Monte-Carlo Bay Hotel & Resort (-76,000 to 73,000) and Le Méridien (-73,000 to 45,000).

For all establishments, the average price per meal decreased by 6% year-on-year, mainly due to a change in the visitor mix at the various establishments.

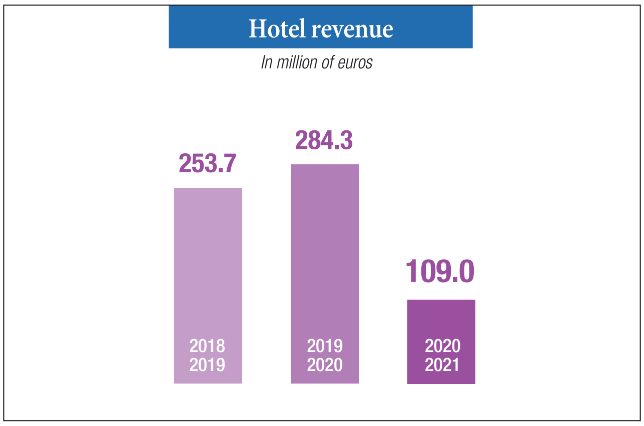
In response to this situation, the hotel sector implemented a savings plan reducing operating expenses by over 50% in 2020/2021 compared to the prior year.

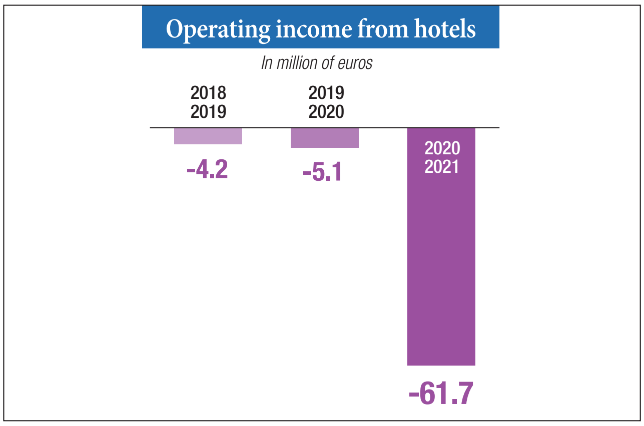
When its establishments closed, the S.B.M. Group immediately took steps to adapt its organization, with employees taking paid leave and being placed on furlough following the government support measures adopted by the Principality of Monaco (Total Temporary Lay-off), and also the recruitment of only a small number of seasonal employees and the non-renewal of fixed-term contracts.

Other hotel sector **activities** reported a 55% fall in revenue to €17.5 million for fiscal year 2020/2021, compared to €38.6 million the previous year.

For the **entire hotel sector**, operating income before depreciation and amortization amounted to -€19.7 million for fiscal 2020/2021, compared to a profit €37 million for fiscal 2019/2020, a decrease of -€56.7 million.

After depreciation and amortization charges, the hotel sector posted an operating loss of -€61.7 million for fiscal 2020/2021, compared to a loss of -€5.1 million the previous year.





RENTAL SECTOR

Rental sector revenue increased by 11%, standing at €106.2 million for fiscal year 2020/2021, compared to €96.0 million in the previous year.

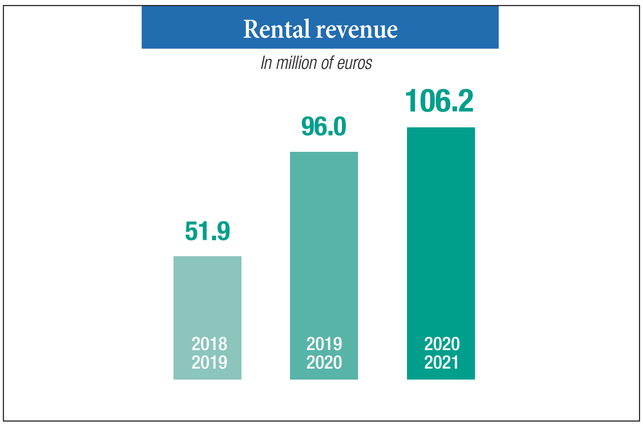
Rental revenue *(in million of euros)*		**2018/2019**	**2019/2020**	**2020/2021**	**%**
60%	Commercial rental	32.7	64.6	63.7	(1)%
40%	Residential rental	19.2	31.4	42.5	35%
100%	**TOTAL RENTAL SECTOR**	**51.9**	**96.0**	**106.2**	**11%**

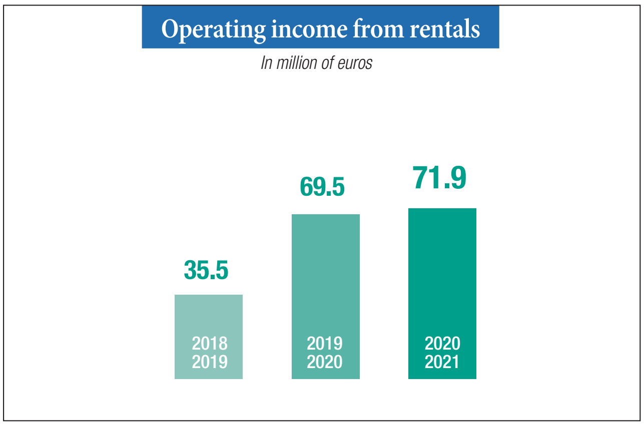
The **commercial rental** segment, which combines the leasing of boutiques and office spaces, reported revenue of €63.7 million for fiscal 2020/2021, compared to €64.6 million the previous year

Residential rental revenue totaled €42.5 million, up €11.1 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 2019/2020.

For the **rental sector as a whole**, operating income before depreciation and amortization amounted to €94.1 million for fiscal 2020/2021, compared to €85.2 million the previous year, up by €8.9 million.

Taking into account the depreciation and amortization charge, up €6.5 million due to the commissioning of One Monte-Carlo as of September 1, 2019, operating income for the rental sector stood at €71.9 million compared to €69.5 million the previous year, for an increase of €2.4 million.





3.1.3 2020/2021 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, 2020 and March 31, 2021:

CONSOLIDATED STATEMENT OF INCOME

(in thousands of euros)	2019/2020 Fiscal year	2020/2021 Fiscal year
Revenue	**619,827**	**336,887**
Cost of goods sold, raw materials & other supplies	(60,563)	(26,555)
Other external charges	(139,724)	(79,772)
Taxes and similar payments	(35,877)	(19,668)
Wages and salaries	(269,359)	(209,862)
Depreciation and amortization	(77,453)	(89,251)
Other operating income and expenses	(14,214)	(15,031)
Operating income	**22,637**	**(103,251)**
Income from cash and cash equivalents	50	7
Gross finance costs	(5,079)	(6,963)
Net finance costs	**(5,029)**	**(6,956)**
Other financial income and expenses	(45)	(7)
Income tax expense		
Net income/(loss) of associates	8,740	30,866
Consolidated net income	**26,303**	**(79,349)**
Non controlling interests (minority shares)	(189)	239
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**26,115**	**(79,110)**
Average number of shares issued	24,516,661	24,516,661
Net earnings per share *(in euros)*	1.07	(3.23)
Net diluted earnings per share *(in euros)*	1.07	(3.23)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2019/2020 Fiscal year	2020/2021 Fiscal year
Consolidated net income	26,303	(79,349)
Items that will not be reclassified subsequently to profit or loss		
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	1,547	(1,994)
◆ 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	(144)	171
◆ Share of profit/(loss) of associates		(2)
TOTAL COMPREHENSIVE INCOME	**27,707**	**(81,174)**
Of which attributable to the owners of the parent company	27,517	(80,935)
Of which attributable to non controlling interests (minority interests)	189	(239)

"Cost of goods sold" and "Other external charges" decreased by €34 million and €60 million, respectively, due to the decline in business in the context of the health crisis, and cost cutting measures.

The decline in "Taxes and similar payments" was due to the reduction in gaming fees and the drop in business in this sector, as described in 3.1.1.

"Wages and salaries" in fiscal year 2020/2021 decreased by €59.5 million compared to the previous year.

The main reasons for this decline are as follows:

- reduction in gaming sector wages and salaries by €25.6 million, with Total Temporary Lay-off measures in place during the closure of establishments or to adapt to the decline in business since the June reopenings, and the decrease in variable compensation components due to lower activity;
- decrease in hotel sector wages and salaries by €56.6 million, with the same Total Temporary Lay-off measures in place during the closure of establishments or to adapt to the decline in business since the June reopenings, with a low number of hirings for the summer season and the non-renewal of fixed-term contracts;
- stable rental sector wages and salaries;
- decline in other wages and salaries by €8.1 million, with Total Temporary Lay-off measures for support service employees and the non-renewal of an expense for Group profit-sharing in the amount of €2.9 million.

These decreases were partially offset by:

- a non-recurring expense of €25.3 million for the general restructuring plan;
- a €5.4 million increase in provisions for contingencies.

Finally, "Depreciation and amortization" rose by €11.8 million, mainly due to the commissioning of the One Monte-Carlo as of September 1, 2019. This was therefore the first full fiscal year during which this complex's assets were amortized.

Furthermore, given the current situation, the S.B.M. Group announced its intention to close down the Sun Casino whose current lease expires in June 2022. Considering this decision, an additional depreciation and amortization charge of €4.5 million was recorded for the fiscal year to fully write down the residual net carrying amount of the right of use for the Sun Casino games room lease and the assets of this establishment that will no longer be used.

The S.B.M. Group's **operating loss** stood at -€103.3 million, compared to operating income of €22.6 million for the previous year, i.e. a -€125.9 million decrease.

This decline in operating performance was due to the unprecedented health crisis, which had repercussions on all operating sectors, with the exception of the rental sector, which was only slightly impacted by the Covid-19 pandemic.

The operating results of the gaming and hotel sectors were heavily impacted throughout the fiscal year, and more particularly during the first six months. Business usually peaks during this period, with numerous events in the first quarter, in particular the Rolex Monte-Carlo Masters tennis tournament in April and the Formula 1 Grand Prix in May, and a significant influx of international clients in the second quarter during the summer season.

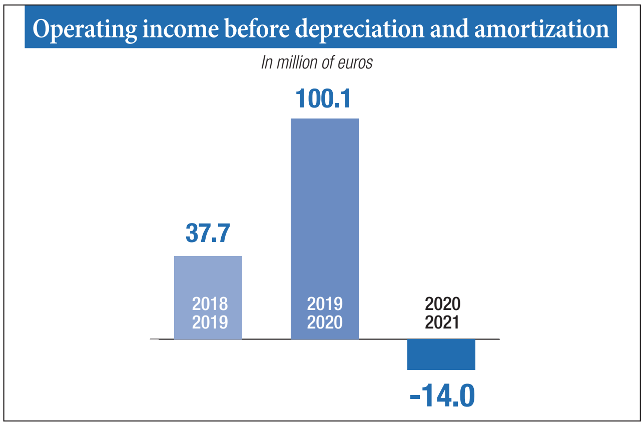
Business came to a sudden halt due to the closure of all casinos and restaurants in mid-March 2020 following government decisions and then the Hôtel Hermitage and Méridien Beach Plaza, the delayed opening of the Monte-Carlo Beach Hotel, and the very limited opening of the Hôtel de Paris and Monte-Carlo Bay Hotel & Resort for a few permanent residents.

The S.B.M. Group's establishments only gradually reopened from June 2, 2020, when the Monegasque government authorized the reopening of restaurants and casinos, by implementing health measures to ensure the safety of clients and staff. Yet, due to these measures and the transport and travel restrictions enforced by national governments, the Group failed to regain a normal level of business. In the first six months of the fiscal year, gaming and hotel sector revenue only represented a third of the amount recorded in the same period last year.

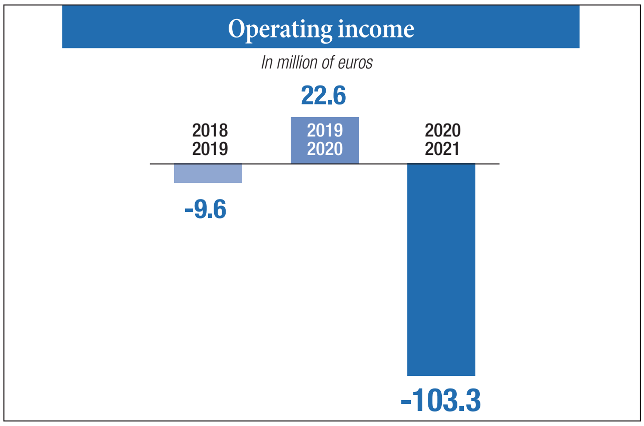
This situation did not improve in the second half of the year as the ongoing health crisis gave rise to new restrictions.

The opening hours of the establishments were therefore reduced from November 1, 2020 due to government measures, and in particular a curfew. However, as the second half of the year represents the low season, the decline in revenue was less significant in absolute value. For all activities, revenue in the second half of the year fell by €43.1 million compared to the previous year, whereas the first-half decline amounted to €239.8 million.

As mentioned in the "Introduction to the analysis of the financial position of S.B.M. Group during fiscal year 2020/2021", operating income for the fiscal year was also impacted by the €25.3 million net cost of the restructuring plan and a €7.5 million expense for the closure of the Sun Casino. The first employee departures under the restructuring plan took place in January 2021 and these should continue until the end of the first-half of fiscal year 2021/2022.



Operating income before depreciation and amortization

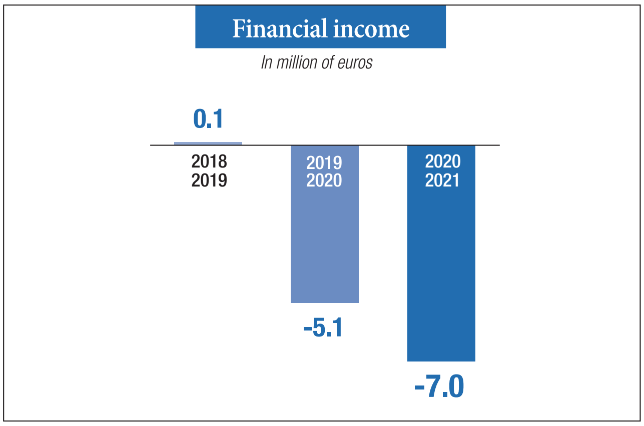


Operating income

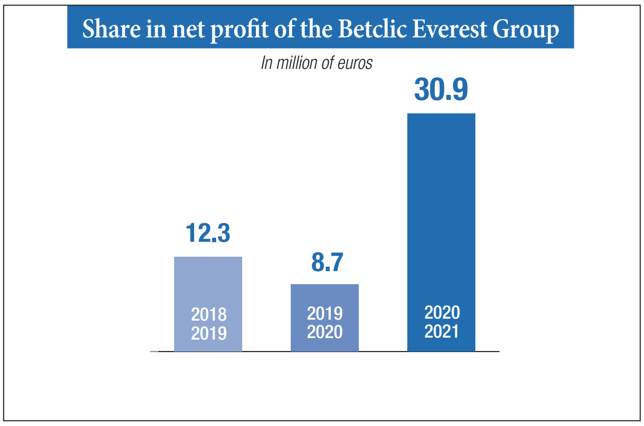
The **financial loss** for fiscal 2020/2021 totaled a financial loss of -€7 million, compared to financial loss of -€5.1 million for the previous year. Note that the borrowing costs related to the financing of property, plant and equipment are capitalized for the portion incurred during the construction 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 in 2019/2020, the interest expense on borrowing costs recorded for fiscal 2020/2021 totaled €5.7 million compared to €3.8 million for the previous year.

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 €30.9 million, compared to a net income of €8.7 million for fiscal 2019/2020.

This variation is largely due to continued revenue growth despite the suspension of all sporting competitions at the beginning of the fiscal year as well as significantly reduced operating expenses. As a reminder, the last year results were impacted by a retroactive increase in taxes paid by Bet-At-Home.



Financial income

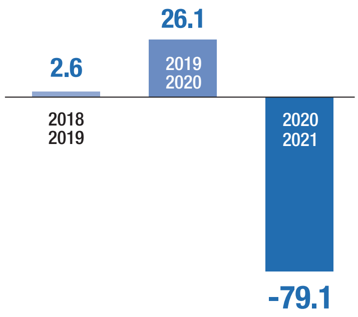


Share in net profit of the Betclic Everest Group

The consolidated net loss attributable to owners of the parent company stood at -€79.1 million for fiscal year 2020/2021, compared to net income of €26.1 million for fiscal year 2019/2020, i.e. a €105.2 million decrease.

Net income attributable to the owners of the parent company

In million of euros



Cash from operations totaled -€7.5 million for fiscal year 2020/2021, compared to +€93.7 million for the previous year. This decrease was primarily due to the decline in operating income before depreciation and amortization of €114.1 million.

After taking into account the €9.6 million rise in the working capital requirement, due to the reduction in advances from clients in line with the fall in business, net cash flows used in operations totaled -€10.2 million for fiscal year 2020/2021, compared to net cash flows from operations of €90.1 million for fiscal year 2019/2020.

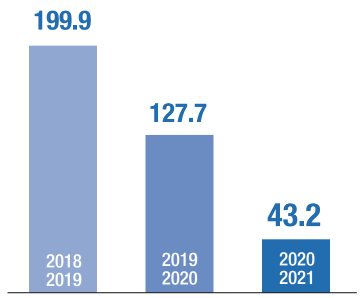
In addition, the continued roll-out of the **capital expenditure** program (see Chapter 3.2.1 – "Capital expenditure") led to a cash outflow of €43.2 million in fiscal year 2020/2021 for acquisitions of property, plant and equipment, intangible assets and long-term investments compared to €127.7 million for the previous year. Due to the health crisis, the S.B.M. Group tightened its control over capital expenditure. All capex projects were reviewed, budgets drastically reduced and non-essential capital expenditure suspended.

After taking into account changes in loans and advances granted, other gains from investing activities and gains on asset disposals, net cash flow from investing activities amounted to €30.1 million for fiscal year 2020/2021, compared to net cash flow used in investing activities of €112.7 million in the previous year.

As described in Note 3.1.3 to the March 31, 2021 consolidated financial statements, BEG distributed a portion of the issue premium to its two shareholders, S.B.M. Group and Mangas Lov (€72.5 million each). S.B.M. Group received €65 million in June and €7.5 million in October.

Capital Expenditure

In million of euros



As of March 31, 2021, the S.B.M. Group's **net debt** totaled €129.9 million, compared to €137.1 million as of March 31, 2020. 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).

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. This financing is repaid every six months, with the first installment repaid on June 30, 2020 and the last scheduled for January 31, 2024. As of March 31, 2021, the debt relating to this borrowing totaled €177.2 million, following two repayments each amounting to €26.4 million in June and December 2020.

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, 2021, the amount outstanding of securities issued under this program was €55 million.

3.1.4 Parent company results of Société des Bains de Mer

The financial statements (presented under French standards) of the Société Anonyme des Bains de Mer et du Cercle des Étrangers à Monaco, the parent company, present the following results:

Société des Bains de Mer – Parent company *(in million of euros)*	**2018/2019**	**2019/2020**	**2020/2021**	**Variation** *(in million of euros)*
Revenue	**460.6**	**563.3**	**325.4**	**(237.9)**
Operating income/(loss) before depreciation and amortization	**20.4**	**73.8**	**(23.5)**	**(97.3)**
Amortization	(40.5)	(64.2)	(72.3)	(8.1)
Operating income/(loss)	**(20.1)**	**9.6**	**(95.8)**	**(105.4)**
Financial income/(loss)	10.6	8.9	13.0	4.1
Exceptional income/(loss)	(0.6)	(5.5)	65.8	71.3
NET INCOME/(LOSS)	**(10.1)**	**13.0**	**(17.0)**	**(30.0)**

REVENUE

Revenue amounted to €325.4 million for fiscal year 2020/2021, compared to €563.3 million the previous year, for a decrease of €237.9 million due to the health crisis.

OPERATING INCOME OR LOSS

The operating loss totaled -€95.8 million, compared to operating income of €9.6 million in 2019/2020. This decline was mainly due to the decrease in activity in all sectors, with the exception of the rental sector.

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 2020/2021 totaled €4 million.

NET EXCEPTIONAL ITEMS

Net exceptional income of +€65.8 million was recorded for fiscal year 2020/2021, compared to a -€5.5 million loss the previous year.

The shares of the subsidiary S.à.r.l. Monte-Carlo SBM International were fully written down in the gross amount of €1.5 million as of March 31, 2020 and the related receivables in the gross amount of €209 million (excluding accrued interest) were written down for €63.6 million.

The subsidiary S.à.r.l Monte-Carlo SBM International received an issue premium repayment from BEG in the amount of €72.5 million in order to repay the interest on the Company's convertible bonds and buy back a portion of these bonds for €65 million.

Given the aforementioned repayments, and the ongoing improvement in BEG's results (the S.B.M. Group recorded a share of BEG's earnings of €30.9 million in fiscal year 2020/2021 compared to €8.7 million the previous year), the Company reversed all previously recorded provisions for €65.2 million.

NET INCOME OR LOSS

The parent company net loss for fiscal 2020/2021 amounted to -€17 million, compared to a net income of €13 million the previous year, for a decrease of €30 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 2020/2021 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.),
  - MC Financial Company (MCFC),
  - Société Civile Particulière Soleil du Midi,
  - Société Civile Immobilière de l'Hermitage,
  - Société des Bains de Mer, USA, Inc.,
  - Société Monte-Carlo SBM Singapore, Pte Ldt,
  - S.à.r.l Monte-Carlo SBM International,
  - SARL Café Grand Prix,
  - Société Betclic Everest Group;
- and:
  - business relations with Société Monégasque pour l'Exploitation du Tournoi de Tennis (S.M.E.T.T.), in which the Company is a shareholder,
  - the providing of parking spots and a display window on an arm's length basis with Société Anonyme Monégasque Dotta Immobilier, whose Vice-President is Mr. Michel Dotta, for non-material amounts,
  - wine purchases conducted on an arm's length basis with SARL Rainbow Wines, which is owned and managed by Mr. Laurent Nouvion, for non-material amounts.

3.2 Capital expenditure and future outlook

3.2.1 Capital expenditure

Due to the Covid-19 crisis, the S.B.M. Group has reinforced the strict control of its investments on fiscal year 2020/2021. All investment projects have been revised and those deemed non-essential have been suspended.

The total amount invoiced during fiscal year 2020/2021 was €25.8 million, compared to €109.2 million for fiscal year 2019/2020 and €190.5 million for fiscal year 2018/2019, i.e. a total of €325.5 million for the last three fiscal years, as shown in the table below, which groups together all capital expenditure, regardless of whether the projects have been completed and commissioned or are still in progress.

Capital Expenditure *(in thousands of euros)*	**Year ended March 31, 2019**	**Year ended March 31, 2020**	**Year ended March 31, 2021**
Gaming Sector	5,319	5,149	6,260
Hotel Sector	82,269	37,264	9,541
Rental Sector	94,023	50,955	5,080
Other Activities	8,907	15,789	4,910
TOTAL	**190,518**	**109,156**	**25,791**

GAMING SECTOR

Capital expenditure in the gaming sector amounted to €16.7 million over the last three fiscal years, including €6.3 million for fiscal year 2020/2021.

In fiscal 2020/2021, the S.B.M. Group pursued its slot machine pool renewal policy, with total capital expenditure of €1.7 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 continued to carry out renovations at the Monte-Carlo Casino to better satisfy client expectations. As a reminder, the work performed over the past two years 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 also 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. A new renovation phase began in fiscal year 2020/2021, with the overhaul of 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 €5.5 million was invested in this project over the last three fiscal years.

HOTEL SECTOR

Capital expenditure in the hotel sector amounted to €129.1 million over the last three fiscal years, including €9.5 million for fiscal year 2020/2021.

Whereas around 64% of hotel sector capital expenditure in the last three fiscal years involved plans to refurbish the Hôtel de Paris, the amount invested in this project only represented €1.3 million in fiscal year 2020/2021, as the renovation was fully completed.

As a reminder, 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.

Thus, excluding operating losses, the cost of the Hôtel de Paris renovation for the period 2014-2020 totaled €283.8 million.

As mentioned in the opening paragraph, budgets were drastically reduced and non-essential investments suspended. Besides the work required to continue operations, the other hotel sector investments in fiscal year 2020/2021 mainly involved:

- the creation of an entirely new suite on the 11th floor of the Monte-Carlo Bay Hotel & Resort, Suite Eleven, which forms part of the S.B.M. Group's unique collection of 22 Monte-Carlo Diamond Suites, comprising the prestigious suites of the Hôtel de Paris, the 13 Diamond Suites of the Hôtel Hermitage and the Sunshine Suite at the Monte-Carlo Beach;
- refurbishment of rooms at the Hôtel Hermitage and the Méridien Beach Plaza;
- and, finally, completion of work at the Monte-Carlo Beach Hotel, with the creation of an underwater seawall to reduce coastal erosion during storms and preserve local underwater biodiversity. The first work phase, suspended in the winter of 2019, was completed during the winter of 2020. Considering the positive impacts of phase 1, phase 2 work was performed during the year. Since the start of the work, this project has amounted to €7.7 million, including €1.9 million in fiscal year 2020/2021.

RENTAL SECTOR

Major capital expenditure has also been incurred in the rental sector, amounting to €150.1 million over the last three fiscal years, out of which €5.1 million for fiscal year 2020/2021, 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) 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.

With additional capital expenditure of €2.4 million in fiscal year 2020/2021 to complete the project in its initial scope, the total cost of this major real estate and urban planning project in the heart of Monaco represents an investment of €394.7 million over the 2013-2020 period.

Other rental sector investments in fiscal year 2020/2021 mainly involved additional improvements in the apartment complexes and offices of One Monte-Carlo to facilitate the selling process. These investments in the amount of €2.2 million were not planned in the initial project.

OTHER ACTIVITIES AND COMMON SERVICES

Capital expenditure in other activities and common services amounted to €29.6 million over the last three fiscal years, out of which €4.9 million for fiscal year 2020/2021.

In addition to the new fully flattened Place du Casino, with its new central water feature and palm trees, which offers a new pedestrianized area and is the result of the district’s general transformation project following the refurbishment of the Hôtel de Paris and the construction of One Monte-Carlo, capital expenditure also concerned the major refurbishment of the Monte-Carlo Country Club, and the roll-out of new management software and systems as part of the IT master plan, particularly in the gaming sector.

3.2.2 Main ongoing projects and future outlook

PURSUIT OF THE CAPITAL EXPENDITURE PROGRAM

Current projects as of March 31, 2021 will continue in 2021/2022 as part of the capital expenditure program defined by the S.B.M. Group and in line with the policy adopted in previous years, taking into account the health crisis context. The major reduction in projects that began in fiscal year 2020/2021 will continue next year.

The main ongoing projects are the Monte-Carlo Casino refurbishment program, the finalization of the Monte-Carlo Beach seawall and the projects under the IT master plan, still in progress as of March 31, 2021.

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 €678.5 million as of March 31, 2021 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. Although this improvement was overshadowed by the very negative impacts of the health crisis, this goal has already been attained and the S.B.M. Group has taken on a new dimension by boosting its revenues and increasing its assets.

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

However, and as already stated above, 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 2021/2022 should amount to around €35 million.


MONTE CARLO BEACH

4

SYNTHESIS OF 2020/2021 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 June 23, 2021 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, 2021

ASSETS

	2020/2021 Fiscal year			2019/2020 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR	**195,954**	**82,500**	**113,454**	**151,856**
Cash in hand	14,900		14,900	5,034
Banks: deposit on demand	66,888		66,888	91,895
Other assets on demand				7
Banks: time deposits	10,000		10,000	6,000
Marketable securities				
Operating receivables	5,216	1,757	3,459	12,018
Other receivables	10,775	457	10,318	13,666
Investment accounts				
Affiliate accounts	82,612	80,286	2,326	15,238
Assets withheld	5,563		5,563	7,996
INVENTORY	**11,812**	30	**11,783**	**12,263**
ADVANCE PAYMENTS OR GUARANTEES	**9,155**		**9,155**	**1,106**
Payments on account on orders	9,155		9,155	1,106
ASSETS TO MATURE IN OVER 1 YEAR				
Loans				
NON-CURRENT ASSETS	**216**		**216**	**847**
Deposits and guarantees paid	216		216	847
PARTICIPATING INTERESTS	**212,338**	**664**	**211,674**	**200,026**
Affiliates	212,234	641	211,594	199,940
Other participating interests	104	23	81	86
FIXED ASSETS	**1,880,169**	**906,978**	**973,191**	**1,022,983**
Intangible assets:				
◆ Concessions, patents & similar	40,596	32,525	8,071	6,940
◆ Leasehold rights	18	18		
◆ Assets in progress	1,520		1,520	1,545
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	2,513	456	472
◆ Buildings	1,318,683	583,882	734,801	759,601
◆ Industrial and technical plant	260,577	178,411	82,166	91,952
◆ Other PP&E	129,520	74,017	55,502	63,247
◆ PP&E in progress	6,260		6,260	14,811
TOTAL ASSETS	**2,309,645**	**990,172**	**1,319,473**	**1,389,081**
CHARGES TO BE AMORTIZED	**1,595**		**1,595**	**2,158**
ACCRUED INCOME & DEFERRED CHARGES	**5,166**		**5,166**	**5,704**
Prepaid expenses	4,727		4,727	5,601
Other suspense accounts	439		439	103
Foreign exchange differences				
GRAND TOTAL	**2,316,405**	**990,172**	**1,326,234**	**1,396,942**
CLEARING ACCOUNTS				
Directors' shares held as management			5	5
Deposits and guarantees given			119,333	176,777
Deposits received			7,677	9,894
Other guarantees received			120,000	142,354
Trade payables			22,995	33,408
Third-party receivables for bank guarantees given				
Opening of credit facility and confirmed unused overdrafts			15,000	15,000
Variable-rate hedge			136,000	170,000
			421,010	**547,439**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2020/2021 Fiscal Year	2019/2020 Fiscal Year
LIABILITIES PAYABLE IN LESS THAN 1 YEAR	**363,193**	**419,954**
Bank overdrafts		
Bills payable	4,796	7,265
Operating liabilities	38,980	73,660
Affiliate accounts	13,687	27,853
Employee accounts	55,332	39,625
Borrowings	232,128	250,010
Other liabilities	3,192	2,495
Liabilities withheld	15,079	19,046
ADVANCE COLLECTIONS OR GUARANTEES	**42,960**	**42,696**
Advances received	19,633	21,571
Deposits and guarantees received	23,327	21,125
LIABILITIES TO MATURE IN OVER 1 YEAR	**38,584**	**32,533**
Operating liabilities		
Liabilities withheld	38,584	32,533
PROVISIONS FOR CONTINGENCIES	**21,452**	**7,907**
Other provisions for contingencies	21,452	7,907
ACCRUED LIABILITIES & DEFERRED INCOME	**205,941**	**222,344**
Revenues to be recorded in future fiscal years	200,999	216,826
Other accrued liabilities and deferred income	199	382
Foreign exchange differences	35	57
Investment grant		
◆ *gross*	*17,535*	*17,535*
◆ *amortization*	*(12,827)*	*(12,457)*
STOCKHOLDERS' EQUITY		
Common stock, additional paid-in capital and reserves	**430,791**	**430,791**
Common stock: 24,516,661 shares of €1	24,517	24,517
Additional paid-in capital on shares	214,650	214,650
Revaluation reserves:		
◆ Revaluation surplus 03/31/1990	167,694	167,694
◆ Revaluation reserve 03/31/1979	23,931	23,931
Reserves:	**162,503**	**162,243**
◆ Statutory reserve	2,452	2,452
◆ Optional reserve	148,799	148,799
◆ Contingency reserve	11,252	10,992
◆ Long-term capital gains		
Results:	**60,809**	**78,476**
◆ Retained earnings	77,825	65,465
◆ Net income for the period	(17,016)	13,011
Total stockholders' equity	**654,103**	**671,509**
GRAND TOTAL	**1,326,234**	**1,396,942**
CLEARING ACCOUNTS		
Directors' shares held as management	5	5
Deposits and guarantees given	119,333	176,777
Deposits received	7,677	9,894
Other guarantees received	120,000	142,354
Trade payables	22,995	33,408
Third-party receivables for bank guarantees given		
Opening of credit facility and confirmed unused overdrafts	15,000	15,000
Variable-rate hedge	136,000	170,000
	421,010	**547,439**

4.1.2 Statement of income

(in thousands of euros)	2020/2021 Fiscal Year	2019/2020 Fiscal Year
MAIN ACTIVITY		
Gaming receipts	142,291	256,729
Services rendered	186,282	313,270
Sales of bought-in goods	2,080	5,679
Other receipts	3,342	6,749
Less: intra-group transfers	(5,237)	(12,431)
Total income from main activity	**328,758**	**569,995**
To be deducted:		
◆ Cost of purchase of bought-in goods	(1,800)	(4,192)
◆ Purchases of raw materials and supplies	(96,816)	(175,554)
◆ License fees, duties and taxes other than income tax	(19,535)	(36,042)
◆ Wages and salaries	(181,171)	(233,186)
◆ Other operating expenses	(34,105)	(26,691)
◆ Depreciation and amortization charges	(72,317)	(64,216)
Provisions:		
◆ Charges	(54,669)	(38,658)
◆ Write-backs	35,238	17,202
Total expenses from main activity	**(425,175)**	**(561,338)**
Share in proceeds from joint ventures		(96)
Net income/(loss) from main activity	**(96,416)**	**8,561**
RELATED ACTIVITIES		
Financial net income/(loss)	1,287	(3,200)
Revenues from participating interests	11,708	12,126
Provisions:		
◆ Charges	(38)	(31)
◆ Write-backs	11	12
Net income/(loss) from related activities	**12,967**	**8,908**
EXCEPTIONAL INCOME/(EXPENSES)		
Various exceptional expenses	661	574
Provisions:		
◆ Charges		(6,853)
◆ Write-backs	65,178	784
Net exceptional items	**65,839**	**(5,495)**
Losses from prior years	**594**	**1,037**
NET INCOME/(LOSS) FOR THE PERIOD	**(17,016)**	**13,011**

4.1.3 Statutory Auditors' Report

Year ended March 31, 2021

Stéphane GARINO
Chartered Accountant
2, rue de la Lüjerneta
98000 Principauté de Monaco

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

FREE TRANSLATION OF THE STATUTORY AUDITOR'S REPORT 2021

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 25, 2020 for the years 2020/2021, 2021/2022 and 2022/2023, we submit to you our report on the Financial Statements for the year ended March 31, 2021.

The worldwide crisis linked to the Covid-19 pandemic has created special conditions for the preparation and audit of this year's accounts. Indeed, this crisis and the exceptional measures taken in the context of the state of health emergency have had multiple consequences for companies, particularly on their activity and financing, as well as increased uncertainty about their future prospects. Some of these measures, such as travel restrictions and remote work, have also had an impact on the internal organization of companies and on the way audits are conducted.

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

Our audit, which was designed to allow us to express an opinion on these Financial Statements, was performed in accordance with professional auditing standards. It includes an examination of the balance sheet as of March 31, 2021 and of the Statement of Profit and Loss for the year 2020-2021.

The total balance sheet is €1,326,234 thousand. The net loss for the financial year ended March 31, 2021, is €17,016 thousand. The Shareholders' equity is worth €654,103 thousand.

These documents were prepared under the same accounting principles and methods as last year and adopted under the conditions mentioned above.

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.

As indicated in the management report prepared by your Board of Directors and the Universal Registration Document, your company has been impacted by the Covid-19 health crisis.

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, 2021 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, June 21, 2021

The Statutory Auditors

Stéphane GARINO **Jean-Humbert CROCI**

4.1.4 Statutory Auditors' Special Report

Year ended March 31, 2021

Stéphane GARINO

Chartered Accountant
2, rue de la Lüjerneta
98000 Principauté de Monaco

Jean-Humbert CROCI

Chartered Accountant
2, rue de la Lüjerneta
98000 Principauté de Monaco

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 31, 2021 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 2020-2021 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 FISCAL YEAR

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

- on September 25, 2020, the Annual General Meeting in order to approve the financial statements for the year ended March 31, 2020, to renew the mandate of a director and nominate the statutory auditors;

For this General Meeting, 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, June 21, 2021

The Statutory Auditors

Stéphane 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, 2021

ASSETS

	2020/2021 Fiscal year			2019/2020 Fiscal year
(in thousands of euros)	Gross	Depreciation, amortization and provisions	Net	Net
NON-CURRENT ASSETS				
Intangible assets	**42,134**	**32,543**	**9,591**	**8,485**
Concessions, patents & similar	40,596	32,525	8,071	6,940
Leasehold rights	18	18		
Intangible assets in progress	1,515		1,515	1,529
Payments on account	5		5	16
Property, plant & equipment	**1,838,035**	**874,436**	**963,600**	**1,014,498**
Land	122,996	38,125	84,871	84,887
Buildings	1,318,683	583,882	734,801	759,601
Industrial and technical plant	260,577	178,411	82,166	91,952
Other PP&E	129,520	74,017	55,502	63,247
PP&E under construction	5,788		5,788	13,873
Payments on account	472		472	937
Long-term investments	**214,321**	**1,121**	**213,200**	**205,317**
Participating interests	213,400	641	212,759	204,249
Other financial investments	8	8		
Loans	601	457	144	134
Other financial assets	312	15	297	934
Total non-current assets	**2,094,490**	**908,099**	**1,186,391**	**1,228,299**
CURRENT ASSETS				
Inventory	11,812	30	11,783	12,263
Payments on account – advances paid	9,155		9,155	1,106
Operating receivables	9,613	1,757	7,856	15,705
Other operating receivables	6,460		6,460	10,091
Other receivables	86,764	80,286	6,479	18,783
Cash and cash equivalent	91,789		91,789	102,937
Prepaid expenses	4,727		4,727	5,601
Total current assets	**220,320**	**82,072**	**138,248**	**166,485**
Deferred charges & unrealized foreign exchange losses	1,595		1,595	2,158
TOTAL ASSETS	**2,316,405**	**990,172**	**1,326,234**	**1,396,942**

LIABILITIES & STOCKHOLDERS' EQUITY

(in thousands of euros)	2020/2021 Fiscal year	2019/2020 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	11,252	10,992
Optional reserve	148,799	148,799
Retained earnings	77,825	65,465
Net income/(loss)	(17,016)	13,011
Investment grants	4,708	5,078
Total stockholders' equity	**658,811**	**676,587**
PROVISIONS FOR CONTINGENCIES & LOSSES		
Provisions for contingencies	21,452	7,907
Provisions for losses	40,633	36,201
Total provisions for contingencies & losses	**62,085**	**44,107**
LIABILITIES		
Bank borrowings	177,211	230,013
Other borrowings	78,244	41,123
Payments on account – advances received	19,633	21,571
Trade payables and related accounts	16,239	19,508
Tax and employee-related liabilities	82,462	83,773
Other operating liabilities	4,559	6,614
Amounts payable on PP&E	8,879	26,032
Other liabilities	17,078	30,730
Prepaid income	200,999	216,826
Total liabilities	**605,303**	**676,190**
Unrealized foreign exchange gains	35	57
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**1,326,234**	**1,396,942**

4.2.2 Statement of income

(in thousands of euros)	2020/2021 Fiscal year	2019/2020 Fiscal year
OPERATING INCOME		
Net revenues	325,363	563,273
Write-back of depreciation, amortization and provisions	35,238	17,202
Expense reclassifications	1,002	1,133
Other income	3,343	6,749
Total operating income	**364,945**	**588,357**
OPERATING EXPENSES		
Purchases of bought-in goods	(1,158)	(3,245)
Changes in inventory of bought-in goods	(639)	(945)
Purchases of raw materials and other supplies	(11,065)	(29,968)
Changes in inventory of raw materials and other supplies	175	1,559
Other purchases and external charges	(86,355)	(147,500)
Share in proceeds from joint ventures		(96)
Duties and taxes other than income tax	(19,626)	(35,813)
Wages and salaries	(135,345)	(162,603)
Employee welfare contributions and similar charges	(45,729)	(70,582)
Depreciation and amortization on fixed assets	(72,317)	(64,216)
Charges to provisions on current assets	(28,165)	(33,756)
Charges to provisions for contingencies and losses	(26,504)	(4,902)
Other charges	(34,039)	(26,689)
Total operating expenses	**(460,768)**	**(578,759)**
NET INCOME/(LOSS) FROM OPERATIONS	**(95,822)**	**9,598**
FINANCIAL INCOME		
From participating interests and marketable securities	11,708	12,126
Other interest and similar income	27	86
Foreign exchange gains	83	73
Net proceeds from sale of short-term investment securities	6,122	
Write-back of provisions	11	12
Total financial income	**17,950**	**12,298**
FINANCIAL EXPENSES		
Interest and similar charges	(4,881)	(3,270)
Foreign exchange losses	(64)	(90)
Net charges on sales of short-term investment securities		
Charges to provisions	(38)	(31)
Total financial expenses	**(4,983)**	**(3,390)**
NET INCOME/(LOSS) FROM FINANCIAL ITEMS	**12,967**	**8,908**
EXCEPTIONAL INCOME		
From non-capital transactions	286	108
From capital transactions	517	614
Write-back of provisions	65,178	784
Total exceptional income	**65,982**	**1,506**
EXCEPTIONAL EXPENSES		
On non-capital transactions		
On capital transactions	(143)	(148)
Charges to provisions		(6,853)
Total exceptional expenses	**(143)**	**(7,001)**
NET EXCEPTIONAL ITEMS	**65,839**	**(5,495)**
CORPORATE INCOME TAX		
NET INCOME/(LOSS) FOR THE PERIOD	**(17,016)**	**13,011**

4.2.3 Cash flow statement

(in thousands of euros)	2020/2021 Fiscal year	2019/2020 Fiscal year
OPERATING ACTIVITIES		
Cash flow before disposal of fixed assets	7,774	83,526
Changes in working capital requirements	(20,987)	6,486
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**(13,213)**	**90,012**
INVESTING ACTIVITIES		
Purchases of PP&E and intangible assets	(22,105)	(105,488)
Investment grants		
Changes in long-term investments and deferred charges	57,246	10,174
Proceeds from disposal of assets	148	61
Changes in amounts payable on PP&E	(17,154)	(18,260)
CASH FLOW FROM (USED IN) IN INVESTING ACTIVITIES	**18,135**	**(113,513)**
FINANCING ACTIVITIES		
Draw-downs on credit facility		(807)
Credit line repayments	(52,801)	
Dividends paid	(390)	
Share capital increase		
Changes in stable financing activities	37,121	23,571
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(16,070)**	**22,764**
CHANGE IN CASH AND CASH EQUIVALENTS	**(11,148)**	**(736)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**102,937**	**103,674**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**91,789**	**102,937**

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

Year ended March 31, 2021

Jean-Humbert CROCI	**Stéphane 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 financial statements of Société des Bains de Mer et du Cercle des Étrangers à Monaco for the year ended March 31, 2021, comprising the balance sheet, income statement and cash flow statement, as well as the notes thereto which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as of March 31, 2021 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 (ISA). 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 Note 2.1, Covid-19 Pandemic, to the financial statements setting out the impact of the Covid-19 crisis on the company's operations and the cost and treasury measures implemented by Management in response to this crisis. Our opinion is not modified in respect of this matter.

4. KEY AUDIT MATTER

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

It is in this complex and evolving context that we inform you of the key audit matters which, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our response
Valuation of SBM International securities and related receivables *(See Chapter 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). As of March 31, 2021, SBM International securities had a gross value of €1.5 million and related receivables totaled €156.6 million. Provisions previously recognized of €65.2 million as of March 31, 2020 were reversed in full during the fiscal year, following the repayment of issue premiums received from SBM International of €72.5 million and the steady improvement in BEG's results.
 	
BEG faces various risks and opportunities that could have a material impact on its value. In particular, changes in the regulatory context with respect to both online gaming and taxation could impact BEG's activity and therefore the Company's financial statements.
 	
Any impairment of BEG securities in SBM International due to these circumstances would impact the valuation of securities and 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 are 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, 2021, Management did not update the last external assessment conducted in May 2018, given the positive trend in activities since that date, which exceeds the forecasts retained in the business plan for the purposes of this assessment.
 	
The verification that the SBM International securities and related receivables are correctly valued, i.e. confirming that the recoverable amount of the securities and receivables 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 implementation of the adopted methodology and the following procedures:
	◆ with the help of our internal valuation specialists, we carried out a critical analysis of:
	  ◆ the models and calculations used to value 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 them with our own estimates,
	  ◆ prior period forecasts with the corresponding actual results to assess the reliability of the budget 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 reviewed the sensitivity analyses performed by Management and performed our own sensitivity calculations;
	◆ finally, we verified that the SBM International securities and related receivables in the Company's financial statements were correctly valued to take into account notably the repayment of issue premiums and changes in BEG's results.

Recognition of gaming revenue	
The Company's revenue totaled €325.4 million for the year ended March 31, 2021, and the gaming sector, which mainly includes table games and automatic machines, represented €144.9 million. We considered the recognition of gaming revenue to be 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 implemented by the Company to cover the risks of material misstatement that we identified for gaming revenue. Accordingly, we verified the effectiveness of the relevant controls covering the risks relating to manual counts and the recording of gaming transactions, mainly by: ◆ physically observing the procedures in gaming rooms; ◆ verifying, on a sample basis, that these relevant controls are evidenced and effective. This work was supplemented by substantive tests designed to verify, based on a sample taken 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 FOR THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French generally accepted accounting principles, and for the internal control it deems necessary for the preparation of financial statements free of 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 monitoring the company's financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated to 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 that 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 VERIFICATIONS

Information presented in the management report

We have also verified the information pertaining to the Company that corresponds to information in the Board of Director's management report approved on May 27, 2021 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.

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European Single Electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

Monaco and Paris-La-Défense, June 21, 2021

The Statutory Auditors

Jean-Humbert CROCI

Stéphane GARINO

The Contractual Auditor

Deloitte & Associés

David DUPONT-NOEL

4.3 Company results over the last five fiscal years

	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
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	325,363	563,273	460,615	405,489	394,852
Net income/(loss) after income tax, but before depreciation, amortization & provisions	9,581	104,770	44,225	19,674	19,900
Net income/(loss) after income tax, depreciation, amortization & provisions	(17,016)	13,011	(10,119)	(32,148)	(36,814)
Dividends paid to stockholders					
III – PER SHARE DATA *(in euros)*					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	0.39	4.27	1.80	0.80	0.81
Net income/(loss) after income tax, depreciation, amortization & provisions	(0.69)	0.53	(0.41)	(1.31)	(1.50)
Dividend per share					
IV – EMPLOYEES					
Number of employees as of March 31	3,013	3,677	3,501	3,322	3,224
Total payroll for the year(1) *(in thousands of euros)*	135,345	162,603	154,040	144,260	141,482
Employee benefits for the year (social security, social welfare, etc.)(2) *(in thousands of euros)*	45,729	70,582	64,938	61,048	59,738

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

4.4 Group consolidated financial statements – Synthesis

4.4.1 Consolidated statement of financial position as of March 31, 2021

ASSET

(in thousands of euros)	March 31, 2020	March 31, 2021
Goodwill	**32**	**32**
Intangible assets	**8,522**	**9,606**
Property, plant & equipment	**1,088,282**	**1,035,406**
Right-of-use asset	**18,454**	**7,846**
Equity investments	109,313	66,120
Other non-current financial assets	1,078	467
Non-current financial assets	**110,391**	**66,588**
Non-current assets	**1,225,681**	**1,119,478**
Inventory	13,582	12,905
Trade receivables	49,115	23,221
Other receivables	25,188	27,800
Other financial assets	22	20
Cash and cash equivalents	109,737	100,699
Current assets	**197,644**	**164,645**
TOTAL ASSETS	**1,423,325**	**1,284,122**

LIABILITIES & EQUITY

(in thousands of euros)	March 31, 2020	March 31, 2021
Common stock	24,517	24,517
Additional paid-in capital	214,650	214,650
Reserves	384,082	406,440
Consolidated net income for the period	26,115	(79,110)
Equity attributable to owners of the parent company	**649,364**	**566,497**
Non controlling interests (minority interests)	986	741
Equity	**650,350**	**567,238**
Financial liabilities and borrowings	190,217	141,387
Lease liabilities	11,247	4,951
Employee benefits	49,607	46,156
Provisions	7,007	11,019
Other non-current liabilities	187,061	166,665
Total non-current liabilities	**1,095,488**	**937,416**
Trade payables	25,373	20,265
Contract liabilities	33,024	25,526
Other payables	183,645	165,203
Provisions	1,004	16,150
Lease liabilities	7,489	7,558
Financial liabilities	77,303	112,003
Total current liabilities	**327,836**	**346,706**
TOTAL LIABILITIES & EQUITY	**1,423,325**	**1,284,122**

4.4.2 Consolidated statement of income

(in thousands of euros)	2019/2020 Fiscal year	2020/2021 Fiscal year
Revenue	**619,827**	**336,887**
Cost of goods sold, raw materials & other supplies	(60,563)	(26,555)
Other external charges	(139,724)	(79,772)
Taxes and similar payments	(35,877)	(19,668)
Wages and salaries	(269,359)	(209,862)
Depreciation and amortization	(77,453)	(89,251)
Other operating income and expenses	(14,214)	(15,031)
Operating income	**22,637**	**(103,251)**
Income from cash and cash equivalents	50	7
Gross finance costs	(5,079)	(6,963)
Net finance costs	**(5,029)**	**(6,956)**
Other financial income and expenses	(45)	(7)
Income tax expense		
Net income/(loss) of associates	8,740	30,866
Consolidated net income	**26,303**	**(79,349)**
Non controlling interests (minority shares)	(189)	239
CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**26,115**	**(79,110)**
Average number of shares issued	24,516,661	24,516,661
Net earnings per share *(in euros)*	1.07	(3.23)
Net diluted earnings per share *(in euros)*	1.07	(3.23)

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2019/2020 Fiscal year	2020/2021 Fiscal year
Consolidated net income	26,303	(79,349)
Items that will not be reclassified subsequently to profit or loss		
◆ Actuarial gains and losses on employee benefits (IAS 19 revised)	1,547	(1,994)
◆ 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	(144)	171
◆ Share of profit/(loss) of associates		(2)
TOTAL COMPREHENSIVE INCOME	**27,707**	**(81,174)**
Of which attributable to the owners of the parent company	27,517	(80,935)
Of which attributable to non controlling interests (minority interests)	189	(239)

4.4.3 Consolidated cash flow statement

(in thousands of euros)	2019/2020 Fiscal year	2020/2021 Fiscal year
OPERATING ACTIVITIES		
Consolidated net income attributable to owners of the parent company	26,115	(79,110)
Non controlling interest (minority interest)	189	(239)
Amortization	77,453	89,251
Net income/(loss) of associates	(8,740)	(30,866)
Portion of investment grant recorded in profit or loss	(553)	(370)
Changes in provisions	(889)	13,714
Gains and losses on changes in fair value		
Other income and expenses calculated	9	29
Capital gains and losses on disposal	116	75
Cash generated from operations	**93,700**	**(7,515)**
Net finance costs (excluding change in fair value) and income tax expense	5,029	6,956
Cash generated from operations before net finance costs and income tax expense	**98,729**	**(559)**
Tax paid		
Decrease/(increase) in WCR relating to operations	(8,608)	(9,633)
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES	**90,121**	**(10,192)**
INVESTING ACTIVITIES		
Purchase of PP&E, intangible and financial assets	(127,740)	(43,180)
Gains on disposal of PP&E and intangible assets	62	150
Impact of changes in scope of consolidation		
Change in loans and advances granted	(50)	598
Others	15,000	72,500
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	**(112,727)**	**30,068**
FINANCING ACTIVITIES		
Dividends paid	(3)	(396)
Minority contributions and changes in scope of consolidation		
Share capital increase		
Changes in stable financing activities (including credit line)	23,652	(15,660)
Lease liabilities paid	(7,155)	(7,520)
Net interest received (paid)	(3,177)	(5,338)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**13,318**	**(28,914)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(9,288)**	**(9,039)**
Cash and cash equivalents at beginning of the period	**119,025**	**109,737**
Cash restated at fair value		
Cash and cash equivalents at the end of the period	**109,737**	**100,699**
Cash and cash equivalents – Assets	109,737	100,699
Bank – Liabilities		

4.4.4 Consolidated statement of changes in equity

(in thousands of euros)	Common stock	Addtional paid-in capital	Items recognized directly in equity	Reserves and retained earnings	Equity attributable to the owners of the parent company	Non controlling interests (minority interests)	Equity
APRIL 1, 2019	**24,517**	**214,650**	**(5,088)**	**388,182**	**622,258**	**799**	**623,056**
Net income for the period				26,115	26,115	189	26,303
Other comprehensive income			1,403		1,403		1,403
Total Comprehensive income			**1,403**	**26,115**	**27,517**	**189**	**27,707**
Dividend paid						(3)	(3)
Share capital increase							
Other variations			(10)		(10)		(10)
Other variations related to associates			(401)		(401)		(401)
MARCH 31, 2020	**24,517**	**214,650**	**(4,096)**	**414,296**	**649,365**	**986**	**650,350**
Net income for the period				(79,110)	(79,110)	(239)	(79,349)
Other comprehensive income			(1,825)		(1,825)		(1,825)
Total Comprehensive income			**(1,825)**	**(79,110)**	**(80,935)**	**(239)**	**(81,174)**
Dividend paid				(390)	(390)	(6)	(396)
Share capital increase							
Other variations			15		15		15
Other variations related to associates			(1,557)		(1,557)		(1,557)
MARCH 31, 2021	**24,517**	**214,650**	**(7,462)**	**334,795**	**566,498**	**741**	**567,238**

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

Year ended March 31, 2021

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

Stéphane 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 consolidated financial statements of Société des Bains de Mer et du Cercle des Étrangers à Monaco for the year ended March 31, 2021, comprising the consolidated balance sheet, consolidated income statement, statement of comprehensive income, consolidated cash flow statement and statement of changes in equity, as well as the notes thereto which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as of March 31, 2021 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 (ISA). 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 MATTER

We draw attention to Note 3.1, Covid-19 Pandemic, setting out the impact of the Covid-19 crisis on the Group's operations and the cost and treasury measures implemented by Management in response to this crisis. Our opinion is not modified in respect of this matter.

4. KEY AUDIT MATTER

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

It is in this complex and evolving context that we inform you of the key audit matters which, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2021. 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 matter	Our response
Impairment testing 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, 2021 totaled €66.1 million and include implicit goodwill of €76.2 million. As this item cannot be amortized, an impairment test must be performed at least once a year in order to verify that this valuation exceeds the recoverable amount.
 	
BEG faces various risks and opportunities that could have a material impact on its value. In particular, changes in the regulatory context with respect to both online gaming and taxation could impact BEG's activity and therefore the Company's consolidated 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 are 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, 2021, Management did not update the last external assessment conducted in May 2018, given the positive trend in activities since that date, which exceeds the assumptions retained in the business plan for the purposes of this assessment.
 	
The verification that the BEG securities are correctly valued, i.e. confirming that the recoverable amount of the securities 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 implementation of the adopted methodology and the following procedures:
	◆ with the help of our internal valuation specialists, we carried out a critical analysis of:
	  ◆ the models and calculations used to value 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 them with our own estimates,
	  ◆ prior period forecasts with the corresponding actual results to assess the reliability of the budget 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 reviewed the sensitivity analyses performed by Management and performed our own sensitivity calculations.

Recognition of gaming revenue	
Consolidated revenue totaled €336.9 million for the year ended March 31, 2021, and the gaming sector, which mainly includes table games and automatic machines, represented €124.3 million. We considered the recognition of gaming revenue to be 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 implemented by the Company to cover the risks of material misstatement that we identified for gaming revenue. Accordingly, we verified the effectiveness of the relevant controls covering the risks relating to manual counts and the recording of gaming transactions, mainly by: ◆ physically observing the procedures in gaming rooms; ◆ verifying, on a sample basis, that these relevant controls are evidenced and effective. This work was supplemented by substantive tests designed to verify, based on a sample taken 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union, and for the internal control it deems necessary for the preparation of consolidated financial statements free of 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 group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for monitoring the Group's financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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 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 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 consolidated 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 the 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated to 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 VERIFICATIONS

Information presented in the management report

We have also verified the information pertaining to the group that corresponds to information in the Board of Director's management report approved on May 27, 2021 and contained in the Universal Registration Document in accordance with professional practices in France. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European Single Electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*).

Monaco and Paris-La-Défense, June 21, 2021

The Statutory Auditors		*The Contractual Auditor*
		Deloitte & Associés
Jean-Humbert CROCI	Stéphane GARINO	David DUPONT-NOEL

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)	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
Audit								
Certification of statutory and consolidated accounts and half-year limited review								
Issuer	300,000	290,000	76	95	85,000	100,000	85	80
Fully consolidated subsidiaries					14,550	6,170	15	5
Services other than accounts certification								
Issuer	92,214	15,366	24	5		19,200		15
Fully consolidated subsidiaries								
TOTAL FEES PAID	**392,214**	**305,366**	**100**	**100**	**99,550**	**125,370**	**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 €103,820 for fiscal year 2020/2021 and €111,240 for fiscal year 2019/2020.

	Statutory Auditor Mr. Stéphane Garino				Statutory Auditor Mr. Jean-Humbert Croci				Statutory Auditor Mr. André Garino			
	Amount excluding taxes		%		Amount excluding taxes		%		Amount excluding taxes		%	
(in euros)	2020/2021	2019/2020	20/21	19/20	2020/2021	2019/2020	20/21	19/20	2020/2021	2019/2020	20/21	19/20
Audit												
Certification of statutory and consolidated accounts and half-year limited review												
Issuer	42,500		94		42,500	42,500	79	87		57,500		75
Fully consolidated subsidiaries	2,950		6		11,600	6,170	21	13				
Services other than accounts certification										19,200		25
TOTAL FEES PAID	**45,450**		**100**		**54,100**	**48,670**	**100**	**100**		**76,700**		**100**

5

ORDINARY GENERAL MEETING HELD ON SEPTEMBER 24, 2021

5.1 Agenda

- Report of the Board of Directors
- Reports of the Statutory Auditors and Contractual Auditor on financial statements as of March 31, 2021
- Approval of the fiscal 2020/2021 Parent Company financial statements
- Approval of the fiscal 2020/2021 Group consolidated financial statements
- Discharge of all Directors from any liabilities with respect to the performance of their mandate
- Appropriation of earnings for the year ended March 31, 2021
- Ratification of a Director
- Renewal of Directors
- 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 24, 2021. 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 24, 2021 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, 2021 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, 2021, which show a loss of -€17,016,167.94.

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 loss (Group share) of -€79,110,000.

DISCHARGE TO ALL CURRENT DIRECTORS (3RD RESOLUTION)

You are asked to grant discharge to all current Directors with respect to their management during the 2020/2021 financial year.

ALLOCATION OF PROFITS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021 (4TH RESOLUTION)

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

The proposed profit allocation is as follows:

- after noting that the company's net loss for the year ended March 31, 2021 amounts to -€17,016,167.94 and that retained earnings amount to €77,825,101.80;
- hence net income available for appropriation amounting to €60,808,933.86;
- propose to allocate the total net income for appropriation, i.e. an amount of €60,808,933.86 to retained earnings.

RATIFICATION OF MRS. BRIGITTE BOCCONE-PAGÈS' TERM OF OFFICE AS A DIRECTOR (5TH RESOLUTION)

It is proposed that you ratify the appointment of Mrs. Brigitte Boccone-Pagès to the Board of Directors, appointed by the Shareholders' General Meeting, effective as of October 1, 2020.

Mrs. Brigitte Boccone-Pagès was co-opted under the conditions of Article 12 of the Bylaws at the Board of Directors meeting of October 1, 2020.

In accordance with the provisions of Article 12 of the Bylaws, the term of office of Mrs. Brigitte Boccone-Pagès will expire at the close of the Shareholders' Ordinary General Meeting to beheld to approve the financial year 2025/2026.

The purpose of the **fifth resolution** is to ratify her appointment to the Board of Directors.

RENEWAL OF MR. PIERRE SVARA'S TERM OF OFFICE AS A DIRECTOR (6TH RESOLUTION)

Mr. Pierre Svara'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 for a period which would expire at the close of the Shareholders' Ordinary General Meeting to be held to approve the financial year 2026/2027 in accordance with Article 12 of the Bylaws.

Mr. Pierre Svara was appointed as a member of the Company's Board of Directors by the General Meeting held in July 2009.

He also holds various appointments and positions within the Group's affiliates:

- Chairman of MC Financial Company;
- Director of Société Hôtelière du Larvotto;
- Member of the Board of Directors' Appointments and Remuneration Committee.

RENEWAL OF UFIPAR SAS AS A DIRECTOR, WITH MR. NICOLAS BAZIRE AS PERMANENT REPRESENTATIVE (7TH RESOLUTION)

UFIPAR SAS, a wholly owned affiliate of the LVMH Moët Hennessy – Louis Vuitton Group, with Mr. Nicolas Bazire as a permanent representative's term of office as a Director expires at the close of this Shareholders' General Meeting.

The **seventh resolution** is to propose that you renew UFIPAR SAS term of office of for a period which would expire at the close of the Shareholders' Ordinary General Meeting to be held to approve the financial year 2026/2027 in accordance with Article 12 of the Bylaws.

The permanent representative of UFIPAR SAS will be Mr. Nicolas Bazire.

Mr. Nicolas Bazire is member of the Board of Directors' Finance and Audit Committee.

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 2020/2021 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 25, 2020 gave such an authorization for an 18-month period as from the date of said Meeting, i.e. until March 25, 2022. 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 25, 2020, 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 €90 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 24, 2021;
- 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, 2021

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, 2021, 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, 2021

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, 2021, as presented to it, and the transactions reflected in the financial statements and summarized in these reports.

THIRD RESOLUTION

DISCHARGE TO ALL CURRENT DIRECTORS

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

FOURTH RESOLUTION

ALLOCATION OF PROFITS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

■ notes that the loss for the 2020/2021 financial year amounts to	-€17,016,167.94
■ notes that the retained earnings amount to	€77,825,101.80
hence, net income available for appropriation amounts to	€60,808,933.86
■ decides to appropriate the resulting total:	
– to retained earnings	€60,808,933.86

FIFTH RESOLUTION

RATIFICATION OF MRS. BRIGITTE BOCCONE-PAGÈS' TERM OF OFFICE AS A DIRECTOR

The Shareholders' General Meeting ratifies Mrs. Brigitte Boccone-Pagès' term of office as a Director.

Mrs. Brigitte Boccone-Pagès' term of office will expire at the Shareholders' Ordinary General Meeting to be held to approve the financial statements for the financial year 2025/2026, in accordance with Article 12 of the Bylaws.

SIXTH RESOLUTION

RENEWAL OF MR. PIERRE SVARA'S TERM OF OFFICE AS A DIRECTOR

The Shareholders' General Meeting renews Mr. Pierre Svara's term of office as a Director.

Mr. Pierre Svara's term of office will expire at the Shareholders' Ordinary General Meeting to be held to approve the financial statements for the financial year 2026/2027, in accordance with Article 12 of the Bylaws.

SEVENTH RESOLUTION

RENEWAL OF UFIPAR SAS AS A DIRECTOR, WITH MR. NICOLAS BAZIRE AS PERMANENT REPRESENTATIVE

The Shareholders' General Meeting appoints UFIPAR SAS as a Director, with Mr. Nicolas Bazire as permanent representative.

UFIPAR SAS' term of office will expire at the Shareholders' Ordinary General Meeting to be held to approve the financial statements for the financial year 2026/2027, in accordance with Article 12 of the Bylaws.

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 2020/2021 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 €90 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 24, 2021;
- 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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MONTE-CARLO
SOCIÉTÉ DES BAINS DE MER

CASINOS

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

HOTELS, RESTAURANTS & SEASIDE ACTIVITIES

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
Jimmy'z Monte-Carlo
La Rascasse
Thermes Marins Monte-Carlo
Monte-Carlo Beach Club

RESIDENTIAL

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

SHOPPING, SHOWS & SPORTING ACTIVITIES

Promenade Monte-Carlo Shopping
Salle Garnier – Opéra de Monte-Carlo
Sporting Monte-Carlo – Salle des Étoiles
Monte-Carlo Country Club
Monte-Carlo Golf Club

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

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