



## *Board of Directors' Report*

*Ordinary General Meeting September 27, 2023*



# MONTE•CARLO

## SOCIÉTÉ DES BAINS DE MER

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

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## BOARD OF DIRECTORS' REPORT

*Ordinary General Meeting September 27, 2023*

*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](http://www.montecarlosbm.com)



## Board of Directors

### **Chairman**

Mr. Stéphane VALERI

### **Directors**

Mrs. Agnès FALCO

Mrs. Marie-Pierre GRAMAGLIA

Mr. Troy Fraser HICKOX

Mr. Alexandre KEUSSEOGLOU

Mr. Thierry LACOSTE

Mr. Fabrice LARUE

Mr. Christophe NAVARRE

Mr. Laurent NOUVION

Mr. Pierre SVARA

UFIPAR SAS (permanent representative: Mr. Nicolas BAZIRE)

## Executive Management

### **Chairman and Chief Executive Officer**

Mr. Stéphane VALERI

### **Deputy Chief Executive Officer**

Mr. Albert MANZONE

### **General Secretary**

Mrs. Virginie COTTA

### **Chief International Development Officer**

Mr. Pascal CAMIA

## 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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# 1

## MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

*After two years severely impacted by the health crisis, business recovered strongly in 2022/2023. Despite a financial year that continued to be affected by the contrasting economic climate and uncertain international situation, the S.B.M. Group posted outstanding economic performance, driven by a strong showing across all business lines.*

*With 26% revenue growth compared with fiscal year 2021/2022, your Company and its subsidiaries booked an operating profit for fiscal year 2022/2023 of €72.2 million, an increase of €36.8 million on the previous year (€35.4 million).*

*With the health situation now looking more favourable, this positive growth in operational performance was seen across all business lines (gaming, hotels, rental), despite the unstable global economy and the consequences of the Russia-Ukraine conflict.*

*This performance is driven not just by significant revenue growth, but also by improved cost controls. The S.B.M. Group is continuing the efforts made during the health crisis to optimise its costs, including by cutting operating expenses and adjusting its expenditure to better reflect seasonal fluctuations.*

*This success is shared with my predecessor, Jean-Luc Biamonti, who worked hard to ensure our Group remains in sound economic and financial health.*

*The S.B.M. Group has also continued with its program of investments, in line with the policy adopted in previous years, including ongoing major renovations at the Café de Paris which began in 2021/2022. The work will be completed in the autumn despite overrunning the initial delivery date by a few months, no doubt owing to the overly optimistic initial projections. The newly refurbished venue will expand the existing F&B offering on Place du Casino, and boost our commercial rental income.*

*In addition, IT masterplan projects aimed at improving our knowledge and customer pathway were ongoing as of March 31, 2023. They will continue under the supervision of a new Chief Information Officer.*

*Since I assumed my duties on January 24, 2023, the members of the Board of Directors are now consulted more regularly on all of our Group's long-term strategic decisions.*

*I should also remind you that, since May 2009, the S.B.M. Group had held a participating interest in Betclix Everest Group (BEG), an online gambling group. Through our subsidiary Monte-Carlo SBM International S.à.r.l., we transferred the entirety of our 47.30% stake in BEG to the company FL Entertainment, through a sale and contribution transaction conducted on June 30, 2022. The transaction was carried out partly in cash, and partly in the form of FL Entertainment shares, with Monte-Carlo SBM International S.à.r.l. now holding 4.95% of the voting rights and 10.39% of the economic rights in that company, which has been listed on the Euronext Amsterdam regulated market since July 1, 2022. As a result of the transaction, the S.B.M. Group's consolidated statements for fiscal year 2022/2023 showed an extraordinary profit of €813.5 million, plus an additional €15.6 million corresponding to the share of positive earnings for the period pre-dating the contribution and transfer deal.*

*The transaction has therefore given the S.B.M. Group the financial resources to continue its development strategy in the Principality of Monaco, and now internationally.*

*You are also informed that, on February 15, 2023, Mr. Fabrice Larue was co-opted by the Board of Directors of the Monte-Carlo Société des Bains de Mer Group. You are invited to ratify his appointment as a Director of the company. With over 40 years' experience in the media, entertainment, branding and content industry, Mr. Fabrice Larue is already providing the Monte-Carlo Société des Bains de Mer Group with the benefit of his considerable expertise.*

*Of course, we owe this historic resurgence in your Company's business not merely to the big changes in customer behaviours during the post-Covid period, but above all to the Group's staff, whose sterling work has enabled us to meet the targets set with the Board. On behalf of myself and the whole Board of Directors, I want to congratulate all of the teams at the Monte-Carlo Société des Bains de Mer Group on their professionalism and commitment.*

**Stéphane Valeri**

Chairman and Chief Executive Officer





HERMITAGE

HOTEL HERMITAGE

Salvatore Ferragamo

Salvatore Ferragamo





# 2

## KEY FIGURES

### Key figures related to the last three fiscal years

<i>(in million of euros)</i>	2020/2021 Fiscal year	2021/2022 Fiscal year	2022/2023 Fiscal year
<b>CONSOLIDATED FIGURES</b>			
Consolidated revenue	336.9	530.5	667.0
Operating income before depreciation and amortization	(14.0)	111.6	145.3
Operating income	(103.3)	35.4	72.2
Consolidated net income attributable to the owners of the parent company	(79.1)	76.4	896.2
Comprehensive income attributable to the owners of the parent company	(80.9)	82.8	880.5
Cash generated from operations <sup>(1)</sup>	(7.5)	99.7	131.6
Purchase of PP&E and intangible assets	43.2	23.8	95.6
Equity	567.2	653.1	1,509.9
Net Debt/(Cash position) <sup>(1)</sup>	129.9	(30.0)	(276.5)
Average number of employees	3,664	3,718	4,166
Market share price as of fiscal year's last day <i>(in euros)</i>	63.40	65.20	91.80
<b>GAMING SECTOR FIGURES</b>			
Casinos operated (number of permanent establishments at the end of the period)	3	2	2
Consolidated revenue (gross gaming revenue)	124.3	200.8	215.4
Operating income	(46.9)	9.5	10.8
<b>HOTEL SECTOR FIGURES</b>			
Hotels operated	5	5	5
Accommodation capacity (average number of rooms available)	1,070	1,242	1,249
Occupancy rate (average rate including Le Méridien Beach Plaza) <sup>(2)</sup>	26.0%	44.7%	59.0%
Consolidated revenue	109.0	213.3	325.1
Operating income	(61.7)	(19.2)	20.2
<b>RENTAL SECTOR FIGURES</b>			
Consolidated revenue	106.2	117.6	124.8
Operating income	71.9	84.4	91.3

(1) Cash generated from operations and net debt are defined in the "Document d'enregistrement universel" 2023 in Chapter 4.1.5.

(2) The number of rooms in establishments closed from mid-March 2020 and in the first quarter of the fiscal year 2020/2021 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, 2021, 2022 and 2023.



# 3

## ANALYSIS OF THE FINANCIAL POSITION AND ACTIVITY OF S.B.M. GROUP DURING FISCAL YEAR 2022/2023

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## Introduction to the analysis of the financial position of S.B.M. Group during fiscal year 2022/2023

Business recovered substantially in fiscal year 2022/2023 after two years heavily impacted by the health crisis. Despite a year still marked by a contrasted economic environment and an agitated international context, the S.B.M. Group delivered an outstanding business performance driven by all activity sectors.

Société des Bains de Mer and its subsidiaries reported consolidated revenue of €667 million for the fiscal year 2022/2023, compared with €530.5 million in 2021/2022. This improvement of 26% across the year as a whole is the result of higher revenue across all business sectors with:

- a +7% increase for the gaming sector;
- a +52% surge for the hotel sector;
- a +6% rise for the rental sector.

As a reminder, the first quarter of the previous year (April to June) was still very severely impacted by the unprecedented nature of the health crisis (with the Rolex Monte-Carlo Master's tennis tournament played behind closed doors and limited attendees at the Formula 1 Grand Prix), as well as restrictions on access to venues during part of the period (with a curfew until June 25, 2021). The 2021 summer season (July to September) then saw an upturn in activity.

The initial signs of an improvement in activity observed in the previous year were fully confirmed in fiscal year 2022/2023 with the removal of all health restrictions and all S.B.M. Group establishments operating normally.

Since the start of 2022/2023, traditional events such as the Rolex Monte-Carlo Master's tennis tournament and the Formula 1 Grand Prix have taken place under normal conditions due to the favorable health context. Following the return of certain international clients and the full operation of seasonal establishments, especially festive venues (e.g. Buddha Bar, Coya, Jimmy'z, Rascasse, Monte-Carlo Beach), the summer season was very successful, particularly in the hotel sector, with an increase in the number of visitors to all S.B.M. Group establishments and a surge in average

prices in the accommodation segment and, to a lesser extent, in the catering segment. This favorable mix effect, combined with controlled operating expenses and strict management of staffing requirements, helped improve hotel sector margins and offset the impacts of general price trends in a particularly inflationary context.

The S.B.M. Group's operating profit was therefore €72.2 million compared to €35.4 million the previous fiscal year, an improvement of €36.8 million.

This favorable trend in operating performance was reported across all S.B.M. Group business sectors.

It is reminded that the S.B.M. Group has held a stake in the capital of Betclac Everest Group ("BEG"), an online gaming group, since May 2009.

The S.B.M. Group, through its subsidiary Monte-Carlo SBM International S.à.r.l. had transferred the full ownership of 47.30% it held in Betclac Everest Group (BEG) to FL Entertainment N.V., by means of a disposal and contribution of assets conducted on June 30, 2022.

The transaction valued SBM International's stake in BEG at €850 million. Half of this price was paid in cash with the other half in the form of shares in FL Entertainment, giving SBM International 4.95% of the voting rights and 10.39% of the economic interests in the company. FL Entertainment is listed on the Euronext Amsterdam regulated market since July 1, 2022.

This transaction resulted in the recognition of an exceptional profit of €813.5 million on S.B.M. Group's consolidated financial statements for the fiscal year 2022/2023. The S.B.M. Group also accounted for a positive share of income from BEG of €15.6 million in fiscal year 2022/2023, in relation with the period predating the sale, i.e. April 1 to June 30, 2022.

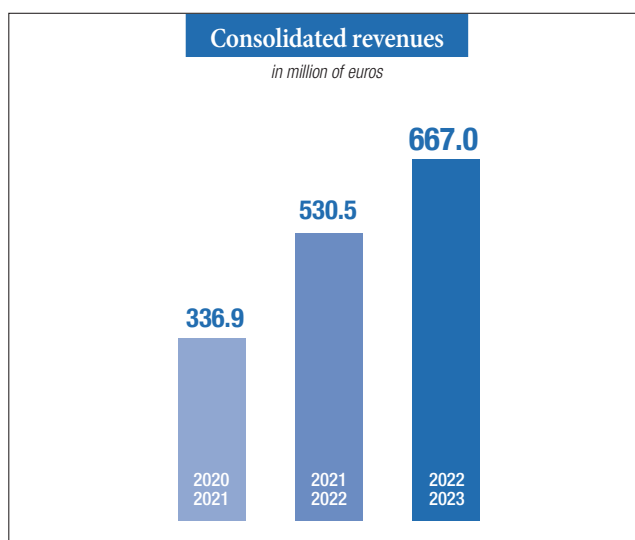
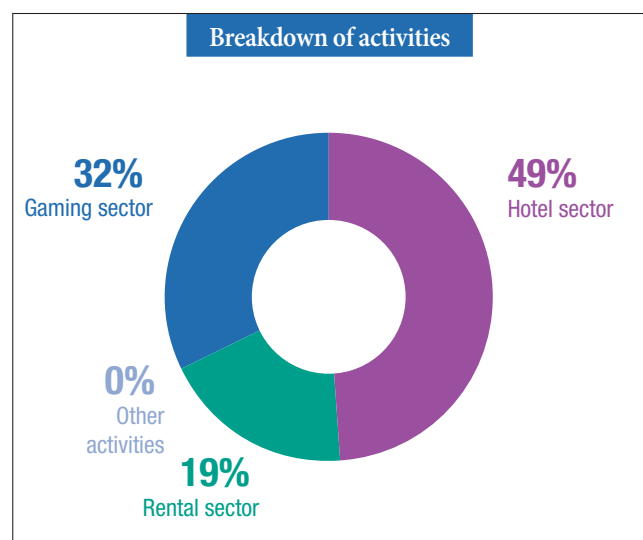
The S.B.M. Group's net consolidated income stood at €896.2 million compared to €76.4 million for fiscal year 2021/2022, i.e. a +€819.9 million increase.

## 3.1 Presentation of fiscal year 2022/2023 results

### 3.1.1 Highlights of activity in fiscal year 2022/2023

S.B.M. Group reported consolidated revenue of €667 million for fiscal year 2022/2023 compared to €530.5 million for fiscal year 2021/2022, an increase of 26%.

Consolidated revenue by business segment (in million of euros)	2020/2021	2021/2022	2022/2023	Variation (in million of euros)
Gaming Sector	124.3	200.8	215.4	14.6
Hotel Sector	109.0	213.3	325.1	111.8
Rental Sector	106.2	117.6	124.8	7.2
Other Activities	4.6	9.3	12.7	3.4
Internal transfers	(7.2)	(10.4)	(11.0)	(0.6)
<b>CONSOLIDATED REVENUES</b>	<b>336.9</b>	<b>530.5</b>	<b>667.0</b>	<b>136.5</b>



This €136.5 million increase in revenue reflects the long-term business recovery despite an ongoing unstable economic and international context. The revenue increase was due to improved takings in all business sectors, particularly the hotel sector, where activity was still heavily affected by the impacts of the health crisis in Q1 2021/2022 (April to June). The health crisis had hindered spring events in the Principality, with the staging of the Rolex Monte-Carlo Master's tennis tournament behind closed doors and limited attendees at the Formula 1 Grand Prix. In fiscal year 2022/2023, the gradual long-term improvement in the health context led to the return of major events under normal conditions and a particularly successful summer season in terms of activity.

The gaming sector achieved revenue of €215.4 million, compared with €200.8 million in 2021/2022. This 7% growth is essentially due to improved table games revenue at the Casino de Monte-Carlo, with a year-on-year increase of €8 million. Despite an improvement

in coin-in, slot machines revenue fell slightly as a result of payouts at the Casino Café de Paris, in particular. Revenues from gaming-related activities (catering, bar, entrance fees and retail) bounced back strongly, as a direct consequence of the casinos' increase in attendance compared with the previous year.

Hotel revenue was €325.1 million compared with €213.3 million in 2021/2022, a year-on-year significant increase of €111.8 million. As a reminder, the first quarter of the previous year (April to June) was still very severely impacted by the travel restrictions and health rules that were then still in place as well as restrictions on access to establishments. Over fiscal year 2022/2023, the return to a stable, more favourable health situation allowed the main springtime events to be held without any restrictions, while all of the Group's establishments were able to operate normally. The summer season was particularly positive, with some international clients returning.

The rental sector, which combines boutiques and office leasing together with the activities of the Monte-Carlo Bay, the Balmoral, the Villas du Sporting and the One Monte-Carlo, reported revenue of €124.8 compared with €117.6 million for the previous year, an increase of 6%. The increase is mainly due to the rise in residential leasing activities following the gradual release of spaces in the One Monte-Carlo, and the application of contractual rent rises.

Finally, other activities accounted for annual consolidated revenue of €12.7 million, compared with €9.3 million for the previous year, an increase of €3.4 million, largely due to the fact that the Monte-Carlo Rolex Masters tennis tournament went ahead under normal operating conditions, having been played behind closed doors the year before.

### 3.1.2 Analysis of fiscal year 2022/2023 operating results by sector

The developments in the various business sectors – gaming, hotel and rental – are analyzed below for the year ended March 31, 2023.

#### GAMING SECTOR

The gaming sector achieved revenue of €215.4 million, compared with €200.8 million in 2021/2022. Revenue improved in the table games, catering and other activities segments, due to a first-quarter business turnaround following the easing of restrictions relating to the health crisis and the return of certain clients (particularly for table games).

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)		2020/2021	2021/2022	2022/2023	%
43%	Table games	41.2	85.7	93.7	9%
50%	Slot machines	79.6	108.9	107.4	(1)%
7%	Other activities	3.4	6.2	14.3	130%
<b>100%</b>	<b>TOTAL GAMING SECTOR</b>	<b>124.3</b>	<b>200.8</b>	<b>215.4</b>	<b>7%</b>

The **table games** sector reported revenue of €93.7 million in fiscal year 2022/2023 compared to €85.7 million the previous year, an increase of +€8.1 million or +9%.

It is reminded that table games activity had been affected in the first quarter of last year by the health crisis and its repercussions on client behavior, particularly the impacts of transport and travel restrictions. Business had been hindered by the lack of traditional international clientele.

Therefore, overall in fiscal year 2022/2023, the drop increased +21% and the hold (receipts/betting ratio) decreased by 2.6 points to 16.9%.

The main trends are as follows:

- the Monte-Carlo Casino mainly operates European games. In fiscal year 2022/2023, the establishment's table game receipts rose by €8 million compared to the previous year. Texas Holdem Ultimate takings increased by €8.4 million year-on-year with more players and a favorable environment with a hold rate of 23% compared to 20.6% in the previous year. English Roulette and European Roulette takings rose by +4% and +6%,

respectively, compared to last year. Finally, Punto Banco takings dropped by €3.2 million due to a substantial decline in the hold rate by 8.8 points to 5.5% compared to last year;

- Café de Paris Casino table game operations generated revenue of €3.7 million for the year, up +€0.1 million compared to the previous year.

Business slipped slightly in the **slot machines** sector, with revenue falling -€1.6 million (-1%) to €107.4 million in fiscal year 2022/2023, compared to €108.9 million in the previous year.

Monte-Carlo Casino slot machine takings rose €2.9 million year-on-year due to the success of the "1889" room. This room, open to High Rollers since October 2020, is part of the S.B.M. Group's strategy to reorganize floors by type of clientele.

Café de Paris Casino revenue dropped by -€4.5 million compared to the previous year. While the betting volume rose by +9%, the -0.7 point decline in the hold rate compared to 2021/2022 had a negative impact on takings. The rise in the number of players is also of note, up 2% compared to fiscal year 2021/2022.



The receipts of other activities totaled €14.3 million, up +€8.1 million compared to the previous year. This major increase was primarily due to the catering activity, with revenue of €8.1 million, up +€3.6 million year-on-year and receipts at the Monte Carlo Casino, with revenue of €4.2 million, up +€2.8 million compared to the previous year. Gift Shop revenue totaled €1.1 million, up +€0.9 million compared to fiscal year 2021/2022, in line with the higher number of Monte-Carlo Casino visitors.

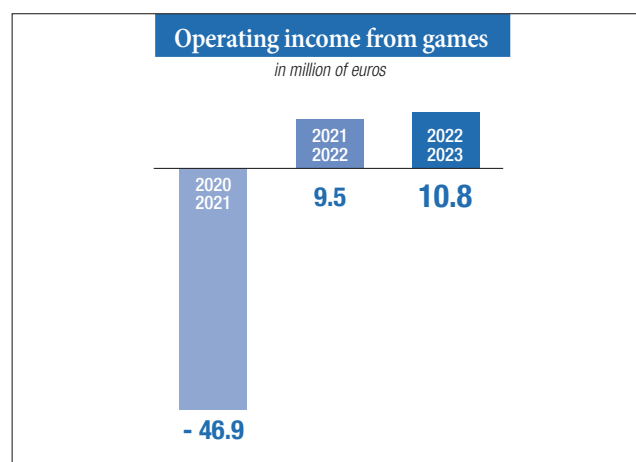
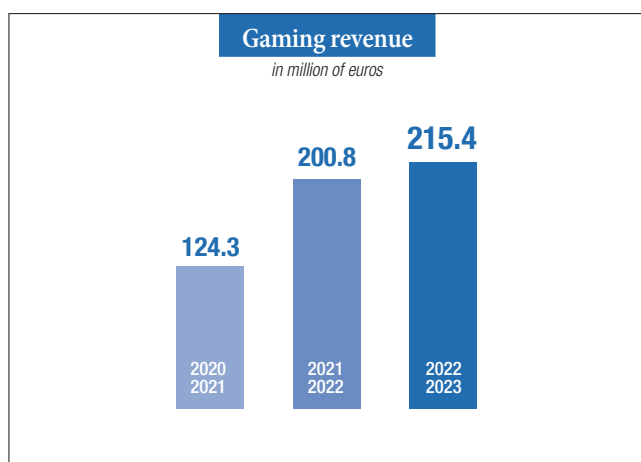
For the **entire gaming sector**, operating income before depreciation and amortization amounted to €17.1 million in fiscal year 2022/2023 compared to €16 million last year, an improvement of +€1.1 million.

Despite a €24.5 million decline in revenue, operating income before depreciation and amortization increased by €14.5 million compared to fiscal year 2019/2020.

After taking into account the depreciation and amortization charge, the gaming sector reported an operating profit of €10.8 million for fiscal year 2022/2023 compared to €9.5 million the previous year.

Earnings improved due to the increase in table games segment revenue and better operational cost control in the gaming sector.

3



## HOTEL SECTOR

Hotel revenue was €325.1 million compared to €213.3 million in 2021/2022, a year-on-year increase of €111.8 million. As a reminder, the first quarter of 2021/2022 (April to June) was still heavily impacted by the health crisis and the curfew which continued until June 25, 2021 in the Principality of Monaco. In 2022/2023, all S.B.M. Group hotels and catering outlets operated normally with no health restrictions due to the improvement in the health context since March 2022. All S.B.M. Group hotels reported business growth compared to the previous year due to the combined effect of greater visitor numbers, mainly driven by the return of certain international clients, and higher average prices.

The business recovery that began in the previous year following the removal of health restrictions was therefore confirmed in fiscal year 2022/2023, resulting in a particularly successful summer season. This favorable trend also continued in the second half of the year (October to March).

Hotel sector revenue increased by +52% or +€111.8 million compared to last year:

- Hôtel de Paris revenue totaled €79.9 million, up sharply by +€20.7 million on the previous year due to a substantial increase in the number of individual clients and particularly international individual clients and a considerable rise in average prices;
- Hôtel Hermitage revenue also rose sharply to €58.3 million, up €25.1 million compared to fiscal year 2021/2022. Business grew due to a greater number of visitors and higher average prices in the accommodation segment, the return of the “Banquets” activity in catering and the impact of the full-year opening of Yannick Alléno’s Pavillon Monte-Carlo restaurant;
- Monte-Carlo Bay Hotel & Resort revenue increased by €15.5 million due to a favorable mix effect in the accommodation segment;
- Le Méridien Beach Plaza revenue also rose sharply to €42.1 million, up €19.2 million compared to fiscal year 2021/2022.

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

Hotel revenue (in million of euros)		2020/2021	2021/2022	2022/2023	%
47%	Accommodation	46.2	95.8	152.6	59%
41%	Catering	45.2	90.2	133.4	48%
12%	Other activities	17.5	27.3	39.1	43%
<b>100%</b>	<b>TOTAL HOTEL SECTOR</b>	<b>109.0</b>	<b>213.3</b>	<b>325.1</b>	<b>52%</b>

The S.B.M. Group's **accommodation** revenue stood at €152.6 million, compared to €95.8 million for fiscal year 2021/2022.

Accommodation activity revenue rose significantly by +59% year-on-year. The first quarter of 2021/2022 (April to June) was heavily impacted by ongoing travel restrictions and health regulations, as well as limited access to the establishments, all due to the health crisis.

The hotel sector occupancy rate was 59%, compared to 45% for fiscal year 2021/2022, due to the end of the health crisis and the staging of major events such as the Rolex Monte-Carlo Master's tennis tournament, the Formula 1 Grand Prix and the Monte-Carlo Sporting Summer Festival, as well as the return of certain international clients.

The following are some of the accommodation indicators for the entire S.B.M. Group:

- the occupancy rate rose sharply to 59% compared to 45% in fiscal year 2021/2022, in line with pre-health crisis standards;
- average accommodation prices rose considerably by 20% in all five establishments, reflecting a strategy focused on higher rates for all room categories, and boosted by the return of certain international clients, particularly from North America;
- client segmentation by geographical origin was heavily impacted by the return to a favorable health situation and the removal of all travel restrictions that had been previously imposed due to the pandemic. The North American and UK markets accounted for the highest increases with 18% and 10% of accommodated clients, respectively, compared to 12% and 8% in the previous year. French clients continued to dominate the segment, accounting for 22% of S.B.M. Group hotel clients, down 5 points compared to fiscal year 2021/2022. Finally, due to the Russian-Ukrainian conflict, the percentage of Russian clients fell 3 points compared to the previous year.

**Catering** activity revenue totaled €133.4 million, compared to €90.2 million the previous year, i.e. a €43.2 million increase, including €37.5 million in the first half-year alone (April to September). In the same way as the accommodation sector, the catering sector therefore enjoyed favorable business trends, benefitting from the end of the health crisis, major events in the Principality of Monaco,

a successful summer season and the return of banquet, caterer and private event activities that had been particularly affected by the pandemic. In contrast to last year when health restrictions were still in place in the first quarter, all S.B.M. Group catering outlets, particularly festive and seasonal venues (Buddha Bar, Coya, Jimmy'z, Monte-Carlo Beach, Rascasse), were able to operate normally.

847,000 meals were served across the entire S.B.M. Group in fiscal year 2022/2023, i.e. an increase of 183,000 on last year. Boosted by the substantial improvement in accommodation activity, the number of visitors to catering outlets rose primarily at Le Méridien Beach Plaza (+36,000 meals served), Monte-Carlo Bay Hotel & Resort (+36,000 meals served), the Hôtel Hermitage (+32,000 meals served) and the Hôtel de Paris (+18,000 meals served). All S.B.M. Group catering outlets recorded a higher number of meals served, except for the Café de Paris (-12,000 meals served), whose famous brasserie was operated from the Salle Empire at the Hôtel de Paris throughout 2022/2023 following the start of refurbishments in March 2022.

Across all establishments, the average price per meal rose by 9% compared to the previous year, mainly due to a change in the mix of visits to the various establishments and the return of international clients.

Revenue from **other activities** in the hotel sector rose by 43% to €39.1 million for fiscal year 2022/2023, versus €27.3 million the previous year.

For the **entire hotel sector**, operating income before depreciation and amortization amounted to €57.4 million for fiscal year 2022/2023, compared to €19.8 million for fiscal year 2021/2022, an increase of €37.6 million.

In addition to the considerable rise in activity compared to last year, hotel sector earnings also improved due to ongoing cost cutting measures and strict management of staffing requirements, particularly permanent employees, in a context still marked by economic and geopolitical instability.

After taking into account depreciation and amortization charges, hotel sector operating income amounted to €20.2 million for fiscal year 2022/2023, compared to a loss of -€19.2 million the previous year.



## RENTAL SECTOR

The rental sector reported revenue of €124.8 million for fiscal year 2022/2023, compared to €117.6 million for the previous year, an increase of 6%.

Rental revenue (in million of euros)	2020/2021	2021/2022	2022/2023	%
59% Commercial rental	63.7	69.3	73.4	6%
41% Residential rental	42.5	48.3	51.4	6%
<b>100% TOTAL RENTAL SECTOR</b>	<b>106.2</b>	<b>117.6</b>	<b>124.8</b>	<b>6%</b>

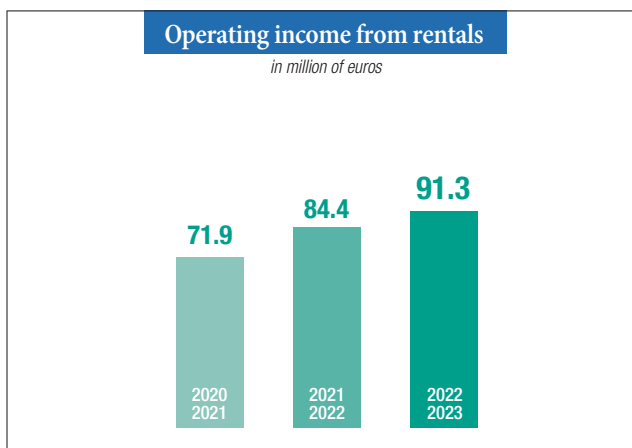
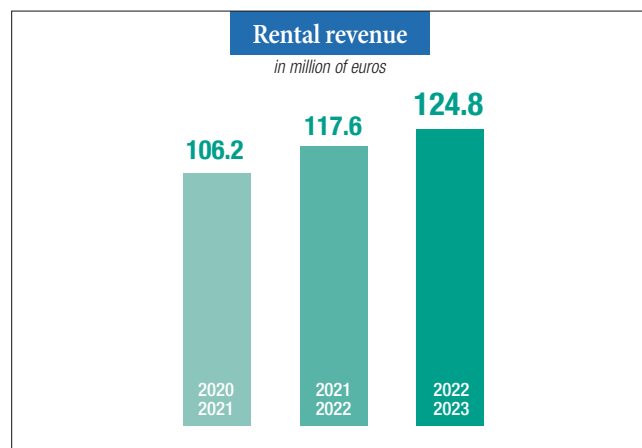
Revenue from the **commercial rental** segment, which combines the leasing of boutiques and office space, totaled €73.4 million for fiscal year 2022/2023, compared to €69.3 million the previous year. This 6% increase was mainly due to the contractual application of boutique lease indexations and the ongoing rental of remaining office space at One Monte-Carlo.

Revenue from the **residential rental** segment totaled €51.4 million, up €3.1 million year-on-year. This 6% rise was primarily attributable to the continued signing of new leases for One Monte-Carlo apartments, as well as the contractual application of lease indexations for all rental properties. Revenue from the

Balmoral Residence declined as one of the apartments remained unoccupied for some time.

For the **rental sector as a whole**, operating income before depreciation and amortization amounted to €112.5 million for fiscal year 2022/2023, compared to €106.1 million the previous year, up by €6.4 million.

Taking into account the depreciation and amortization charge, operating income for the rental sector stood at €91.3 million, compared to €84.4 million the previous year, for an increase of €6.9 million.



### 3.1.3 2022/2023 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, 2022 and March 31, 2023:

#### CONSOLIDATED STATEMENT OF INCOME

<i>(in thousands of euros)</i>	2021/2022 Fiscal year	2022/2023 Fiscal year
<b>Revenue</b>	<b>530,514</b>	<b>666,987</b>
Cost of goods sold, raw materials & other supplies	(45,573)	(63,101)
Other external charges	(107,418)	(135,807)
Taxes and similar payments	(31,809)	(31,893)
Wages and salaries	(228,879)	(292,788)
Depreciation and amortization	(76,202)	(73,116)
Other operating income and expenses	(5,274)	1,894
<b>Operating income</b>	<b>35,358</b>	<b>72,175</b>
Income from cash and cash equivalents	11	1,766
Cost of debt	(5,149)	(4,956)
<b>Cost of net debt</b>	<b>(5,138)</b>	<b>(3,190)</b>
Other financial income and expenses	(94)	(1,947)
Other income/(loss) related to investment accounted for using equity method (including net income/(loss) of associates)	46,227	829,177
Income tax expense		
<b>Consolidated net income</b>	<b>76,352</b>	<b>896,215</b>
Non controlling interests (minority shares)		
<b>CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>	<b>76,352</b>	<b>896,215</b>
Average number of shares issued	24,516,661	24,516,661
Net earnings per share <i>(in euros)</i>	3.11	36.56
Net diluted earnings per share <i>(in euros)</i>	3.11	36.56

#### STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	2021/2022 Fiscal year	2022/2023 Fiscal year
<b>Consolidated net income</b>	<b>76,352</b>	<b>896,215</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
♦ Actuarial gains and losses on employee benefits (IAS 19 revised)	5,087	4,498
♦ Share of profit/(loss) of associates		
♦ Gains and losses on the remeasurement of financial assets		(21,250)
<b>Items that may be reclassified subsequently to profit or loss</b>		
♦ Gains and losses on the remeasurement of financial instruments	468	394
♦ Share of profit/(loss) of associates	868	638
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>82,775</b>	<b>880,496</b>
of which attributable to the owners of the parent company	82,775	880,496
of which attributable to non controlling interests (minority interests)		

“Cost of goods sold” and “Other external charges” increased by €17.5 million and €28.4 million, respectively, due to the increase in activity.

The rise in “Taxes and similar payments” was due to the increase in the games licensing fee following business growth in this sector, as described in 3.1.2.

“Wages and salaries” in fiscal year 2022/2023 increased by €63.9 million compared to the previous year.

The main reasons for this evolution are as follows:

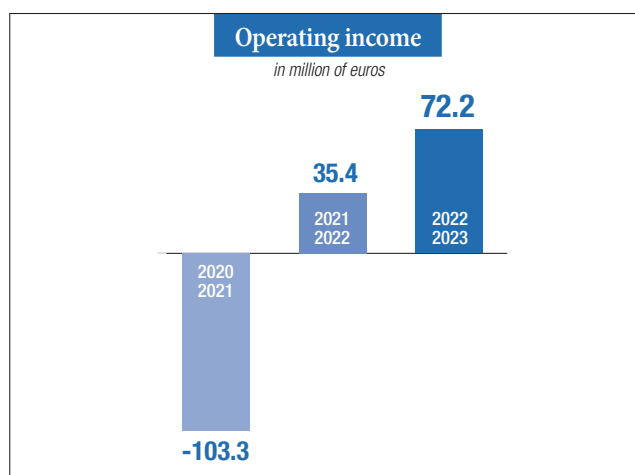
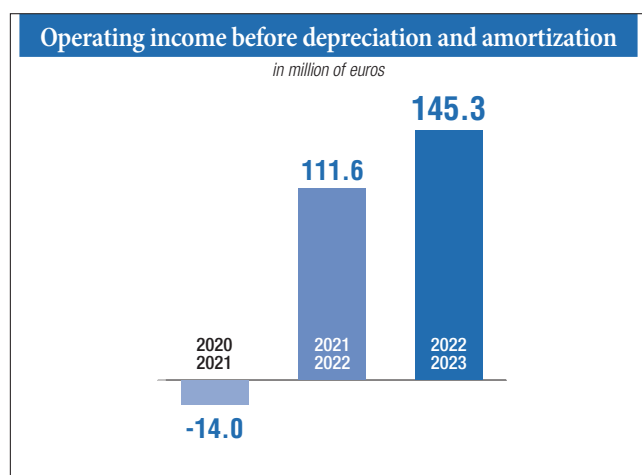
- an increase in gaming sector wages and salaries of €12.7 million, mainly due to the end of the Total Temporary Lay-off scheme compared to the previous year and greater variable wage components due to the rise in activity;
- a rise in hotel sector wages and salaries of €36.5 million, mainly due to the end of the Total Temporary Lay-off scheme and greater seasonal staff hirings compared to the previous year as a result of the business recovery, higher social security contributions for employees paid according to a service percentage and the indexation of wages to inflation;
- an increase in rental sector wages and salaries of €0.5 million;
- an increase in other employee costs of €14.2 million, with the end of the Total Temporary Lay-off scheme for support service staff and a €4.7 million rise in the expense provision for the S.B.M. Group employee profit-sharing scheme.

Finally, “Depreciation & amortization” decreased by €3 million due to strict control over capital expenditure since the health crisis.

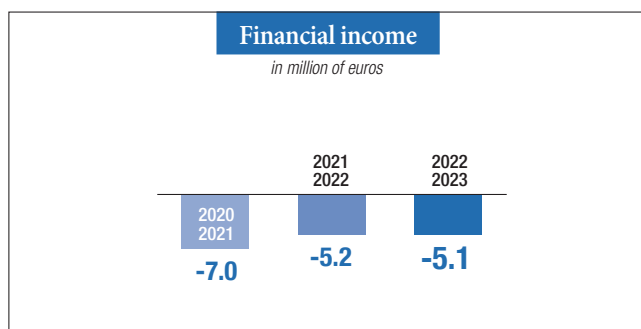
S.B.M. Group **operating income** is +€72.2 million, compared to +€35.4 million for the previous year, i.e. a €36.8 million increase. Operating income also rose by €49.5 million compared to fiscal year 2019/2020.

This enhanced operating performance was due to an increase in 2022/2023 revenue compared to last year, as described in 3.1.2 – “Analysis of fiscal year 2022/2023 operating results by sector”, and tighter cost control. Since the health crisis, the S.B.M. Group has striven to optimize its costs by reducing operating expenditure and better adapting costs to seasonal fluctuations.

The favorable trend in operating performance concerned all business sectors.



The financial loss for fiscal year 2022/2023 totaled €5.1 million, compared to €5.2 million last year. Cost of net debt declined by €0.2 million, as the gradual amortization of loans taken out in January 2017 was partially offset by rising interest rates.



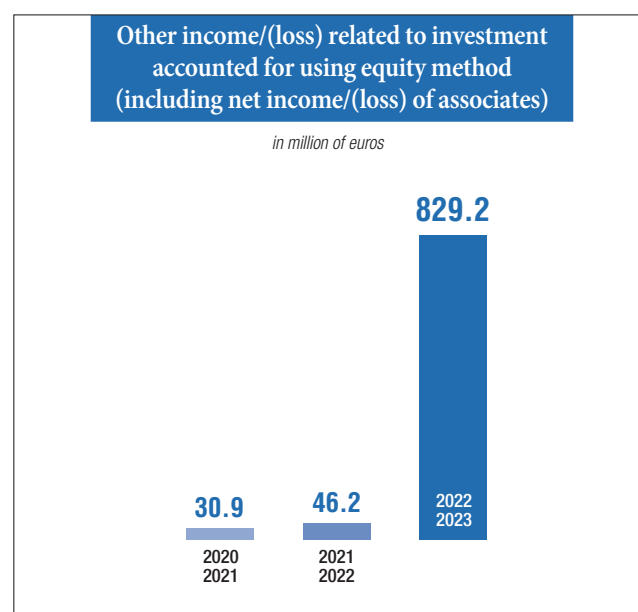
It is reminded that the S.B.M. Group has held a stake in the capital of Betclic Everest Group ("BEG"), an online gaming group, since May 2009.

The S.B.M. Group, through its subsidiary Monte-Carlo SBM International S.à.r.l. had transferred the full ownership of 47.30% it held in Betclic Everest Group (BEG) to FL Entertainment N.V., by means of a disposal and contribution of assets conducted on June 30, 2022.

The transaction valued SBM International's stake in BEG at €850 million. Half of this price was paid in cash with the other half in the form of shares in FL Entertainment, giving SBM International 4.95% of the voting rights and 10.39% of the economic interests in the company. FL Entertainment is listed on the Euronext Amsterdam regulated market since July 1, 2022.

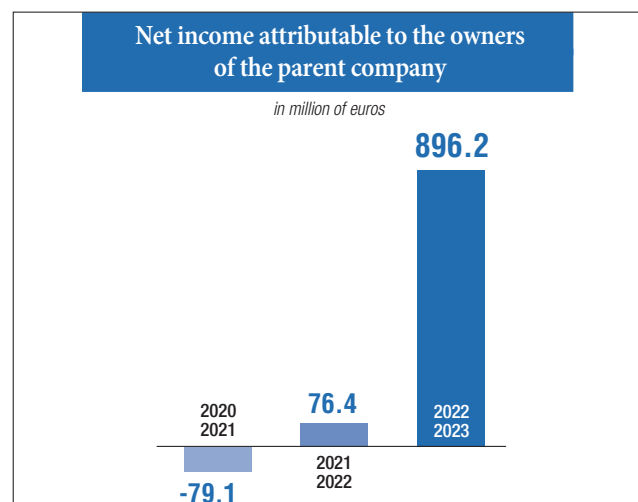
This transaction resulted in the recognition of an exceptional profit of €813.5 million on S.B.M. Group's consolidated financial statements for the fiscal year 2022/2023. The S.B.M. Group also accounted for a positive share of income from BEG of €15.6 million in fiscal year 2022/2023, in relation with the period predating the sale, i.e. April 1 to June 30, 2022.

The consolidation of the investment in Betclic Everest Group contributed +€829.2 million to the S.B.M. Group's consolidated earnings for fiscal year 2022/2023, compared to +€46.2 million last year.



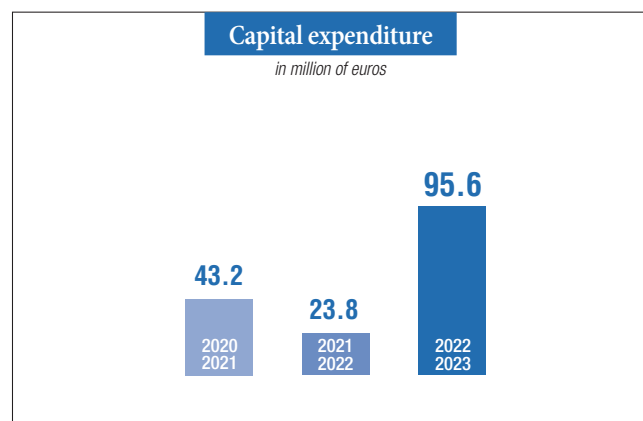
**Consolidated net income attributable to owners of the parent company** stood at €896.2 million compared to €76.4 million for fiscal year 2021/2022.

Excluding "Other income/(loss) related to investments accounted for using the equity method (including net income/(loss) of associates)", which records the impacts of the shareholding in BEG and its sale in 2022/2023, 2022/2023 net income totaled €67 million, compared to €30.1 million the previous year.



**Cash from operations** totaled €131.6 million for fiscal year 2022/2023, compared to €99.7 million for the previous year. This increase was primarily due to the rise in operating income before depreciation and amortization of €33.7 million. After taking into account the €28.6 million decrease in the working capital requirement, net cash flows used in operations totaled €164.2 million for fiscal year 2022/2023, compared to €99.9 million for fiscal year 2021/2022.

In addition, the continued roll-out of the **capital expenditure** program (see Chapter 3.2.1 – “Capital expenditure”) led to a cash outflow of €95.6 million for fiscal year 2022/2023 for acquisitions of property, plant and equipment and intangible assets, compared to €23.8 million for the previous year. Due to the health crisis, the S.B.M. Group had tightened control over its investments last year. All capex projects were reviewed and budgets were drastically reduced by suspending all non-essential investments.



The contribution/sale of BEG on July 1, 2022 generated cash from investing activities of €388.5 million. A vendor loan was granted for €36.5 million. A portion of this cash was invested in financial assets representing cash flow used in investing activities of €268.5 million. In total, net cash flows from investing activities amounted to €23.6 million for 2022/2023, compared to €71.3 million in the previous year. It is recalled that BEG distributed dividends and interim dividends during the previous fiscal year, including €95 million to the S.B.M. Group.

As of March 31, 2023, the S.B.M. Group had a net cash position of €276.5 million, compared to €30 million as of March 31, 2022. Net cash corresponds to the difference between period-end cash and cash equivalents plus term deposits maturing in 3 to 6 months on the subscription date and debt relating to bank borrowings 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, 2023, the debt relating to this borrowing totaled €72.4 million, following repayments for a total amount of €52.8 million in fiscal year 2022/2023.

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. Under this program and since its roll-out, outstanding security issues represented a maximum of €110 million. As of March 31, 2023, the Company no longer has any securities issued under this program, which however remains in place if required.

Furthermore, a portion of the cash received from the contribution/sale of BEG on June 30, 2023 was invested in financial assets not included in the definition of net cash for €178.3 million as of March 31, 2023.

### 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:

<b>Société des Bains de Mer – Parent company</b> (in million of euros)	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>Variation</b> (in million of euros)
<b>Revenue</b>	<b>325.4</b>	<b>509.2</b>	<b>611.8</b>	<b>102.6</b>
<b>Operating income/(loss) before depreciation and amortization</b>	<b>(23.5)</b>	<b>101.8</b>	<b>128.1</b>	<b>26.2</b>
Amortization	(72.3)	(67.4)	(66.5)	0.9
<b>Operating income/(loss)</b>	<b>(95.8)</b>	<b>34.4</b>	<b>61.5</b>	<b>27.1</b>
Financial income/(loss)	13.0	75.3	(0.7)	(76.0)
Exceptional income/(loss)	65.8	(1.0)	0.4	1.4
<b>NET INCOME/(LOSS)</b>	<b>(17.0)</b>	<b>108.7</b>	<b>61.2</b>	<b>(47.5)</b>



**REVENUE**

Revenue amounted to €611.8 million for fiscal year 2022/2023, compared to €509.2 million the previous year, for an increase of €102.6 million, in line with the business turnaround.

**OPERATING INCOME OR LOSS**

Operating income amounted to €61.5 million, compared to €34.4 million in 2021/2022 and a loss of -€95.8 million in 2020/2021. This increase compared to last year was attributable to the business recovery following the end of the health crisis.

**FINANCIAL INCOME OR LOSS**

Financial income comprises interest on loan agreements, investment income and financial income received by the Company on funding granted to subsidiaries and canceled in the consolidated financial statements on elimination of S.B.M. Group intercompany transactions. Financial income also comprises intragroup provisions eliminated in the consolidated financial statements.

In 2021/2022, financial income increased following the buyback by Monte-Carlo SBM International S.à.r.l., a wholly-owned subsidiary, of convertible bonds issued in 2009 for €89.2 million. This purchase gave rise to the recognition of financial income of €74.5 million in the Company's accounts.

**NET EXCEPTIONAL ITEMS**

Net exceptional profit of €0.4 million was recorded for fiscal year 2022/2023, compared to a loss of -€1 million the previous year.

**NET INCOME**

The parent company net profit for fiscal year 2022/2023 amounted to €61.2 million, compared to a profit of €108.7 million the previous year.

**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 2022/2023 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 Ltd,
- 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,
- 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

The total amount invoiced during the year was €98 million compared to €29.5 million for 2021/2022 and €25.8 million for 2020/2021, i.e. a total of €153.3 million for the last three years, as presented in the table below. This encompasses all capital expenditure, regardless of whether projects are completed and commissioned or still in progress.

Considering the health crisis, in 2021/2022 the S.B.M. Group strictly controlled capital expenditure initiated in 2020/2021. All capex projects were reviewed and budgets were drastically reduced by suspending all non-essential investments.

Capital expenditure (in thousands of euros)	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023
Gaming Sector	6,260	4,368	5,500
Hotel Sector	9,541	10,360	29,582
Rental Sector	5,080	1,810	8,967
Other Activities	4,910	12,991	53,965
<b>TOTAL</b>	<b>25,791</b>	<b>29,528</b>	<b>98,013</b>

#### GAMING SECTOR

Capital expenditure in the gaming sector amounted to €16.1 million over the last three fiscal years.

In fiscal year 2022/2023, the S.B.M. Group pursued its slot machine pool renewal policy, with total capital expenditure of €0.5 million for the last three fiscal years. The objective is to maintain a competitive edge in terms of gaming offers and innovation and match the latest trends.

The S.B.M. Group also carried out renovations at the Monte-Carlo Casino to better satisfy client expectations. These mainly focused on lighting in the Casino's Europe and Renaissance rooms to create an atmosphere that meets the expectations of clients who come there for leisure, and make the rooms more welcoming by adding light effects. A boutique was created in the Casino's Atrium and the Bar Rotonde was reorganized, while private rooms were created in the Médecin room, and more particularly its terrace, to welcome high roller clients, including the "1889" room opened in October 2020 (a very select room for High Rollers). The Grand Change and the Caisse Centrale were also overhauled to develop a new experience for fun players. In 2022/2023, the S.B.M. Group launched the creation of state rooms for High Rollers.

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

Excluding slot machines, a total of €6.5 million was invested in this project over the last three fiscal years.

#### HOTEL SECTOR

Capital expenditure in the hotel sector amounted to €49.5 million over the last three fiscal years.

In addition to the current refurbishments in S.B.M. Group's other hotels, other capital expenditure incurred in the last three fiscal years primarily concerned:

- work at the Monte-Carlo Beach with the creation of an underwater seawall to reduce coastal erosion during storms while preserving 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 fiscal year 2020/2021. The work continued this year with the finalized development of the new beach, which enables the Monte-Carlo Beach to recover its original beach from the 1930s, while protecting the site with a positive biodiversity underwater reef seawall. Capex recorded for this project in the last three years amounted to €5.2 million, including €1 million in fiscal year 2022/2023;
- work on Yannick Alléno's Pavillon Monte-Carlo restaurant at the Hôtel Hermitage, with the reorganization of the terrace and the new interior designed by Chahan Minassian with the subtle and comfortable feel of a private residence which encourages relaxation. Capex recorded for this project in the last three years amounted to €4.3 million, including €1.7 million in fiscal year 2022/2023;
- and, finally work undertaken in fiscal year 2021/2022 for the Café de Paris, with delivery scheduled for 2023/2024. This involves the creation of two floors, including a unique rooftop bar in the Principality of Monaco, as well as several luxury boutiques (around 800 additional square meters) and the creation of a

new Amazonico restaurant, a Brazilian-Latino concept that is already present in Madrid, Dubai and London. Capex recorded for this project in the last three years amounted to €21.1 million, including €19.1 million in fiscal year 2022/2023.

Hotel sector capital expenditure amounted to €29.6 million in fiscal year 2022/2023.

### RENTAL SECTOR

Capex of €15.9 million was incurred in the last three fiscal years in the rental sector.

In addition to the current real estate refurbishments and enhancements, the main capex incurred in this sector in the last three years involves the heightening project for the Aigue-Marine building. Capex incurred for this project in the last three years amounted to €7.1 million, including €6.3 million in fiscal year 2022/2023.

## 3.2.2 Main ongoing projects and future outlook

### PURSUIT OF THE CAPITAL EXPENDITURE PROGRAM

Current projects as of March 31, 2023 will continue in 2023/2024 as part of the capital expenditure program defined by the S.B.M. Group and in line with the policy adopted in previous years.

The main projects are the ongoing Monte-Carlo Casino and Café de Paris refurbishment programs as well as projects under the IT master plan, still in progress as of March 31, 2023.

### OTHER ACTIVITIES AND COMMON SERVICES

Capital expenditure in other activities and common services amounted to €71.9 million over the last three fiscal years.

The main capex involves the purchase of office space in the Aigue-Marine building, which already houses the S.B.M. Group's administrative headquarters, for €57.2 million, including €49.3 million in 2022/2023, in addition to an advance payment of €7.9 million recognized in the previous year.

Other capex involves the major work undertaken at the Monte-Carlo Country Club, and the implementation of new software and management systems as part of the IT master plan.

### OUTLOOK

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

The Café de Paris project, which began in fiscal year 2021/2022, is in keeping with the aforementioned projects at the Place du Casino, with the enhanced use of the building and an increase in the commercial rental sector offering.

Furthermore, the transfer on June 30, 2022, via a sale and contribution, of the 47.30% investment in BEG to FL Entertainment provided the S.B.M. Group with the financial means to further its growth strategy in the Principality of Monaco and internationally.





# 4

## SYNTHESIS OF 2022/2023 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

Complete Parent Company Financial Statement and Consolidated Financial Statement (annual financial statements and notes associated to financial statements) are presented in Chapter 5 of the "Document d'enregistrement universel" filed in the French language on July 5, 2023 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.

<b>4.1</b>	<b>Annual financial statements in accordance with Monegasque accounting standards – Synthesis</b>	<b>28</b>	<b>4.3</b>	<b>Company results over the last five fiscal years</b>	<b>41</b>
4.1.1	Balance sheet as of March 31, 2023	28	<b>4.4</b>	<b>Group consolidated financial statements – Synthesis</b>	<b>42</b>
4.1.2	Statement of income	30	4.4.1	Consolidated statement of financial position as of March 31, 2023	42
4.1.3	Statutory Auditor's General Report	31	4.4.2	Consolidated statement of income	43
4.1.4	Statutory Auditor's Special Report	32	4.4.3	Consolidated cash flow statement	44
<b>4.2</b>	<b>Annual financial statements in accordance with French accounting standards – Synthesis</b>	<b>34</b>	4.4.4	Consolidated statement of changes in equity	45
4.2.1	Balance sheet as of March 31, 2023	34	4.4.5	Contractual Auditor's and Statutory Auditors' report on the consolidated financial statements	46
4.2.2	Statement of income	36	<b>4.5</b>	<b>Statutory Auditors and Contractual Auditor's fees</b>	<b>49</b>
4.2.3	Cash flow statement	37			
4.2.4	Contractual Auditor's and Statutory Auditors' report on the financial statements	38			

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

### 4.1.1 Balance sheet as of March 31, 2023

#### ASSETS

	2022/2023 Fiscal year			2021/2022 Fiscal year
	Gross	Depreciation, amortization and provisions	Net	Net
<i>(in thousands of euros)</i>				
<b>CURRENT ASSETS OR ASSETS RECOVERABLE IN LESS THAN 1 YEAR</b>	<b>156,698</b>	<b>2,430</b>	<b>154,268</b>	<b>219,841</b>
Cash in hand	20,472		20,472	16,590
Banks: deposit on demand	496		496	170,798
Other assets on demand	1		1	7
Banks: time deposits	62,000		62,000	10,000
Marketable securities	48,879		48,879	
Operating receivables	10,398	1,646	8,752	6,520
Other receivables	11,376	496	10,880	9,461
Investment accounts				
Affiliate accounts	406	287	119	4,265
Assets withheld	2,671		2,671	2,199
<b>INVENTORY</b>	<b>15,767</b>	<b>81</b>	<b>15,686</b>	<b>12,756</b>
<b>ADVANCE PAYMENTS OR GUARANTEES</b>	<b>1,961</b>		<b>1,961</b>	<b>1,301</b>
Payments on account on orders	1,961		1,961	1,301
<b>ASSETS TO MATURE IN OVER 1 YEAR</b>				
Loans				
<b>NON-CURRENT ASSETS</b>	<b>191</b>		<b>191</b>	<b>172</b>
Deposits and guarantees paid	191		191	172
<b>PARTICIPATING INTERESTS</b>	<b>197,623</b>	<b>2,899</b>	<b>194,724</b>	<b>196,935</b>
Affiliates	197,519	2,891	194,628	196,850
Other participating interests	104	8	96	85
<b>FIXED ASSETS</b>	<b>1,964,224</b>	<b>998,282</b>	<b>965,942</b>	<b>932,649</b>
Intangible assets:				
♦ Concessions, patents & similar	33,055	24,666	8,389	7,908
♦ Leasehold rights	18	18		
♦ Assets in progress	4,590		4,590	1,795
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	2,545	425	440
♦ Buildings	1,369,586	647,525	722,061	698,587
♦ Industrial and technical plant	264,919	194,782	70,137	73,252
♦ Other PP&E	134,326	93,135	41,191	46,780
♦ PP&E in progress	34,734		34,734	19,472
<b>TOTAL ASSETS</b>	<b>2,336,464</b>	<b>1,003,693</b>	<b>1,332,772</b>	<b>1,363,653</b>
<b>CHARGES TO BE AMORTIZED</b>	<b>469</b>		<b>469</b>	<b>1,032</b>
<b>ACCRUED INCOME &amp; DEFERRED CHARGES</b>	<b>6,613</b>		<b>6,613</b>	<b>5,423</b>
Prepaid expenses	6,423		6,423	5,230
Other suspense accounts	191		191	193
Foreign exchange differences				
<b>GRAND TOTAL</b>	<b>2,343,547</b>	<b>1,003,693</b>	<b>1,339,854</b>	<b>1,370,109</b>
<b>CLEARING ACCOUNTS</b>				
Directors' shares held as management			5	5
Deposits and guarantees given			81,600	107,967
Deposits received			4,870	5,389
Other guarantees received			120,000	120,000
Trade payables			80,899	37,378
Third-party receivables for bank guarantees given				
Opening of credit facility and confirmed unused overdrafts			15,000	15,000
Variable-rate hedge			68,000	102,000
			<b>370,375</b>	<b>387,739</b>

# SYNTHESIS OF 2022/2023 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH MONEGASQUE ACCOUNTING STANDARDS – SYNTHESIS

## LIABILITIES & STOCKHOLDERS' EQUITY

<i>(in thousands of euros)</i>	2022/2023 Fiscal Year	2021/2022 Fiscal Year
<b>LIABILITIES PAYABLE IN LESS THAN 1 YEAR</b>	<b>266,544</b>	<b>319,746</b>
Bank overdrafts		
Bills payable	6,353	5,066
Operating liabilities	60,283	49,897
Affiliate accounts	52,479	24,549
Employee accounts	52,220	38,971
Borrowings	71,601	179,384
Other liabilities	2,973	3,009
Liabilities withheld	20,636	18,871
<b>ADVANCE COLLECTIONS OR GUARANTEES</b>	<b>54,142</b>	<b>50,954</b>
Advances received	27,631	26,970
Deposits and guarantees received	26,510	23,984
<b>LIABILITIES TO MATURE IN OVER 1 YEAR</b>	<b>29,410</b>	<b>30,380</b>
Operating liabilities		
Liabilities withheld	29,410	30,380
<b>PROVISIONS FOR CONTINGENCIES</b>	<b>7,438</b>	<b>17,925</b>
Other provisions for contingencies	7,438	17,925
<b>ACCRUED LIABILITIES &amp; DEFERRED INCOME</b>	<b>180,793</b>	<b>185,282</b>
Revenues to be recorded in future fiscal years	175,330	179,894
Other accrued liabilities and deferred income	1,003	776
Foreign exchange differences	52	54
Investment grant		
♦ gross	17,535	17,535
♦ amortization	(13,127)	(12,977)
<b>STOCKHOLDERS' EQUITY</b>		
<b>Common stock, additional paid-in capital and reserves</b>	<b>430,791</b>	<b>430,791</b>
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
<b>Reserves:</b>	<b>164,678</b>	<b>162,503</b>
♦ Statutory reserve	2,452	2,452
♦ Optional reserve	148,799	148,799
♦ Contingency reserve	13,427	11,252
♦ Long-term capital gains		
<b>Results:</b>	<b>206,058</b>	<b>172,528</b>
♦ Retained earnings	144,809	63,804
♦ Net income for the period	61,249	108,724
<b>Total stockholders' equity</b>	<b>801,526</b>	<b>765,822</b>
<b>GRAND TOTAL</b>	<b>1,339,854</b>	<b>1,370,109</b>
<b>CLEARING ACCOUNTS</b>		
Directors' shares held as management	5	5
Deposits and guarantees given	81,600	107,967
Deposits received	4,870	5,389
Other guarantees received	120,000	120,000
Trade payables	80,899	37,378
Third-party receivables for bank guarantees given		
Opening of credit facility and confirmed unused overdrafts	15,000	15,000
Variable-rate hedge	68,000	102,000
	<b>370,375</b>	<b>387,739</b>



## 4.1.2 Statement of income

<i>(in thousands of euros)</i>	2022/2023 Fiscal Year	2021/2022 Fiscal Year
<b>MAIN ACTIVITY</b>		
Gaming receipts	238,595	228,798
Services rendered	377,938	284,980
Capitalized production		
Sales of bought-in goods	3,910	3,801
Other receipts	6,578	3,813
Less: intra-group transfers	(8,650)	(8,395)
<b>Total income from main activity</b>	<b>618,370</b>	<b>512,997</b>
To be deducted:		
♦ Cost of purchase of bought-in goods	(3,424)	(3,031)
♦ Purchases of raw materials and supplies	(166,303)	(138,125)
♦ License fees, duties and taxes other than income tax	(31,392)	(30,445)
♦ Wages and salaries	(263,108)	(202,694)
♦ Other operating expenses	(53,336)	(45,975)
♦ Depreciation and amortization charges	(66,530)	(67,401)
Provisions:		
♦ Charges	(20,053)	(35,710)
♦ Write-backs	47,346	47,194
<b>Total expenses from main activity</b>	<b>(556,801)</b>	<b>(476,187)</b>
Share in proceeds from joint ventures	(32)	
<b>Net income/(loss) from main activity</b>	<b>61,537</b>	<b>36,811</b>
<b>RELATED ACTIVITIES</b>		
Financial net income/(loss)	(2,832)	70,031
Revenues from participating interests	4,392	5,306
Provisions:		
♦ Charges	(2,272)	(36)
♦ Write-backs	29	5
<b>Net income/(loss) from related activities</b>	<b>(683)</b>	<b>75,306</b>
<b>EXCEPTIONAL INCOME/(EXPENSES)</b>		
Various exceptional expenses	411	(982)
Provisions:		
♦ Charges	(6)	(16)
♦ Write-backs		
<b>Net exceptional items</b>	<b>405</b>	<b>(998)</b>
<b>Losses from prior years</b>	<b>(11)</b>	<b>(2,395)</b>
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>	<b>61,249</b>	<b>108,724</b>



## SYNTHESIS OF 2022/2023 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH MONEGASQUE ACCOUNTING STANDARDS – SYNTHESIS

### 4.1.3 Statutory Auditor's General Report

Year ended March 31, 2023

**Stéphane GARINO**

Chartered Accountant  
2, rue de la Lùjèrneta  
98000 MONACO

**Jean-Humbert CROCI**

Chartered Accountant  
2, rue de la Lùjèrneta  
98000 MONACO

#### FREE TRANSLATION OF THE STATUTORY AUDITOR'S REPORT 2023

*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.*

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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, 2023.

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, 2023 and of the Statement of Profit and Loss for the year 2022/2023.

The total balance sheet is €1,339,854 thousand. The profit for the financial year ended March 31, 2023, is €61,249 thousand. The Shareholders' equity is worth €801,526 thousand.

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

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

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

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

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, 2023 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 draft of Board of Directors' report, the proposed allocation of the year net income and the compliance with legal and statutory provisions applying to the running of the Company. We do not have any further comments.

Monaco, July 3, 2023

The Statutory Auditors

**Stéphane GARINO**

**Jean-Humbert CROCI**

#### **4.1.4 Statutory Auditor's Special Report**

Year ended March 31, 2023

**Stéphane GARINO**

Chartered Accountant  
2, rue de la Lùjèrnetà  
98000 MONACO

**Jean-Humbert CROCI**

Chartered Accountant  
2, rue de la Lùjèrnetà  
98000 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, 2023 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 2022-2023 is described in the special report disclosed by your Board of Directors. We have checked the information included in this draft 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 23, 2022, at the Annual Ordinary Shareholders' Meeting in order to approve the financial statements for the fiscal year ending March 31, 2022 and to ratify the appointment of a director;
- on the same day, an Extraordinary General Meeting was held to approve amendment no. 5 to the Terms and Conditions, to cancel the Board's entitlement to a 3% share of profits;
- on December 2, 2022, an Ordinary General Meeting was held to ratify the appointment of a director.

For these General Meetings, we have checked:

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

We do not have any remark.

Monaco, July 3, 2023

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, 2023

#### ASSETS

	2022/2023 Fiscal year			2021/2022 Fiscal year
	Gross	Depreciation, amortization and provisions	Net	Net
<i>(in thousands of euros)</i>				
<b>NON-CURRENT ASSETS</b>				
<b>Intangible assets</b>	<b>37,664</b>	<b>24,684</b>	<b>12,979</b>	<b>9,703</b>
Concessions, patents & similar	33,055	24,666	8,389	7,908
Leasehold rights	18	18		
Intangible assets in progress	4,564		4,564	1,741
Payments on account	26		26	54
<b>Property, plant &amp; equipment</b>	<b>1,926,561</b>	<b>973,598</b>	<b>952,962</b>	<b>922,946</b>
Land	122,996	38,157	84,839	84,855
Buildings	1,369,586	647,525	722,061	698,587
Industrial and technical plant	264,919	194,782	70,137	73,252
Other PP&E	134,326	93,135	41,191	46,780
PP&E under construction	28,316		28,316	9,332
Payments on account	6,418		6,418	10,141
<b>Long-term investments</b>	<b>200,259</b>	<b>3,395</b>	<b>196,864</b>	<b>198,681</b>
Participating interests	199,352	2,891	196,461	198,280
Other financial investments	8	8		
Loans	613	496	116	144
Other financial assets	286		286	257
<b>Total non-current assets</b>	<b>2,164,484</b>	<b>1,001,677</b>	<b>1,162,806</b>	<b>1,131,330</b>
<b>CURRENT ASSETS</b>				
Inventory	15,767	81	15,686	12,756
Payments on account - advances paid	1,961		1,961	1,301
Operating receivables	11,113	1,646	9,466	7,289
Other operating receivables	7,749		7,749	5,889
Other receivables	3,611	287	3,324	7,887
Cash and cash equivalent	131,971		131,971	197,395
Prepaid expenses	6,423		6,423	5,230
<b>Total current assets</b>	<b>178,594</b>	<b>2,015</b>	<b>176,579</b>	<b>237,747</b>
Deferred charges & unrealized foreign exchange losses	469		469	1,032
<b>TOTAL ASSETS</b>	<b>2,343,547</b>	<b>1,003,693</b>	<b>1,339,854</b>	<b>1,370,109</b>

## LIABILITIES & STOCKHOLDERS' EQUITY

<i>(in thousands of euros)</i>	<b>2022/2023 Fiscal year</b>	<b>2021/2022 Fiscal year</b>
<b>STOCKHOLDERS' EQUITY</b>		
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	13,427	11,252
Optional reserve	148,799	148,799
Retained earnings	144,809	63,804
Net income/(loss)	61,249	108,724
Investment grants	4,408	4,558
<b>Total stockholders' equity</b>	<b>805,934</b>	<b>770,380</b>
<b>PROVISIONS FOR CONTINGENCIES &amp; LOSSES</b>		
Provisions for contingencies	7,438	17,925
Provisions for losses	32,228	32,330
<b>Total provisions for contingencies &amp; losses</b>	<b>39,666</b>	<b>50,255</b>
<b>LIABILITIES</b>		
Bank borrowings	71,601	124,408
Other borrowings	26,510	78,960
Payments on account – advances received	27,631	26,970
Trade payables and related accounts	23,568	19,894
Tax and employee-related liabilities	98,728	79,822
Other operating liabilities	5,377	4,373
Amounts payable on PP&E	9,001	6,765
Other liabilities	56,455	28,334
Prepaid income	175,330	179,894
<b>Total liabilities</b>	<b>494,202</b>	<b>549,419</b>
Unrealized foreign exchange gains	52	54
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>1,339,854</b>	<b>1,370,109</b>

## 4.2.2 Statement of income

<i>(in thousands of euros)</i>	<b>2022/2023 Fiscal year</b>	<b>2021/2022 Fiscal year</b>
<b>OPERATING INCOME</b>		
Net revenues	611,784	509,211
Capitalized production		
Write-back of depreciation, amortization and provisions	47,346	47,194
Expense reclassifications	265	1,105
Other income	6,578	3,813
<b>Total operating income</b>	<b>665,972</b>	<b>561,323</b>
<b>OPERATING EXPENSES</b>		
Purchases of bought-in goods	(2,478)	(1,887)
Changes in inventory of bought-in goods	(945)	(1,144)
Purchases of raw materials and other supplies	(33,073)	(23,565)
Changes in inventory of raw materials and other supplies	3,321	2,176
Other purchases and external charges	(136,875)	(118,963)
Share in proceeds from joint ventures	(32)	
Duties and taxes other than income tax	(31,383)	(31,772)
Wages and salaries	(185,528)	(141,336)
Employee welfare contributions and similar charges	(77,532)	(61,351)
Depreciation and amortization on fixed assets	(66,530)	(67,401)
Charges to provisions on current assets	(15,966)	(30,194)
Charges to provisions for contingencies and losses	(4,087)	(5,516)
Other charges	(53,337)	(45,956)
Intra-group transfers		
<b>Total operating expenses</b>	<b>(604,446)</b>	<b>(526,907)</b>
<b>NET INCOME/(LOSS) FROM OPERATIONS</b>	<b>61,526</b>	<b>34,416</b>
<b>FINANCIAL INCOME</b>		
From participating interests and marketable securities	4,392	5,306
Other interest and similar income	1,160	
Foreign exchange gains	264	47
Net proceeds from sale of short-term investment securities	185	74,466
Write-back of provisions	29	5
<b>Total financial income</b>	<b>6,031</b>	<b>79,824</b>
<b>FINANCIAL EXPENSES</b>		
Interest and similar charges	(3,983)	(4,428)
Foreign exchange losses	(458)	(54)
Net charges on sales of short-term investment securities		
Charges to provisions	(2,272)	(36)
<b>Total financial expenses</b>	<b>(6,714)</b>	<b>(4,518)</b>
<b>NET INCOME/(LOSS) FROM FINANCIAL ITEMS</b>	<b>(683)</b>	<b>75,306</b>
<b>EXCEPTIONAL INCOME</b>		
From non-capital transactions	154	230
From capital transactions	371	197
Write-back of provisions		
<b>Total exceptional income</b>	<b>525</b>	<b>427</b>
<b>EXCEPTIONAL EXPENSES</b>		
On non-capital transactions		(52)
On capital transactions	(114)	(1,357)
Charges to provisions	(6)	(16)
<b>Total exceptional expenses</b>	<b>(120)</b>	<b>(1,425)</b>
<b>NET EXCEPTIONAL ITEMS</b>	<b>405</b>	<b>(998)</b>
<b>CORPORATE INCOME TAX</b>		
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>	<b>61,249</b>	<b>108,724</b>

## 4.2.3 Cash flow statement

<i>(in thousands of euros)</i>	2022/2023 Fiscal year	2021/2022 Fiscal year
<b>OPERATING ACTIVITIES</b>		
Cash flow before disposal of fixed assets	119,175	168,482
Changes in working capital requirements	43,545	(3,431)
<b>CASH FLOW FROM (USED IN) OPERATING ACTIVITIES</b>	<b>162,720</b>	<b>165,051</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of PP&E and intangible assets	(99,374)	(19,778)
Investment grants		
Changes in long-term investments and deferred charges	(426)	14,488
Proceeds from disposal of assets	221	47
Changes in amounts payable on PP&E	2,236	(2,114)
<b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(97,344)</b>	<b>(7,357)</b>
<b>FINANCING ACTIVITIES</b>		
Draw-downs on credit facility		
Credit line repayments	(52,807)	(52,804)
Dividends paid	(25,544)	
Share capital increase		
Changes in stable financing activities	(52,450)	716
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(130,801)</b>	<b>(52,088)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(65,425)</b>	<b>105,607</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>197,395</b>	<b>91,789</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>131,971</b>	<b>197,395</b>

#### **4.2.4 Contractual Auditor's and Statutory Auditors' report on the financial statements**

Year ended March 31, 2023

**Jean-Humbert CROCI**

2, rue de la Lùjerneta  
98000 Principauté de Monaco

**Stéphane GARINO**

2, rue de la Lùjerneta  
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,

#### **OPINION**

We have audited the financial statements of Société des Bains de Mer et du Cercle des Etrangers à Monaco comprising the balance sheet, income statement and cash flow statement, as well as the notes thereto for the year ended March 31, 2023.

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, 2023 and of its financial performance and cash flows for the year then ended in accordance with generally accepted accounting principles in France.

#### **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.

#### **KEY AUDIT MATTERS**

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 fiscal year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our above opinion and we do not provide a separate opinion on these matters.



# SYNTHESIS OF 2022/2023 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH FRENCH ACCOUNTING STANDARDS – SYNTHESIS

Key audit matter	Responses as part of our audit
<b>Recognition of gaming revenue</b>  <p>Company revenue totaled €611.8 million for the year ended March 31, 2023, including gaming sector revenue, which mainly includes table games and slot machines, of €247.9 million.</p> <p>We considered the recognition of gaming revenue to be a key audit matter for the following reasons:</p> <ul style="list-style-type: none"> <li>♦ Gaming transactions are characterized by the constant handling of chips and cash, particularly in the table games sector, 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 occurrence and completeness of the recorded transactions;</li> <li>♦ Revenue is a key performance indicator and close attention must be paid to verifying that controls are not overridden by management.</li> </ul>	<p>We assessed the appropriateness of the control procedures implemented by the Company covering the risks of material misstatement that we identified for gaming revenue.</p> <p>Accordingly, we verified the effectiveness of the relevant controls covering the risks relating to manual counts and the recording of gaming transactions, mainly by:</p> <ul style="list-style-type: none"> <li>♦ Physically observing the procedures in gaming rooms;</li> <li>♦ Verifying, on a sample basis, the implementation of these relevant controls and their effectiveness.</li> </ul> <p>These verifications were supplemented by data analytics procedures on slot machine revenue, as well as substantive tests on table game revenue, designed to verify, on a sample basis, 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 the recording in the accounts of a sample of manually-counted gaming receipts.</p>

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The financial statements have been 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.

## 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 ISA standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that we consider 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 internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- assess 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, we modify our opinion;
- 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 communicating 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.

## OTHER VERIFICATIONS

### Information presented in the management report

We have also verified the information in the Board of Directors' management report included in the Universal Registration Document in accordance with professional practices in France.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report.

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

We have also verified, in accordance with the professional standard applicable in France, that 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*), prepared under the responsibility of the Deputy Chairman, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Monaco and Paris-La-Défense, July 3, 2023

The Statutory Auditors

The Contractual Auditor

**Deloitte & Associés**

Jean-Humbert CROCI

Stéphane GARINO

David DUPONT-NOEL

Hugues DESGRANGES

## 4.3 Company results over the last five fiscal years

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
<b>I – STOCKHOLDERS' EQUITY</b>					
Common stock <i>(in thousands of euros)</i>	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
<b>II – OPERATIONS AND INCOME FOR THE YEAR</b> <i>(in thousands of euros)</i>					
Revenues before income tax	611,784	509,211	325,363	563,273	460,615
Net income/(loss) after income tax, but before depreciation, amortization & provisions	102,735	164,689	9,581	104,770	44,225
Net income/(loss) after income tax, depreciation, amortization & provisions	61,249	108,724	(17,016)	13,011	(10,119)
Dividends paid to stockholders	29,420	24,517			
<b>III – PER SHARE DATA</b> <i>(in euros)</i>					
Net income/(loss) after income tax, but before depreciation, amortization & provisions	4.19	6.72	0.39	4.27	1.80
Net income/(loss) after income tax, depreciation, amortization & provisions	2.50	4.43	(0.69)	0.53	(0.41)
Dividend per share	1.20	1.00			
<b>IV – EMPLOYEES</b>					
Number of employees as of March 31	3,423	3,107	3,013	3,677	3,501
Total payroll for the year <sup>(1)</sup> <i>(in thousands of euros)</i>	185,528	141,336	135,345	162,603	154,040
Employee benefits for the year (social security, social welfare, etc.) <sup>(2)</sup> <i>(in thousands of euros)</i>	77,532	61,351	45,729	70,582	64,938

<sup>(1)</sup> Excluding funds and pools.

<sup>(2)</sup> Including retirement expenses.

## 4.4 Group consolidated financial statements – Synthesis

### 4.4.1 Consolidated statement of financial position as of March 31, 2023

#### ASSETS

<i>(in thousands of euros)</i>	March 31, 2022	March 31, 2023
Goodwill	32	32
Intangible assets	9,705	9,825
Property, plant & equipment	991,533	1,018,839
Right-of-use asset	4,405	2,997
Equity investments	18,265	-
Other non-current financial assets	426	597,216
Non-current financial assets	18,691	597,216
<b>Non-current assets</b>	<b>1,024,366</b>	<b>1,628,910</b>
Inventory	13,884	16,873
Trade receivables	24,739	15,705
Other receivables	19,084	24,928
Other financial assets	115	110,359
Cash and cash equivalents	208,344	258,897
<b>Current assets</b>	<b>266,166</b>	<b>426,762</b>
<b>TOTAL ASSETS</b>	<b>1,290,532</b>	<b>2,055,671</b>

#### LIABILITIES & EQUITY

<i>(in thousands of euros)</i>	March 31, 2022	March 31, 2023
Common stock	24,517	24,517
Additional paid-in capital	214,650	214,650
Reserves	337,553	374,533
Consolidated net income for the period	76,352	896,215
<b>Equity attributable to owners of the parent company</b>	<b>653,073</b>	<b>1,509,915</b>
Non controlling interests (minority interests)	-	-
<b>Equity</b>	<b>653,073</b>	<b>1,509,915</b>
Financial liabilities and borrowings	87,377	17,365
Lease liabilities	2,070	1,323
Employee benefits	38,088	33,872
Provisions	7,937	3,476
Other non-current liabilities	142,373	139,792
<b>Total non-current liabilities</b>	<b>277,844</b>	<b>195,827</b>
Trade payables	25,409	32,632
Contract liabilities	39,926	37,947
Other payables	164,412	192,434
Provisions	11,303	4,037
Lease liabilities	3,539	1,906
Financial liabilities	115,027	80,973
<b>Total current liabilities</b>	<b>359,615</b>	<b>349,929</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,290,532</b>	<b>2,055,671</b>

## 4.4.2 Consolidated statement of income

<i>(in thousands of euros)</i>	2021/2022 Fiscal year	2022/2023 Fiscal year
<b>Revenue</b>	<b>530,514</b>	<b>666,987</b>
Cost of goods sold, raw materials & other supplies	(45,573)	(63,101)
Other external charges	(107,418)	(135,807)
Taxes and similar payments	(31,809)	(31,893)
Wages and salaries	(228,879)	(292,788)
Depreciation and amortization	(76,202)	(73,116)
Other operating income and expenses	(5,274)	1,894
<b>Operating income</b>	<b>35,358</b>	<b>72,175</b>
Income from cash and cash equivalents	11	1,766
Cost of debt	(5,149)	(4,956)
<b>Cost of net debt</b>	<b>(5,138)</b>	<b>(3,190)</b>
Other financial income and expenses	(94)	(1,947)
Other income/(loss) related to investment accounted for using equity method (including net income/(loss) of associates)	46,227	829,177
Income tax expense	-	-
<b>Consolidated net income</b>	<b>76,352</b>	<b>896,215</b>
Non controlling interests (minority shares)	-	-
<b>CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY</b>	<b>76,352</b>	<b>896,215</b>
Average number of shares issued	24,516,661	24,516,661
Net earnings per share <i>(in euros)</i>	3.11	36.56
Net diluted earnings per share <i>(in euros)</i>	3.11	36.56

## STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	2021/2022 Fiscal year	2022/2023 Fiscal year
<b>Consolidated net income</b>	76,352	896,215
<b>Items that will not be reclassified subsequently to profit or loss</b>		
♦ Actuarial gains and losses on employee benefits (IAS 19 revised)	5,087	4,498
♦ Share of profit/(loss) of associates	-	-
♦ Gains and losses on the remeasurement of financial assets	-	(21,250)
<b>Items that may be reclassified subsequently to profit or loss</b>		
♦ Gains and losses on the remeasurement of financial instruments	468	394
♦ Share of profit/(loss) of associates	868	638
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>82,775</b>	<b>880,496</b>
of which attributable to the owners of the parent company	82,775	880,496
of which attributable to non controlling interests (minority interests)	-	-

### 4.4.3 Consolidated cash flow statement

<i>(in thousands of euros)</i>	2021/2022 Fiscal year	2022/2023 Fiscal year
<b>OPERATING ACTIVITIES</b>		
Consolidated net income attributable to owners of the parent company	76,352	896,215
Non controlling interest (minority interest)	-	-
Amortization	76,202	73,116
Other income/(loss) related to investment accounted for using equity method (including net income/(loss) of associates)	(46,227)	(829,177)
Portion of investment grant recorded in profit or loss	(150)	(150)
Changes in provisions	(7,939)	(11,445)
Gains and losses on changes in fair value	-	2,920
Other income and expenses calculated	31	(7)
Capital gains and losses on disposal	1,399	99
<b>Cash generated from operations</b>	<b>99,668</b>	<b>131,571</b>
Net finance costs (excluding change)	5,138	4,028
<b>Cash generated from operations before net finance costs and income tax expense</b>	<b>104,806</b>	<b>135,599</b>
Tax paid	-	-
Decrease/(increase) in WCR relating to operations	(4,895)	28,589
<b>CASH FLOW FROM (USED IN) OPERATING ACTIVITIES</b>	<b>99,912</b>	<b>164,188</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of PP&E and intangible assets	(23,796)	(95,566)
Proceeds on disposal of PP&E and intangible assets	47	425,221
Impact of changes in scope of consolidation	-	-
Change in loans and advances granted	6	(37,496)
Change in financial investments and other financial assets	-	(268,539)
Others	95,037	-
<b>CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>	<b>71,294</b>	<b>23,619</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	(25,544)
Minority contributions and changes in scope of consolidation	-	-
Share capital increase	-	-
Changes in stable financing activities (including credit line)	(51,143)	(106,001)
Lease liabilities paid	(7,813)	(3,822)
Net interest received (paid)	(4,604)	(2,092)
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>	<b>(63,561)</b>	<b>(137,459)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>107,645</b>	<b>50,348</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>100,699</b>	<b>208,344</b>
Cash restated at fair value	-	205
<b>Cash and cash equivalents at the end of the period</b>	<b>208,344</b>	<b>258,897</b>
Cash and cash equivalents – Assets	208,344	258,897
Bank – Liabilities	-	-

# SYNTHESIS OF 2022/2023 FINANCIAL STATEMENTS AND STATUTORY AUDITORS AND CONTRACTUAL AUDITOR'S REPORTS

GROUP CONSOLIDATED FINANCIAL STATEMENTS – SYNTHESIS

## 4.4.4 Consolidated statement of changes in equity

<i>(in thousands of euros)</i>	Common stock	Additional 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
<b>APRIL 1, 2021</b>	<b>24,517</b>	<b>214,650</b>	<b>(4,491)</b>	<b>334,795</b>	<b>569,469</b>	<b>741</b>	<b>570,209</b>
Net income for the period	-	-	-	76,352	76,352	-	76,352
Other comprehensive income	-	-	6,423	-	6,423	-	6,423
<b>Total Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>6,423</b>	<b>76,352</b>	<b>82,775</b>	<b>-</b>	<b>82,775</b>
Dividend paid	-	-	-	-	-	-	-
Share capital increase	-	-	-	-	-	-	-
Other variations	-	-	741	-	741	(741)	-
Other variations related to associates	-	-	88	-	88	-	88
<b>MARCH 31, 2022</b>	<b>24,517</b>	<b>214,650</b>	<b>2,760</b>	<b>411,148</b>	<b>653,073</b>	<b>-</b>	<b>653,073</b>
Net income for the period	-	-	-	896,215	896,215	-	896,215
Other comprehensive income	-	-	(15,720)	-	(15,720)	-	(15,720)
<b>Total Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(15,720)</b>	<b>896,215</b>	<b>880,496</b>	<b>-</b>	<b>880,496</b>
Dividend paid	-	-	-	(25,544)	(25,544)	-	(25,544)
Share capital increase	-	-	-	-	-	-	-
Other variations	-	-	(28)	-	(28)	-	(28)
Other variations related to associates	-	-	1,920	-	1,920	-	1,920
<b>MARCH 31, 2023</b>	<b>24,517</b>	<b>214,650</b>	<b>(11,068)</b>	<b>1,281,819</b>	<b>1,509,915</b>	<b>-</b>	<b>1,509,915</b>

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**4.4.5 Contractual Auditor's and Statutory Auditors' report on the consolidated financial statements**

Year ended March 31, 2023

**Jean-Humbert CROCI**2, rue de la Lùjerneta  
98000 Principauté de Monaco**Stéphane GARINO**2, rue de la Lùjerneta  
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,

**OPINION**

We have audited the consolidated financial statements of Société des Bains de Mer et du Cercle des Etrangers à Monaco 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 for the year ended March 31, 2023.

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, 2023 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.

**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.

**KEY AUDIT MATTERS**

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 fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our above opinion and we do not provide a separate opinion on these matters.



## Key audit matter

## Responses as part of our audit

### Recognition of gaming revenue

Group consolidated revenue totaled €667.0 million for the year ended March 31, 2023, including gaming sector revenue, which mainly includes table games and slot machines, of €215.4 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 close attention must be paid to verifying that controls are not overridden by management.

We assessed the appropriateness of the control procedures implemented by the Company covering 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, the implementation of these relevant controls and their effectiveness.

These verifications were supplemented by data analytics procedures on slot machine revenue, as well as substantive tests on table game revenue, designed to verify, on a sample basis, 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 the recording in the accounts of a sample of manually-counted gaming receipts.

## 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 by 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.

## 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 ISA standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that we consider 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 internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- assess 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, we modify our opinion;
- 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 communicating 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 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.

## OTHER VERIFICATIONS

### Information Pertaining to the Group Presented in the Management Report

We have also verified the information relating to the Group in the Board of Directors' management report included 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

We have also verified, in accordance with the professional standard applicable in France, that the presentation of the financial statements intended to be included in the consolidated financial report mentioned in Article L. 451 -1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Deputy Chairman, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limits inherent to the macro-tagging of consolidated financial statements in accordance with the European single electronic format, it is possible that the content of certain tags in the notes to the consolidated financial statements are not presented in an identical manner to the accompanying consolidated financial statements.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Monaco and Paris-La-Défense, July 3, 2023

The Statutory Auditors

The Contractual Auditor

**Deloitte & Associés**

**Jean-Humbert CROCI**

**Stéphane GARINO**

**David DUPONT-NOEL**

**Hugues DESGRANGES**

## 4.5 Statutory Auditors and Contractual Auditor's fees

(in euros)	Contractual Auditor				Statutory Auditors (detail per auditor below)			
	Amount excluding taxes		%		Amount excluding taxes		%	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
<b>Audit</b>								
Certification of statutory and consolidated accounts and half-year limited review								
♦ Issuer	323,000	334,000	96	96	279,500	98,500	90	87
♦ Fully consolidated subsidiaries					26,030	15,000	8	13
Services other than accounts certification								
♦ Issuer	13,018	12,489	4	4	4,000		1	
♦ Fully consolidated subsidiaries								
<b>TOTAL FEES PAID</b>	<b>336,018</b>	<b>346,489</b>	<b>100</b>	<b>100</b>	<b>309,530</b>	<b>113,500</b>	<b>100</b>	<b>100</b>

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 €102,750 for fiscal year 2022/2023 and €104,700 for fiscal year 2021/2022.

(in euros)	Statutory Auditor Mr. Stéphane Garino				Statutory Auditor Mr. Jean-Humbert Croci			
	Amount excluding taxes		%		Amount excluding taxes		%	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
<b>Audit</b>								
Certification of statutory and consolidated accounts and half-year limited review								
♦ Issuer	224,500	55,500	93	95	55,000	43,000	81	78
♦ Fully consolidated subsidiaries	13,280	3,000	5	5	12,750	12,000	19	22
Services other than accounts certification	4,000		2					
<b>TOTAL FEES PAID</b>	<b>241,780</b>	<b>58,500</b>	<b>100</b>	<b>100</b>	<b>67,750</b>	<b>55,000</b>	<b>100</b>	<b>100</b>





# 5

## ORDINARY GENERAL MEETING HELD ON SEPTEMBER 27, 2023

5.1	Agenda	52	5.3	Resolutions submitted to the Ordinary General Meeting	55
5.2	Board of Directors' report	53			

## 5.1 Agenda

- Report of the Board of Directors
- Reports of the Statutory Auditors and Contractual Auditor on financial statements as of March 31, 2023
- Approval of the fiscal year 2022/2023 Parent Company financial statements
- Approval of the fiscal year 2022/2023 Group consolidated financial statements
- Discharge of all Directors from any liabilities with respect to the performance of their mandate
- Final discharge to Directors whose term of office ended during the fiscal year
- Appropriation of earnings for the year ended March 31, 2023
- Ratification of a Director
- Appointment of the Statutory Auditors
- Real property matters
- 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 27, 2023. 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 27, 2023 shall be asked to vote on ten resolutions.

### Overview of the resolutions

#### APPROVAL OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS (1<sup>ST</sup> AND 2<sup>ND</sup> 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, 2023 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, 2023, which show a profit of €61,248,613.85.

The **second resolution** asks the Meeting to vote its approval (if appropriate) of the S.B.M. Group's consolidated financial statements, which show a net consolidated profit (Group share) of €896,215,000.

#### DISCHARGE TO ALL CURRENT DIRECTORS (3<sup>RD</sup> RESOLUTION)

You are asked to grant discharge to all current Directors with respect to their management during the 2022/2023 financial year.

#### FINAL DISCHARGE OF DIRECTORS WHOSE TERM OF OFFICE ENDED DURING THE FISCAL YEAR (4<sup>TH</sup> RESOLUTION)

You are asked to grant final discharge to Mrs. Brigitte Boccone-Pagès who resigned as of September 19, 2022 as Director appointed by the Shareholders' General Meeting and to Mr. Jean-Luc Biamonti who resigned as of January 24, 2023 as Director and Chairman and Chief Executive Officer.

#### ALLOCATION OF PROFITS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023 (5<sup>TH</sup> RESOLUTION)

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

The proposed profit allocation is as follows:

- after noting that the company's net income for the year ended March 31, 2023 amounts to €61,248,613.85 and that retained earnings amount to €144,809,294.48 as of March 31, 2023;

- hence net income available for appropriation amounting to €206,057,908.33;

- propose to allocate the total net income for appropriation, i.e. an amount of €206,057,908.33 as follow:

- an amount of €1,224,972.28 to the contingency reserve fund, i.e. 2% of the net income for the year in accordance with the Article 48 of the Bylaws,
- a dividend of €1.20 allocated to each share, i.e. an amount of €29,419,993.20,
- an amount of €175,412,942.85 to retained earnings.

#### RATIFICATION OF MR. FABRICE LARUE'S TERM OF OFFICE AS DIRECTOR (6<sup>TH</sup> RESOLUTION)

It is proposed that you ratify the appointment of Mr. Fabrice Larue to the Board of Directors, appointed by the Shareholders' General Meeting, effective as of February 15, 2023. Mr. Fabrice Larue was co-opted under the conditions of Article 12 of the Bylaws at the Board of Directors meeting of February 15, 2023.

In accordance with the provisions of Article 12 of the Bylaws, the term of office of Mr. Fabrice Larue will expire at the close of the Shareholders' General Meeting to be held following August 17, 2025.

The purpose of the **sixth resolution** is to ratify his appointment to the Board of Directors.

#### APPOINTMENT OF THE STATUTORY AUDITORS (7<sup>TH</sup> RESOLUTION)

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

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

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

Their terms of office will expire at the end of the Ordinary General Meeting of Shareholders held to approve the 2025/2026 financial statements.

### REAL PROPERTY MATTERS (8<sup>TH</sup> RESOLUTION)

The purpose of the **eighth resolution** is to propose that you authorize the sale of the 64 m<sup>2</sup> separate parcel registered in section AC, no. 165 located in the Municipality of Beausoleil (Alpes-Maritimes) for the price of €120,000, and give all powers to the Chairman and Chief Executive Officer to sign a preliminary contract and the deed of sale, and more generally to take any actions required to give effect to this decision, with the right to delegate said powers to any person they may choose.

Following these transactions, the agent will be validly released from responsibility for everything they have done pursuant to this authorization.

We ask you to authorize said transfer on the above mentioned terms and conditions.

### 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 (9<sup>TH</sup> RESOLUTION)

The **ninth resolution** asks you to:

- approve the transactions carried out over the course of the 2022/2023 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 (10<sup>TH</sup> RESOLUTION)

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

The Ordinary General Meeting held on September 23, 2022 gave such an authorization for an 18-month period as from the date of said Meeting, i.e. until March 23, 2024. 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 23, 2022, 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 €130 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 €40 million;
- authorization valid for an 18-month period as from September 27, 2023;
- 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, 2023

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, 2023, 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, 2023

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, 2023, as presented to it, and the transactions reflected in the financial statements and summarized in these reports.

### THIRD RESOLUTION

#### DISCHARGE TO ALL CURRENT DIRECTORS

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

### FOURTH RESOLUTION

#### FINAL DISCHARGE TO DIRECTORS WHOSE TERMS OF OFFICE ENDED DURING THE FISCAL YEAR 2022/2023

The Shareholders' General Meeting granted final discharge to Mrs. Brigitte Boccone-Pagès and Mr. Jean-Luc Biamonti.

### FIFTH RESOLUTION

#### ALLOCATION OF PROFITS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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

- notes that the profit for the 2022/2023 financial year amounts to €61,248,613.85
- notes that the retained earnings as of March 31, 2023 amount to €144,809,294.48
- hence, net income available for appropriation amounts to €206,057,908.33
- decides to appropriate the resulting total:
  - to the contingency reserve fund, i.e. 2% of the net income for the year €1,224,972.28
  - to dividends, i.e. €1.20 for each share €29,419,993.20
  - to retained earnings €175,412,942.85

The rights to the dividend will be paid by the Company's Securities Department starting from October 12, 2023, with the last trading day for dividends being set at October 9, 2023.

### SIXTH RESOLUTION

#### RATIFICATION OF MR. FABRICE LARUE'S TERM OF OFFICE AS DIRECTOR

The Shareholders' General Meeting ratifies Mr. Fabrice Larue's term of office as a Director.

Mr. Fabrice Larue's term of office will expire at the Shareholders' General Meeting to be held following August 17, 2025, in accordance with Article 12 of the Bylaws.

### SEVENTH RESOLUTION

#### APPOINTMENT OF THE STATUTORY AUDITORS

The Shareholders' General Meeting approves the appointment of:

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

Their terms of office will expire at the end of the Ordinary General Meeting of Shareholders held to approve the 2025/2026 financial statements.

**EIGHTH RESOLUTION****REAL PROPERTY MATTERS**

The Shareholders' General Meeting authorizes the sale of the 64 m<sup>2</sup> separate parcel registered in section AC, no. 165 located in the Municipality of Beausoleil (Alpes-Maritimes) for the price of €120,000, and gives all powers to the Chairman and Chief Executive Officer to sign a preliminary contract and the deed of sale, and more generally to take any actions required to give effect to this decision, with the right to delegate said powers to any person they may choose.

Following these transactions, the agent will be validly released from responsibility for everything they have done pursuant to this authorization.

**NINTH 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 2022/2023 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.

**TENTH 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 €130 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 €40 million;

- this authorization is valid for a period of 18 months as from September 27, 2023;

- 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**

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Casino de Monte-Carlo

Casino Café de Paris

## **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

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La Résidence du Sporting

Les Villas du Sporting

Le Balmoral

Villa La Vigie

## **SHOPPING, SHOWS & SPORTING ACTIVITIES**

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Salle Garnier – Opéra de Monte-Carlo

Sporting Monte-Carlo – Salle des Étoiles

Monte-Carlo Country Club

Monte-Carlo Golf Club

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

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