MAISONS DU MONDE

2020 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

Contents

AFR *The items included in the Annual Financial Report are clearly identified using the RFA pictogram.*

NFPS *Information from the non-financial performance statement is identified with this pictogram.*

2020 Universal Registration Document and Activity Report

Maisons du Monde, creator of original universes in the homeware business, offers a unique range of home decoration items and furniture in a wide variety of styles and themes at affordable prices that allow its customers to express

their own styles and tastes

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 22 April 2021 with the AMF, in its capacity as competent authority in respect of (EU) regulation 2017/1129, without prior approval in accordance with article 9 of the said regulation.

The Universal Registration Document may be used for the purpose of a public offering of financial securities or the admission to trading of financial securities on a regulated market if it is supplemented by a prospectus and, if applicable, a summary and all amendments made to the Universal Registration Document. This set of documents is approved by the AMF in accordance with (EU) regulation 2017/1129.

Interview with Peter Child, Chairman of the Board of Directors

"Thanks to the commitment and fast response of the Maisons du Monde management team together with all its employees, Maisons du Monde's omnichannel and international model has demonstrated exceptional resilience."

Peter Child, what is your view on 2020 and the activity of Maisons du Monde in the context of the Covid-19 pandemic?

2020 was an unprecedented year. The global Covid-19 crisis has affected us all as individuals. Companies in many sectors have also suffered and more specifically in retail, we have seen brands experiencing major difficulties.

Thanks to the commitment and fast response of the Maisons du Monde management team together with all its employees, Maisons du Monde's omnichannel and international model has demonstrated exceptional resilience. On behalf of the Board of Directors, I would like to thank them.

I would also like to outline the quality of the work carried out by our Board, in a context that is also unprecedented for corporate governance. Everyone contributed their own vision and mobilised their expertise to help the Company through this crisis, in compliance with best management and governance practices.

Julie Walbaum, how exactly does the Maisons du Monde model emerge?

At the end of this exceptional year, Maisons du Monde once again confirmed the power of its model, which is based on several strengths. Above all, extremely committed teams, who have demonstrated their sense of service, agility and control throughout the year. I am very proud of them and I would also like to thank them warmly.

Then, very loyal customers, on the web and in stores: I was on-site each time a store reopened after lockdown and I was able to see the enthusiasm of our customers on each occasion. We experienced sales peaks during these re-openings even though the web had posted an exceptional performance in previous weeks. Our sales channels have clearly shown their complementarity and our customers their loyalty to our brand. This was also the case on social media where we maintained regular dialogue with our communities, which now total nearly 7 million fans or followers.

Our brand is of course based on our original, affordable and responsible offering. This year, we have significantly expanded our creative teams and have focused on strengthening the quality and sustainability of our products. For example, we launched our range of Oeko-Tex certified textiles, which already represented 25% of our overall textile offering for its first year.

We have finally reaped the benefits of the omnichannel strategy that we have been pursuing for years, and which reached a major milestone this year with the launch of a selective marketplace on our French site last November. We currently have over 400 brands, carefully selected by our teams for their complementarity with our offering, their style and their value for money, while meeting our CSR requirements.

Our store network is the other key pillar of this omnichannel approach: a privileged place for inspiration and advice, the store strengthens our close relationships with customers; it is also a valuable logistics asset for promoting digital, as demonstrated by the success of "click and collect" during the second lockdown. One third of our web customers chose in-store delivery during the year.

In short, committed teams, loyal customers, a differentiated offering and an omnichannel model are the four key drivers that enabled us to successfully make it through the crisis.

and Julie Walbaum, Chief Executive Officer

Julie Walbaum, what can you say on the Group's performance in 2020?

We are very pleased with this performance, which demonstrates the resilience of our model against the exceptional background of the pandemic. Our annual sales amounted to almost €1.2 billion, which is only a 3.5% decrease compared to 2019, despite store closures totalling three months during lockdowns. These figures are partly the result of the acceleration of our online sales, which represented one third of total sales in 2020. Even more outstanding, our Company returned to growth in the second half of the year, with an increase of almost 5% compared to last year, thereby reflecting the exceptional ability of our model to bounce back.

In addition, strict cost control throughout the year enabled us preserve our profitability for a large part, with an EBITDA margin of 20.4% in 2020, compared to 21.1% last year, resulting in a total amount of €241 million. Our free cash flow generation was also strong, amounting to €54 million over the year, thanks to our strengthened cash management.

Simply put, the Group's sales and financial performance was very robust in 2020.

Peter Child, what challenges will Maisons du Monde have to address in 2021?

2021 should remain complex with limited visibility and significant operational constraints, both for stores and the Asia-Europe supply chain. But I have full confidence in Maisons du Monde's ability to deliver operational performance and responsibility in this environment, just like it did in 2020, thanks to a powerful brand, the loyalty of its customers, the responsiveness of its teams and its financial control in terms of both costs and cash.

Given the strong cash position of Maisons du Monde, I am pleased to announce that the Board of Directors has decided to resume its dividend policy and to propose to the Shareholders' Meeting of 4 June 2021 a dividend of €0.30 per share for 2020.

I am convinced that Maisons du Monde will maintain its profitable and responsible growth trend in 2021, creating value for its shareholders, employees, customers and the communities around it.

Julie Walbaum, what are your outlook and operational priorities for 2021?

In 2021, we will continue to invest in our offering and develop our brand, thereby affirming its creative, affordable and responsible positioning. We will continue to strengthen our omnichannel model, by accelerating our digital sales and greater integration of our stores and website; this will result in the launch of our in-store marketplace in France by early 2022 and its digital roll out in a second market in 2022. To support our growth, we will continue our logistics project with the opening of our second warehouse in the north of France, first with a manual phase scheduled for 2022 and a second automated phase at the end of 2023.

In addition, we will keep up strict financial discipline in order to control our costs and optimise our cash allocation. Ultimately, as a responsible company, we will strengthen our CSR commitments, with progress in the sustainability of the offering and extension of product life.

These priorities are fully consistent with the strategic guidelines set out in our 2020-2024 plan, which will be updated in the autumn of 2021 to take into account the current economic and pandemic context and its consequences.

In a more digital and responsible world, where living spaces are reinvented and enhanced, Maisons du Monde is more than ever on track to beat in time with these new trends.

Julie Walbaum

"The results are there: our new "online" customers increased by nearly 40% over the period, and our in-store customers that completed their first online purchase increased by half. Our Instagram community grew by more than 40%, exceeding four million followers."

Governance

Composition and diversity of the Board of Directors

at 25 March 2021

53 years
Average age in 2020

GENDER BALANCE

57%
women

43%
men

86%
Independence

95%
Attendance rate at Board meetings in 2019

8 members

6 Independent Directors

- Peter CHILD, Chairman ■ Nomination and Compensation Committee ■ Strategic Committee
- Thierry FALQUE-PIERROTIN ✪ Strategic Committee (Chairperson)
- Michel-Alain PROCH, Vice-Chairman of the Board ✪ Audit Committee (Chairperson) ■ Nomination and Compensation Committee
- Marie-Christine LEVET ✪ Nomination and Compensation Committee (Chairperson) ■ Audit Committee
- Sophie GUIEYSSE
- Laure HAUSEUX ■ Audit Committee

1 Non-Independent Director

- Julie WALBAUM, Chief Executive Officer ■ Strategic Committee

1 Director representing the employees

- Mustapha OULKHOUIR ■ Nomination and Compensation Committee

Representation of skills on the Board

Skill	%
Knowledge of retail business lines	75%
Knowledge of web businesses	38%
Senior Management of an international group	63%
Human resources and Social relations	25%
Finance, risk management and control	50%
Corporate Social Responsibility	13%

■ Audit Committee ■ Nomination and Compensation Committee ■ Strategic Committee ✪ Chairperson

3 committees

Audit
3 members
100%
Independence rate
100%
Attendance rate in 2020

Nomination and Compensation
4 members
100%
Independence rate*
100%
Attendance rate in 2020

Strategic Committee
3 members
66%
Independence rate
100%
Attendance rate in 2020

*Excluding the director representing the employees.

Composition of the Executive Committee
10 members
Chief Executive Officer
Julie WALBAUM
50% Women
GENDER BALANCE
50% Men

Action principles:
- A unique and inspiring offering
- An omnichannel approach
- Customer satisfaction
- Continued growth history
- International expansion

Investor relations

Meetings with investors
(in the context of Covid-19)

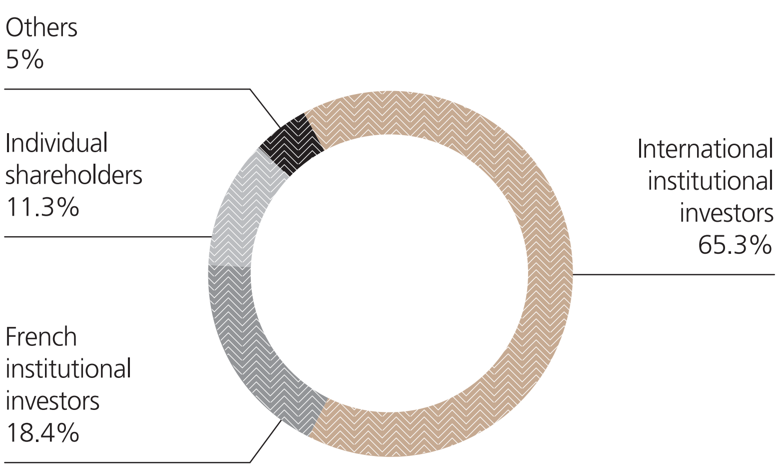
284 institutions met

128 meetings

7 roadshows

10 conferences

Investor structure



2021 Financial calendar

28/01/2021
Trading update

—

10/03/2021
2020 Annual results

—

12/05/2021
First quarter 2021 sales

—

04/06/2021
Annual Shareholders' Meeting

—

28/07/2021
2021 Half-yearly results

—

27/10/2021
Third quarter 2021 sales

Profile

Maisons du Monde is a creator of original universes in the homeware business, offering a unique range of home decoration items and furniture in a wide variety of styles and themes and at affordable prices, thereby targeting a very large customer base. The Group's business is structured around an integrated and complementary omnichannel approach, leveraging its international network of stores, e-commerce site and catalogues. With total sales of €1,182 million for the year ended 31 December 2020, Maisons du Monde is the leading player in the "original and accessible" homeware segment in France and one of the most important in Europe.

The Group was created in 1996 when the first four Maisons du Monde stores opened in France. The "Maisons du Monde" brand was originally focused on home decoration items within the "bazar du monde" theme, offering products infused with styles and designs from different parts of the world. The Group's initial concept then gradually evolved into the creation of "inspiring" universes dedicated to a home furnishing approach that combines decorative items and furniture in a wide variety of styles and themes. The Group has also expanded its offering, by adding new product ranges such as home textiles in 2007, an outdoor furniture line in 2009, and a junior collection in 2011, and by developing a B2B sales activity for professionals.

Maisons du Monde has developed a differentiated business model, combining a unique ability to inspire customers with a fully developed industrial-scale design-to-cost process and an integrated approach to sourcing. The Group is focused on capturing emerging design trends in the apparel and homeware markets, and translating them into inspirational but affordable home decorative items and furniture. These products are artfully arranged in the stores and catalogues, and on the Group's e-commerce sites, offering customers a unique, immersive shopping experience no matter what their taste or budget. This know-how promotes high customer satisfaction rates and helps to establish the brand's reputation.

At 31 December 2020, Maisons du Monde was operating an international network of 369 stores in nine countries – France (since 1996), Spain (2003), Belgium (2004), Italy (2007), Luxembourg (2010), Germany (2013), Switzerland (2014), the United States (2018) and Portugal (2019) – and 47% of its sales were generated outside of France in 2020. In addition, the Group successfully integrated a comprehensive and complementary e-commerce platform that enables it to market its products in the countries where it operates stores, as well as in Austria, the Netherlands and the United Kingdom. This platform, which has posted average annual sales growth of more than 30% over the last ten years, represented 33% of the Group's sales in 2020.

In 2018, Maisons du Monde gained a foothold in the US market with the acquisition of a majority stake of 70% in Modani, a furniture chain present across the US through its stores and e-commerce business. Founded in 2007 and based in Miami, Modani is an aspirational lifestyle brand, offering a range of modern, contemporary and mid-century furniture at affordable prices. In 2020 Modani generated €46.31 million in sales, and as of 31 December 2020 it was operating 17 stores distributed across seven states: California, Florida, Georgia, New York, New Jersey, Pennsylvania and Texas.

In 2019, Maisons du Monde acquired a majority stake of 70.4% in Rhinov, a start-up specializing in 3D simulation of interior design based on a plan or photo for corporates and private individuals. The Company reported revenue of €3.0 million in 2020.

In November 2020, Maisons du Monde added to its Maisonsdumonde.com website a selective and inspiring marketplace, to offer even more choice and inspiration to decoration and furniture fans.

Key highlights

1996 — Opening of the first four Maisons du Monde stores in **France**

2003 — Opening of the first Maisons du Monde store in **Spain**

2004 — Opening of the first Maisons du Monde store in **Belgium**

2006 — Launch of the **e-commerce** platform and the general **catalogue**

2007 — Opening of the first Maisons du Monde store in **Italy** and launch of the **textile** product offering

2009 — Launch of the **outdoor furniture** line

2010 — Opening of the first Maisons du Monde store in **Luxembourg**

2011 — Launch of the **junior** collection

2013 — Opening of the first Maisons du Monde store in **Germany**

2014 — Opening of the first Maisons du Monde store in **Switzerland**

2016 — **IPO** on the Euronext Paris regulated market

2018 — Opening of the first Maisons du Monde store in the **United States** and acquisition of **Modani**

2019 — Opening of the first Maisons du Monde store in **Portugal** and acquisition of **Rhinov**

2020 — Launch of the Maisons du Monde **marketplace** in **France**

Key figures

369
stores

8,577
employees

408,000 m²
of storage area

434,600 m²
of sales area

47% of sales
generated outside France

33% of sales
generated online

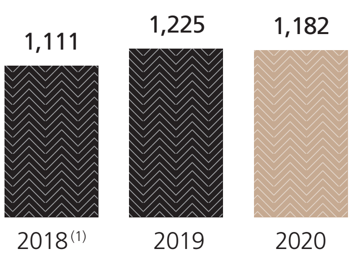
Decoration 55%

Furniture 45%

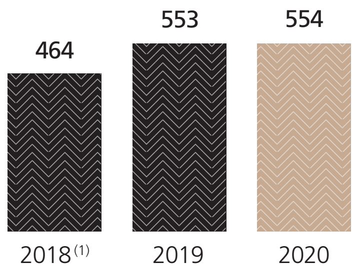
of 2020 sales

Maisons du Monde in 2020

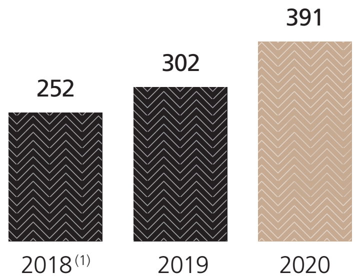
SALES
(in € million)



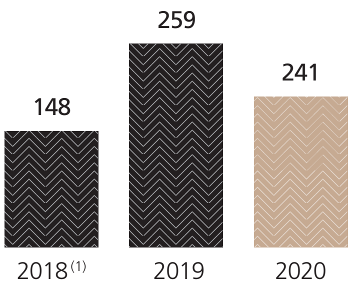
SALES OUTSIDE FRANCE
(in € million)



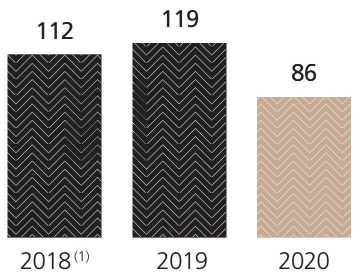
ONLINE SALES
(in € million)



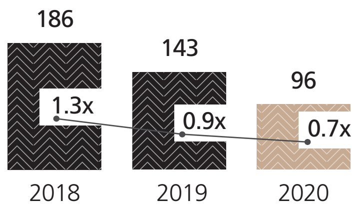
EBITDA
(in € million)



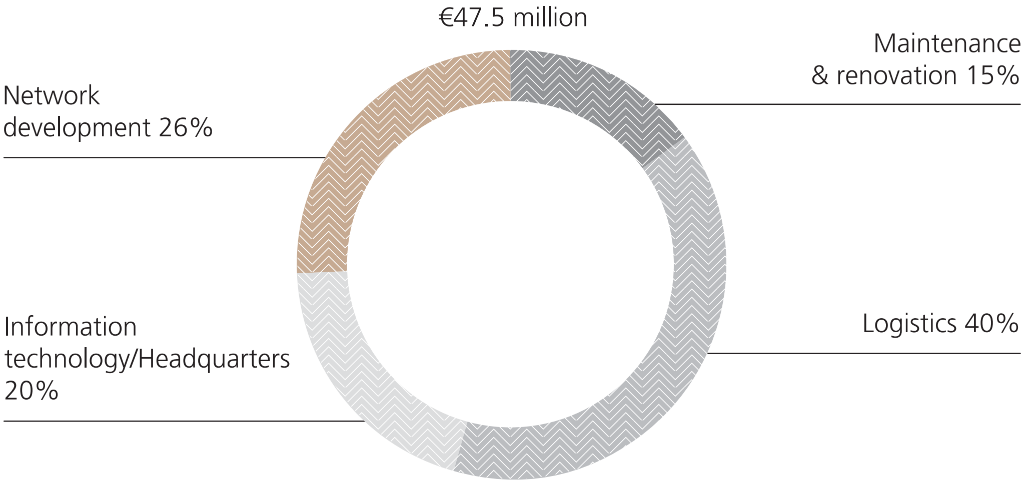
EBIT
(in € million)



NET DEBT (in € million) AND LEVERAGE RATIO (2) (in x)



BREAKDOWN OF CAPITAL EXPENDITURES IN 2020 (in %)



(1) Before application of IFRS 16. These figures are not comparable with those for 2019 and 2020.

(2) Defined under the Group's Senior Credit Facilities Agreement as net debt less lease liabilities divided by LTM EBITDA, as calculated in accordance with IAS 17.

Strategy

Maisons du Monde's strategic priorities for the 2020-2024 period, which are currently under review in the light of the Covid-19 crisis, remain largely relevant.

In June 2019, the Group explained its goal to become the reference lifestyle partner, by offering a range of appropriate home-based solutions, a smooth and inspiring customer experience and rich dialogue between the brand and its communities, to promote openness and responsibility.

Maisons du Monde has a clear roadmap to convey its vision

1

A DIFFERENTIATED OFFERING

Maisons du Monde is reinforcing the relevance of its offering by developing trendy themes and further improving the quality of its products.

2

AN INCREASINGLY DIGITAL AND DATA-DRIVEN GROUP

Maisons du Monde is taking the digitalisation of its business a step further, with the launch in November 2020 of its selective "marketplace" in France, which currently brings together more than 300 brands that meet the criteria in terms of style, quality, affordability, and brand responsibility. After a successful launch on its French site, Maisons du Monde intends to make its marketplace accessible in its French stores by the beginning of 2022, and to launch it on a second "online" market in 2022.

The Group also intends to increase its marketing investments to enhance the brand awareness of Maisons du Monde, develop its digital and in-store traffic, and thus contribute to becoming the leading brand in Europe in the homeware universe.

3

AN INTERNATIONAL-ORIENTED STORE DEVELOPMENT STRATEGY

Maisons du Monde intends to continue the active management of its network and the strengthening of its store concept, thanks to the optimisation of its portfolio in France and further international development. The Group opened its first store in Vienna, Austria in March 2021. After the opening in Portugal last year, Austria became the ninth largest omnichannel country in the Maisons du Monde Group, while the brand has already had an active website in these countries for years.

4

AN INDUSTRIALISED APPROACH TO SUPPLY CHAIN

In order to support digital growth and international expansion, Maisons du Monde is upgrading its logistics tool. The Group intends to densify storage spaces and to adopt a lean approach to increase the logistical efficiency of its central platform. Additionally, a new 65,000 square metres logistics centre located in the North West of France should become operational in 2022 and partly automated later on.

5

A STRONGER CSR AMBITION

Maisons du Monde, convinced that companies must be leading players in environmental and social responsibility, is stepping up its efforts in this area. Despite the pandemic context making collaboration with Asia complex in 2020, the Group increased the proportion of responsible timber in its furniture offering by four points, from 64% to 68%, and launched its first textile collection, with Oeko-Tex standard 100 certification, already representing 20% of its textile offer. The Group intends to continue its efforts to ensure the sustainability of its offering and to manage the end of life of its products.

6

PROPOSE AN ENHANCED SERVICE OFFERING

Maisons du Monde is continuing to enhance its range of services, which are essential to the customer experience and to strengthening its close relationship with the customers. Thanks to Rhinov, a start-up in which Maisons du Monde acquired a majority stake in 2019, the Group offers an innovative service enabling everyone to benefit from the services of a professional interior designer, at very affordable prices and in a smooth and fun way, 100% digital. Maisons du Monde is stepping up its commitment with its user communities by gradually providing different content and encouraging interactions. With increasingly relevant content, Maisons du Monde saw its Instagram community grow by more than 40%, reaching 4.5 million followers.

7

B2B, A NATURAL EXTENSION OF THE GROUP'S B2C MODEL

The expansion in the product offering and the stepping up of dedicated marketing will allow to develop the B2B activity, while new trends in the hotel sector, catering and new office spaces meet the fashionable and cosy style of Maisons du Monde's DNA. Despite a difficult economic climate in 2020 affecting the dynamics of the underlying B2B sectors, the Group continues to believe in this strategic focus and is pursuing its efforts, with the launch of 160 new products, bringing the offer dedicated to professionals to 370 products, and with the publication of a new catalogue illustrating the latest trends.

8

MAISONS DU MONDE'S STRATEGY IN THE UNITED STATES

Following its successful integration into Maisons du Monde, Modani was planned to be the Group's primary growth driver in the United States. In addition, in June 2019, the Group announced its intention to test the Maisons du Monde brand in the United States through a few pilot stores (five openings were announced in the 2020-2024 period), by drawing on Modani's know-how.

On 13 May 2020, the Group announced the permanent closure of the two Maisons du Monde stores in the United States, both of which were on temporary leases. On 10 March 2021, the Group announced its decision to refocus on Europe, with a view to optimising the return on invested capital, and not to carry out a new test for the Maisons du Monde brand in the coming years. As a result, and in light of the impact of the pandemic in the United States, the Group has indicated that it is conducting a strategic review of Modani by studying all possible options for the asset.

Financial targets

At the Investors' Day held on 18 June 2019, Maisons du Monde announced the following objectives for the 2020-2024 period:

- Sales growth: average annual growth of 10%+ over the period;
- Profitability: an EBITDA margin[1] by 12% in 2024, falling within a range of between 11% and 12% in the interim years of the plan and an average annual growth in net income[1] by 10%+ over the 2020-2024 period;
- Free cash flow and shareholder return policy: cumulated recurring free cash flow of over €300 million over the 2020-2024 period, which will allow further deleveraging to 0.5x EBITDA[1] at the end of the period, while maintaining the Group's dividend policy, with a pay-out ratio of 30% to 40% of net income[1].

Update of the strategic plan

Strategic Plan and Investors' Day

On 10 March 2021, the Group announced the update of its 2020-2024 strategic plan in light of the Covid-19 pandemic and its impacts, and will organise an Investors' Day in the autumn of 2021.

Adjusted financial targets will be communicated during this update.

(1) Before application of IFRS 16.

Societal responsibility

Our vision:

"When we make such great products, it is only right to take responsibility for their impacts throughout their life cycle. This is why we have committed to sustainable development, as both a designer and retailer. For the environmental aspect, of course, and also for the social and solidarity aspects. Our watchword:"

"COMMITTED TOGETHER!"

2020 marks the conclusion of our first CSR commitment plan. Despite the context, the achievement of the majority of the objectives set demonstrates the commitment of each one of the Group's business lines.

Purchase like partners

Offer responsible furniture and decoration items that are transparent as regards the origin of their raw materials, the working conditions of our suppliers and the quality of the products and pose no health and environmental risks.

2020 Performance:

67% of our suppliers in India are committed to our traceability programme with the NGO Earthworm Foundation.

68% of our wooden furniture offer comes from traced or certified sourcing.

89% of our strategic suppliers audited on social criteria in the last two years.

Design like visionaries

Gradually transform our product offering by including more sustainability criteria, use ecodesign to raise awareness among up-and-coming designers. Give though to the second life of our products and find innovative and sustainable alternatives to recycling.

2020 Performance:

20% of the products in our 2020 collections meet a sustainability criterion.

63 ecodesigned product ideas were submitted by students to the Maisons du Monde Sustainable Design Awards.

€41.4 million in revenue for products that contributed to **1%** for the Planet, which generated **€414,000** in support for environmental protection NGOs.

Trade like citizens

Be citizen retailers, concerned with reducing our carbon footprint and energy consumption. Reduce, sort and recycle our waste. Use the least polluting means of transport possible.

2020 Performance:

60% of waste generated by the retail network and logistics warehouses are collected for recovery.

More than **25%** reduction in energy intensity (kWh/m²) in stores since 2016.

97% of Maisons du Monde stores and 100% of administrative and logistics sites supplied with renewable electricity.

Responsible Retailer Label from the Génération Responsable (Responsible Generation) Club.

LABEL ENSEIGNE RESPONSABLE®
generation-responsable.fr

Commit like enthusiasts

Provide support for our employees as they change, acknowledge their talents and invent the sustainable commerce business lines of tomorrow with them. Mobilise our teams for social and economic development in the countries where we operate, notably thanks to our Foundation. Pay specific attention to the challenges linked to our business, i.e. preservation of forests and reuse, by involving our teams.

2020 Performance:

61% of Store Managers and Logistics Managers in post as a result of internal promotion.

80.6% of permanent contract employees receive training during the year.

3.2 million micro-donations collected for projects selected by the Foundation through ROUNDING-UP at check-out.

Fondation MAISONS DU MONDE
Sous l'égide de la Fondation Nicolas Hulot

Drawing on these results for 2020, the strengthening of the Group's commitment was included in the 2024 strategic plan to serve the following objectives:

- Managing non-financial risks;
- Making our commitment a brand differentiation and preference driver;
- Reducing the environmental impact of all our activities, starting with the carbon footprint.

The details of our 2024 ambitions can be found in the Non-Financial Performance Statement in Chapter 3 of this document.

A business model that creates sustainable value for our stakeholders

RESOURCES MOBILISED

An aspirational and responsible brand

Creator of inspirational and original universes for the entire home
CSR programme «Committed together!»

A multi-style offering perfectly balanced between furniture and decoration

In-house style department with **16** stylists
39% of products designed or adapted in-house
13,807 furniture and decoration item SKUs

Expert teams

8,577 employees in **11** countries
67% network, **11%** head office,
12% production, **9%** logistics, **1%** Rhinov
280 employees in customer relations
66% of employees are women

Supplier partners

1,395 third-party suppliers
235 largest suppliers represent
74% of purchases
89% of strategic suppliers audited for social criteria

Solid organisation of supply chain

6 air and sea freight service providers
51 road & rail transporters
408,000 m² of warehouses

An international and omnichannel distribution network

369 stores in **9** countries
68% joint development zones (ZACs),
15% city-centres,
18% shopping centres

A robust financial model

EBITDA margin [(1)] of **20.4%**
Leverage ratio [(1)] of **0.7x** at end December 2020

Sustainably managed natural resources

70,848 MWh in energy consumption

STRATEGIC LEVERS

BECOME THE LIFESTYLE

Inspire and delight customers through the creation of multi-style collections of furniture and decoration items,

1 Furniture collection,
2 Decoration item collections per year
18,750 Furniture and Decoration item SKUs
33,324 additional items on the selective marketplace
68% of the furniture offering meets a sustainability criterion

Continue the digitalisation and development of the international network

67.0% of sales generated by stores,
33.0% by the web
46.9% of revenue generated outside France
€32.0 million in revenue for the B2B activity

2020 RESULTS

Revenue in 2019: **€1,182 million**
EBITDA of **€240.6 million**
EBIT of **€86.2 million**

Market challenges:

FRAGMENTED AND COMPETITIVE SECTOR

GROWTH IN E-COMMERCE

(1) Before application of IFRS 16.

CREATION DRIVERS

REFERENCE PARTNER

Consolidate our positioning as an interior decoration expert

Consolidate Rhinov's business in order to support the **13,500** development projects for our **9,400** active customers.

Deployment of **203** advice corners in stores.

Integrated production and logistics

8% of furniture produced in the Group's manufacturing sites

15 logistical warehouses, over **408,000** m²

Over **2.6 million** new customers

9 new stores of which **1** for Modani (US)

DIGITALISATION

CHANGE IN CONSUMER TRENDS

Stakeholders:

INVESTORS

EMPLOYEES

CUSTOMERS

SUPPLIERS AND ECONOMIC PARTNERS

PUBLIC AUTHORITIES

NON-PROFITS AND ENVIRONMENT

IMPACTS AND VALUE SHARING

A shared financial value:

proposed dividend of **€0.30** per share

€11.0 million paid out in incentives and profit sharing

Ambassador teams:

Employee well-being assessed at **7.63/10** during the last survey

4,209 employees trained

433 employees promoted

251 CSR ambassadors in stores

A community of loyal customers:

21.3 million registered customers

Net Promoter Score **38.4**

Over **4.5 million** Instagram followers and **2.2 million** Facebook followers

15.7 million visits per month on Pinterest

€364,091 collected through ROUNDING UP at check-out

A real social impact:

103 permanent contract employees in stores opened in 2020

25 projects supported by the Maisons du Monde Foundation in **12** countries

€980,320 allocated to the budget of the Maisons du Monde Foundation

A controlled environmental impact:

97% of stores supplied with renewable energy

60% of waste produced sorted for recycling

Presentation of the Group

1

1.1 Key figures

SELECTED FINANCIAL INFORMATION

(in € millions)	2020	2019	2018 [(1)]
Sales	**1,182.1**	**1,225.4**	**1,111.2**
Change *(%)*	-3.5%	+10.3%	+10.0%
Like-for-like change *(%)*	-6.6%	+3.6%	+3.1%
Of which Maisons du Monde	1,132.8	1,180.2	1,085.4
Change *(%)*	-4.0%	+3.6%	+7.4%
Modani	46.3	44.1	25.9
Rhinov	3.0	1.2	-
Gross margin	**778.4**	**800.4**	**734.4**
As a % of sales	65.8%	65.3%	66.1%
EBITDA	**240.6**	**259.2**	**148.0**
As a % of sales	20.4%	21.1%	13.3%
EBIT	**86.2**	**119.4**	**111.6**
As a % of sales	7.3%	9.7%	10.0%
Net income	**(16.1)**	**57.8**	**60.7**
Dividend per share *(€)*	0.30 [(2)]	-	0.47
Net cash flow from/(used in) operating activities	**221.3**	**255.5**	**51.6**
Net capital expenditure	47.5	60.9	45.8
As a % of sales	4.0%	5.0%	4.1%
Free cash flow	**54.1**	**84.1**	**13.3**
Net debt [(3)]	**96.4**	**142.9**	**185.5**
Leverage ratio *(x)*	0.7 x	0.9 x	1.3 x
Equity	**593.7**	**632.5**	**590.6**

(1) Before application of IFRS 16. The 2018 figures are not directly comparable with those for 2019 and 2020. For more information, see note 2.2 "New standards, amendments and interpretations" of Section 6.1.6 "notes to the consolidated financial statements" of Chapter 6 "Financial Statements" and Section 5.2.5 "Non-IFRS financial metrics" of Chapter 5 "notes to financial year 2019" of the 2019 Universal Registration Document.

(2) Submitted to the Shareholders' Meeting of 4 June 2021.

(3) Defined under the Group's Senior Credit Facilities Agreement as net debt less lease liabilities divided by LTM EBITDA, as calculated in accordance with IAS 17 and adjusted for share-based payments (including social security contributions) and post-employment benefits - defined benefit plans.

BREAKDOWN OF SALES

(in € millions)	2020	2019	2018
Sales	**1,182.1**	**1,225.4**	**1,111.2**
By geography			
France	627.9	672.6	647.4
As a % of sales	53.1%	54.9%	58.3%
International	554.2	552.8	463.8
As a % of sales	46.9%	45.1%	41.7%
By distribution channel			
Store network	791.5	923.0	859.5
As a % of sales	67.0%	75.3%	77.3%
Online	390.7	302.4	251.8
As a % of sales	33.0%	24.7%	22.7%
By product category			
Decoration	648.6	662.2	619.0
As a % of sales	54.9%	54.0%	55.7%
Furniture	533.5	563.2	492.2
As a % of sales	45.1%	46.0%	44.3%

SELECTED OPERATING INFORMATION

Data as of 31 December	2020	2019	2018
Number of stores	**369**	**376**	**349**
France	228	233	221
International	141	143	128
Sales area *(thousand sq.m.)*	**435**	**432**	**398**
France	224	224	210
International	211	208	188
Storage area (1) *(thousand sq.m.)*	**385**	**444**	**444**
Number of employees	**8,577**	**8,628**	**7,648**
France	5,115	5,020	4,496
International	3,462	3,608	3,152

(1) Excluding Modani.

1.2 History of the Group

Maisons du Monde is a creator of original universes in the homeware business, offering a unique range of home decoration items and furniture in a wide variety of styles and themes and at affordable prices, thereby targeting a very large customer base. The Group's business is structured around an integrated and complementary omnichannel approach, leveraging its international network of stores, e-commerce platform and catalogues. The Group's sales, which have shown a CAGR (Compound Annual Growth Rate) of approximately 12% since 2014, were €1,182.1 million for the year ended 31 December 2020, making Maisons du Monde the leading player in the "affordable inspirational" homeware segment in France and one of the most important in Europe.

The Group was established in 1996, when Xavier Marie, founder and former Chief Executive Officer, opened the first four Maisons du Monde stores in France (Bordeaux, Lyon, Quimper and Vichy). The "Maisons du Monde" brand was originally focused on home decoration items within the "bazar du monde" theme, offering products infused with styles and designs from different parts of the world. The Group's initial concept then gradually evolved into the creation of "inspiring" universes dedicated to a home furnishing approach that combines decoration items and furniture in a wide variety of styles and themes. The Group has also expanded its offering, by adding new product ranges such as home textiles in 2007, launching an outdoor furniture line in 2009, and a junior collection in 2011, and by developing a B2B sales activity for professionals. Each of these ranges currently occupies an important place in the Group's broader range. In 2020, the outdoor furniture range accounted for 4.7% of the Group's sales, the junior collection 4.9%, and B2B activity 2.7%.

Following the opening of its first stores, Maisons du Monde continued to expand its network in France and has also penetrated new markets. Originally, the Group located its stores primarily in city centres. In the mid-2000s, it began opening comparatively larger stores located principally in retail parks and shopping centres in order to better showcase its wide range of home decoration items and furniture and to accelerate its growth. At 31 December 2020, the Group operated an international network of 369 stores in nine countries, including France (since 1996), Spain (2003), Belgium (2004), Italy (2007), Luxembourg (2010), Germany (2013), Switzerland (2014), the United States (2018) and Portugal (2019).

As part of a broader omnichannel sales and marketing strategy, in 2006 the Group launched its general catalogue, as well as a comprehensive and complementary e-commerce platform, enabling it to more effectively market its range of furniture products. Maisons du Monde currently markets its products through its four catalogues (general, outdoor furniture, junior, B2B), and also through its e-commerce platform to its customers in all the countries where it operates stores, as well as Austria and the Netherlands. Sales *via* this platform, which have shown a CAGR of over 27% since 2014, accounted for 33.0% of the Group's sales for the year ended 31 December 2020.

As for logistics, Maisons du Monde also expanded its capabilities, opening 11 warehouses since 1999 located in the port area of Marseille-Fos, in the South of France, which house most inventory and provide logistics support to all of its distribution channels, including e-commerce and international stores. In the United States, Modani, a Group subsidiary since 2018, has four warehouses. The Group also increased its production capacity by opening its own production plant in Vietnam in 2013.

In 2005, Equistone (formerly Barclays Private Equity) and Nixen, in partnership with certain co-investors from the former Management, acquired Maisons du Monde. Three years later, the Group moved into the hands of a consortium comprising Apax Partners, LBO France and Nixen, backed by certain co-investors belonging to the Management then in place. In 2013, Bain Capital joined forces with a number of co-investors from the former Management to buy back the Group. In 2016, the Maisons du Monde share was floated on the Euronext Paris regulated market, and Bain Capital remained the Company's reference shareholder until May 2017. Since then, the Group no longer has a reference shareholder, and its shareholding is 100% floating.

In 2018, Maisons du Monde gained a foothold in the US market through the acquisition of a majority stake of 70% in Modani, a furniture chain present across the US through its stores and e-commerce business. Founded in 2007 and based in Miami, Modani is an aspirational lifestyle brand, offering a unique range of modern, contemporary and mid-century furniture at affordable prices. For the year ended 31 December 2020, Modani recorded sales of €46.3 million and operated, at 31 December 2020, a network of 17 stores in the United States.

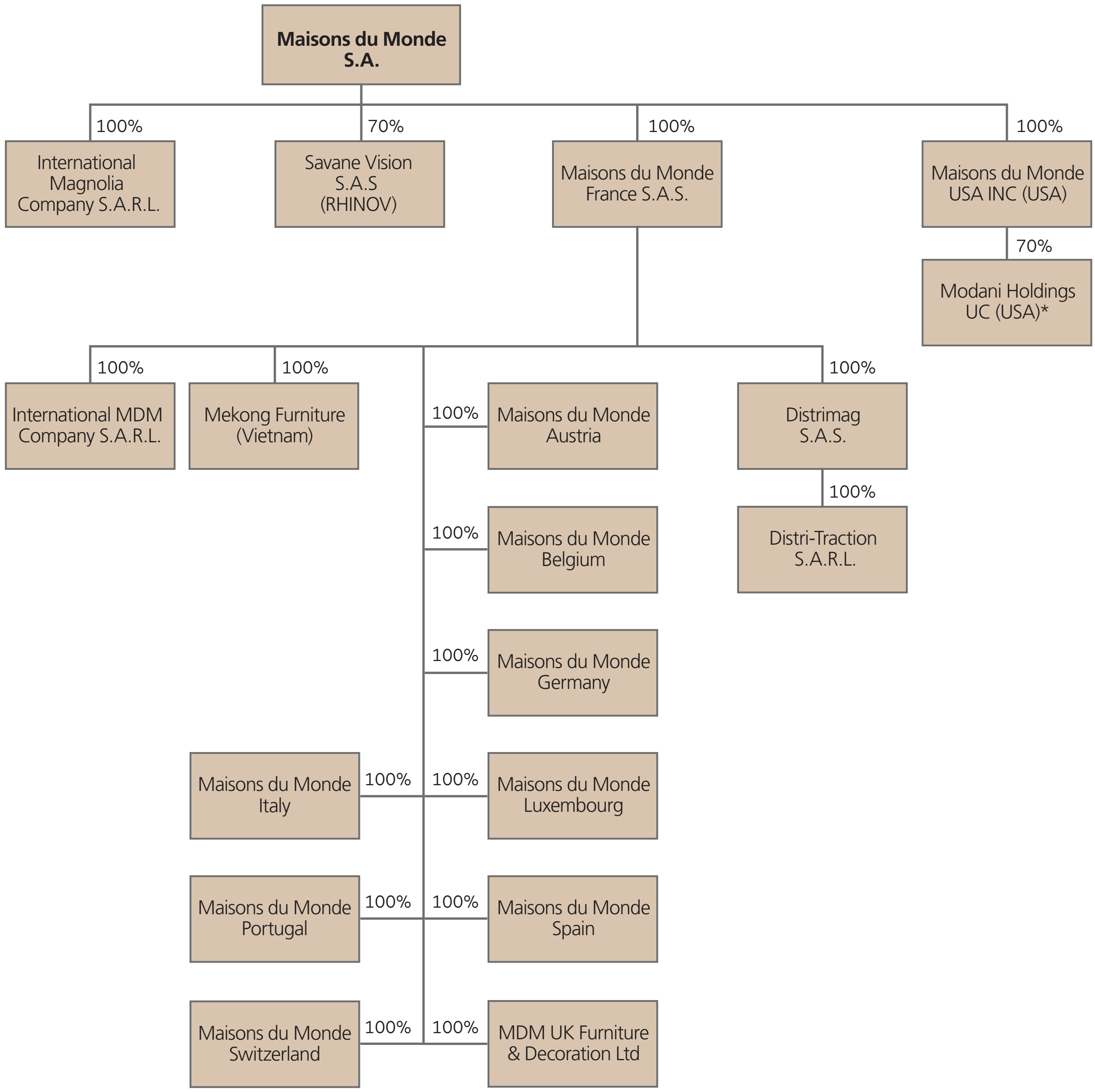
In 2019, Maisons du Monde acquired a majority stake of 70.4% in Rhinov, a start-up specializing in 3D simulation of interior design based on a plan or photo for corporates and private individuals. The company generated a turnover of €3.0 million in 2020.

In November 2020, Maisons du Monde transformed its maisonsdumonde.com website into a selective and inspiring marketplace, to offer even more choice and inspiration to decoration and furniture fans.

1.3 Group structure

1.3.1 SIMPLIFIED GROUP STRUCTURE

The organisational chart below shows the Group's simplified legal organisation as of 31 December 2020. The percentages correspond to percentages of share capital owned.



* Sub-level bringing together all the activities of Modani Group, for which the details can be found in note 30 of Section 6.1.6 "notes to the consolidated financial statements" of Chapter 6 "Financial statements" of this Universal Registration Document.

1.3.2 LIST OF MAIN SUBSIDIARIES AND HOLDINGS

Maisons du Monde S.A. is the holding company of a consolidated Group comprising 50 companies. The Group's main subsidiaries as of 31 December 2020 are presented in the table below.

The complete list of companies included in the Group's scope of consolidation is presented in note 30 of Section 6.1.6 "notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.

Significant subsidiaries	Country	Main activity	Capital and voting rights
Maisons du Monde France S.A.S.	France	Furniture and decoration items	100%
Savane Vision S.A.S.	France	Interior design	70%
Distrimag S.A.S.	France	Logistics	100%
Maisons du Monde Allemagne GmbH	Germany	Furniture and decoration items	100%
Maisons du Monde Autriche GmbH	Austria	Furniture and decoration items	100%
Maisons du Monde Belgique SPRL	Belgium	Furniture and decoration items	100%
Maisons du Monde España SL	Spain	Furniture and decoration items	100%
Maisons du Monde Italie SpA	Italy	Furniture and decoration items	100%
Maisons du Monde Luxembourg Sàrl	Luxembourg	Furniture and decoration items	100%
Maisons du Monde Portugal Unipessoal LDA	Portugal	Furniture and decoration items	100%
Maisons du Monde Suisse Sàrl	Switzerland	Furniture and decoration items	100%
MDM UK Furniture and Decoration Limited	United Kingdom	Furniture and decoration items	100%
Maisons du Monde USA Inc.	United States	Holding	100%
Modani Holdings LLC	United States	Holding	70%
Mekong Furniture United Company	Vietnam	Furniture manufacturing	100%

1.4 Description of the Group's business and strategy

This Section contains all information on Group businesses, its competitive position, including the size of the markets in which it operates. In addition to internal estimates, the Group bases its statements on facts from studies, estimates, research, information and statistics provided by independent third-party bodies and industry associations, and data made available by the Group's competitors, suppliers and customers (for more information, refer to Section 9.5 "Information on the Group's business and markets, and third party information" of Chapter 9 "Additional information" of this Universal Registration Document).

This information, considered reliable by the Company, has not been verified by an independent expert. Therefore the Company cannot guarantee that a third party using other methods to collect, analyse or compile the market data would obtain the same results. Moreover, the Group's competitors may define their geographical markets or product categories differently. In addition, given the very rapid changes in the Group's business segment, this information could prove erroneous or no longer be up to date. The Group's competitive position may evolve differently from the projections included in this Section. The Company undertakes no obligation to publish any updates to the market information contained herein unless required by law or regulations.

1.4.1 GROUP PROFILE

Overview

Maisons du Monde is a creator of original universes in the homeware business, offering a unique range of home decoration items and furniture in a wide variety of styles and themes and at affordable prices, thereby targeting a very large customer base. The Group's business is structured around an integrated and complementary omnichannel approach, leveraging its international network of stores, e-commerce platform and catalogues.

Maisons du Monde has developed a differentiated business model, combining a unique ability to inspire customers with a fully developed industrial-scale, design-to-cost process, as well as an integrated approach to sourcing. Its design-to-cost process is focused on capturing emerging design trends in the apparel and homeware markets, and translating them into inspirational but affordable home decorative items and furniture. These products are then showcased in scenic environments in the Group's stores, catalogues and on its e-commerce platform. The Group's ability to offer a differentiated and immersive shopping experience to its customers, whatever their tastes or budget, helps to improve their satisfaction and enables it to deliver best-in-class financial results, throughout its business cycles.

Founded in France in 1996, the Group has sought to expand across Europe since 2003 and the United States since 2018. Maisons du Monde demonstrated its capacity to quickly expand in new markets, building on an excellent operating performance through the uniform and centralised implementation of its merchandising processes within countries requiring very little adaptation to local market practices. At 31 December 2020, the Group operated 369 stores in nine countries – including France (1996), Spain (2003), Belgium (2004), Italy (2007), Luxembourg (2010), Germany (2013), Switzerland (2014), the United States (2018), Portugal (2019), and generated 46.9% of its sales outside of France.

Maisons du Monde's broader product offering includes 18,750 stock-keeping units ("SKUs"), available in a wide range of prices. The offer falls into two main categories: (i) decoration products, such as home textiles, tableware and kitchenware, mirrors and picture frames, which includes around 13,950 SKUs, with an average selling price ("ASP") of approximately €14, and (ii) furniture, such as beds, tables, chairs, armchairs and sofas, wardrobes, bookshelves, junior furniture and outdoor furniture which includes around 4,800 SKUs, with an ASP of approximately €240.

Maisons du Monde has successfully replicated its model across all its different channels, using its store network, e-commerce platform and catalogues, all complementary to each other. Sales *via* its online platform have shown a CAGR of over 30% over the past ten years and accounted for 33.0% of the Group's sales for the year ended 31 December 2020. The Group's online platform, which is active in the nine countries where it operates stores, has also allowed Maisons du Monde to expand in Austria, the Netherlands and the United Kingdom, without opening physical stores. In November 2020, the Group launched its curated online marketplace which included over 33,000 SKUs at 31 December 2020.

The Group's like-for-like sales growth was -6.6% for the year ended 31 December 2020, due to the Covid-19 pandemic which led to temporary store closures including all stores in France being closed for 12 weeks.

Creator of Universes

The "universes" developed by Maisons du Monde are true lifestyles, spanning the entire home and offering a wide variety of styles, tastes and prices, systematically combining home decoration items and furniture. The Group's collection structuring and development strategy is not to impose design, but rather to encourage customers to express their own styles, whatever their budget. As a result, the Group's collections are intended to be multi-styled, taking new trends and adapting them to the homeware market, with a focus on affordability. The Group renews its collections twice a year for home decoration items and once a year for furniture, creating a sense of freshness and renewal in its stores, catalogues and on its website.

Maisons du Monde has developed a design process enabling it to capture and develop emerging trends in homeware and furnishing. To this end, the Group relies on its experienced in-house team, which includes professionals in the fields of design, collections and sourcing (16 designers and graphic artists, and about 110 members in total).

The Group's collection structuring and development process is focused on balancing its design ethos with commercial profitability by adapting past bestsellers in new product lines, and leveraging in-depth sales data to gradually refresh and create new collections and universes in tune with customer expectations. The Group's products are constantly being renewed, both in its stores and on its website, thereby fostering a dynamic shopping experience bolstered by the continuity of bestsellers and regular launches of new products.

Attractive merchandising

Maisons du Monde's commercial strategy relies on an engaging merchandising concept that uses scenic universes to display products in homelike settings, combining a variety of home decoration items and furniture coherently and harmoniously. The Group universes are constantly recreated across all its distribution channels, taking in new products almost every week, which helps to promote customer traffic in stores and on the website. Additionally, although the in-store displays are designed to inspire customers with interior design ideas, most items are offered on a self-service basis. This dynamic marketing combines a boutique feeling with mass merchandising techniques, which encourages impulse purchases and drives conversion rates. The Group applies this approach uniformly across all of its stores, whatever their format or channel, and in all the countries where it operates, using a centralised merchandising strategy. The Group's in-store staff offer timely and knowledgeable support to customers, particularly in interior design. Lastly, this merchandising approach allows the Group to limit the use of promotions and markdowns, which accounted for 7% sales in the year ended 31 December 2020, reintegrating less successful products in stores' bestseller universes.

Cutting-Edge Design and Sourcing

Maisons du Monde's industrial-scale design and sourcing process combines the appeal of its offering to customers with commercial and financial efficiency. The Group's design-to-cost approach is central to its business model and results in close collaboration between the team of stylists and sourcing professionals during all phases of the design and sourcing process, to create inspirational and affordable collections without jeopardising gross margin targets set by the Group.

To deliver customers affordable and high-quality products, the Group's business model relies on a significantly integrated and particularly flexible sourcing strategy that leverages its long-standing relationships with its suppliers. Through its more than 20 years of sourcing in Asia, the Group has developed a deep understanding of manufacturing processes and related cost drivers, allowing it to create and source distinctive, high-quality products while maintaining affordable prices. In addition, the Group manufactures about8% of its furniture internally (in terms of furniture purchases), through its manufacturing facilities in Vietnam, which allows it to secure quality production of the most sophisticated items and develop an even better understanding of production processes. The Group also leverages historical sales data to determine the optimal level of orders for the launch of a new collection. Further orders are then made in the light of sales over the first two to three weeks. This helps to optimise inventories and reduce the risks associated with product obsolescence.

Approximately one third of the SKUs in a collection are reordered during the season; the proportion is higher for products readapted from previous collections.

Lastly, for its logistics requirements, Maisons du Monde operates 11 warehouses located in the port area of Marseille-Fos, in the South of France. This houses most inventory and provides backend logistics support to all of its distribution channels, including e-commerce and international stores.

Broadly speaking, this integrated and genuinely flexible value chain provides Maisons du Monde with the ability to combine an attractive gross margin, with a wide and unique product range.

Omnichannel and multi-format international strategy

Maisons du Monde has been able to successfully replicate its business model across several markets in Europe since 2003 and has also been present in the United States since 2018 following the acquisition of a majority stake of 70% in the furniture chain Modani. As of 31 December 2020, the Group operated 141 stores spread across eight countries outside France (including 124 Maisons du Monde and 17 Modani stores), compared with 6 in 2005 and 32 in 2010. The Group also operates its e-commerce platform in Austria, the Netherlands and the United Kingdom. The fast and efficient rollout of the Group concept outside France was made possible mainly thanks to the Group's scalable and centralised approach to network development and management. For the year ended 31 December 2020, international sales accounted for 46.9% of the Group's sales, compared with approximately 3% in 2005 and 20% in 2010.

Inspired by consumers' experiences in stores and on the website and purchases they make of home decoration items and furniture, Maisons du Monde operates an omnichannel business model that includes its stores, e-commerce platform and catalogues. The Group's different channels complement each other, with customers often looking at products in store and then purchasing them online, or vice-versa. The Group uses its various distribution channels to present the entire range of its offer to its customers in a cost-effective manner.

The Group's multi-format store concept has demonstrated its ability to adapt to all catchment types and store sizes in all countries where it is present. Most of the stores operated by the Group have selling space of between 300 and 3,000 square metres, and their format is suited to city centres, retail parks and shopping centres.

Furthermore, Maisons du Monde operated six franchises at the end of 2020, including one in Martinique, two in Réunion Island, one in Morocco and two in the Middle East.

Maisons du Monde also provides its customers with its catalogues to encourage them to let their imaginations run free and to project themselves in a newly decorated or redesigned home. In 2020, the Group distributed approximately 6.4 million free catalogues across all the countries in which it is located in Europe, including approximately 3.4 million general catalogues, 2.6 million outdoor furniture catalogues, and 26,000 catalogues for professionals.

Lastly, Maisons du Monde is also at the forefront of e-commerce among homeware retailers. In addition to offering a direct sales channel, the Group's e-commerce platform seeks to inspire customers and help them prepare for their next store visit. Maisons du Monde actively engages with its customers using product launch videos, do-it-yourself decorating tips, personalised newsletters and social networks. For the year ended 31 December 2020, online sales reached €390.7 million, representing 33.0% of the Group's sales up 29.2% compared with the year ended 31 December 2019.

1.4.2 PRESENTATION OF THE MARKET AND COMPETITIVE ENVIRONMENT

The European Decoration and Furniture Market

Maisons du Monde is evolving in the very large European decoration and furniture market, with estimated revenues of approximately €250 billion in 2021 and which should show a Compound Annual Growth Rate ("CAGR") of 3.1% by 2025. [(1)]

In the retail channel, Maisons du Monde competes with international, national and regional retailers focused on decoration and furniture and with other stores that sell decoration item and furniture in addition to other products. Certain competitors may focus on decoration items only and carry limited or no furniture, whereas others may exclusively carry large furniture items. The Group's average selling prices are concentrated in the mid-range, and as a result, the Group faces competition from both the value and high-end segments of the market. Competition is generally based on product quality and choice, brand name recognition, price and customer service, as well as the number and location of stores and in-store experience.

Maisons du Monde believes it competes primarily in the "affordable inspirational" segment of the market, characterised by retailers who emphasise style and originality, and market their products at affordable prices. This segment of the market is more fragmented than the average for the sector.

Maisons du Monde's main competitors include in particular retailers such as Casa, Habitat, H&M Home and Zara Home. The Group also competes with functional players such as Alinéa, But, Conforama and IKEA. Department stores and hypermarkets also sell decoration items and furniture as part of a larger offering, and in France the Group competes with department stores like Galeries Lafayette or home improvement retailers such as Leroy Merlin and Castorama. The Group also experiences competition from independent retailers.

Certain such competitors are present in multiple European markets where the Group operates. For example, Zara Home is present in all of the markets where the Group operates, as is IKEA, except in Luxembourg. Conforama operates in France, Italy, Spain, Switzerland, Portugal and Luxembourg, and Habitat in France, Spain and Switzerland. The Group also competes with certain local retailers that are present in only one of its markets, such as Depot, which is only present in the German market, or Mercatone Uno, which only operates in the Italian market.

In the online segment, Maisons du Monde competes both with pure-play online retailers specialising in home decoration and furniture and with the online channels of several of its retail store competitors. In addition to the same general competition factors for retail stores related to product ranges and price, the Group's website competes with others based on factors such as ease of its user interface, search engine optimisation, online advertisements and social media campaigns to draw online traffic, methods of payment, shipping and delivery options, technical and platform support and click-and-collect programmes.

Pure-play online retailers specialising in home decoration and furniture include notably Home24, Made.com and Westwing, which are accessible from multiple European jurisdictions. Additionally, e-commerce platforms such as Amazon and Cdiscount do not specifically focus on the sale of decoration items and furniture, but mainly sell these products through other distributors and manufacturers. Most of the Group's retail store competitors also operate online channels.

General European Market Drivers

Consumer trends

The European decoration and furniture market is influenced by recent consumer trends, particularly in the convergence of customer tastes across countries, the increasing emphasis on well-being at home, as well as an increased desire of consumers to personalise their living spaces. Maisons du Monde believes that retailers who identify and respond to these consumer megatrends will be better positioned to capture market share than those who do not. In recent years, customer tastes have converged across different geographies as well as across the socioeconomic spectrum. The rise of the Internet and social networks, in particular visually-rich sites such as Pinterest and Instagram, as well as the popularity of television programmes relating to home decoration and renovation, has democratised access to a variety of sources for inspiration, resulting in a common and shared set of visual references sought by customers. Standards for beautiful or stylishly decorated homes have proliferated in a variety of media, both online and offline. Today, customers across Europe are increasingly seeking to replicate the same rooms and home settings that they see in stores, online and in catalogues and magazines. As a result, interior styles have become more homogenised. However, at the same time, customers increasingly desire decoration and furniture that feel unique and personally selected. Customers also put increasing emphasis on their homes as a source of well-being. Home decoration items and furniture are increasingly purchased not just for their functional use, but also for their aesthetic appeal, which expresses personal needs and tastes.

(1) Source: statista (https://www.statista.com/outlook/cmo/furniture/europe?currency=EUR).

E-commerce and mobile technologies

The e-commerce channel is a rapidly growing distribution channel in the decoration and furniture market in Europe. Increases in online penetration will provide an additional boost to growth among home decoration and furniture retailers owning e-commerce platforms. E-commerce is not only an important distribution channel for this market, but it also plays a critical role in the decision-making process for customers who are increasingly omnichannel. The Group believes that a significant share of visitors to its e-commerce sites come to get new ideas for furnishing and decorating their homes, driving both online and in-store purchases. E-commerce sites, coupled with the proliferation of mobile devices, have created new ways for consumers to view and review products and interact with retailers. As such, e-commerce sites can now replicate and enhance the in-store shopping experience in many ways, thereby driving increased purchases. For example, videos and pictures allow customers to view products from all angles and product listings can include highly detailed product descriptions and specifications. E-commerce sites also allow customers to see and purchase a wide range of products, or multiple variations of a product (such as different colours, fabrics or finishes), which may not all be available in-store given limited selling space.

Nevertheless, e-commerce sites remain complementary channels to in-store shopping. Customers may actually be inspired by products they have discovered and viewed online but may prefer to view products in-store before making their purchase. For example, a customer can visit a Maisons du Monde store to test a sofa but may choose to purchase it online on the Group's website, where it may be available in a particular colour or fabric. Accordingly, each channel complements the other and optimises the customer's experience. E-commerce sites also provide additional ways for retailers to drive in-store traffic. Online tools such as store locators and inventory checks allow customers to consult product information and availability, both online and in stores before purchasing, driving footfall in stores as well as online traffic. The Group's free in-store delivery option, which has been available for decoration items ordered online in all its stores in Europe since mid-2017, also encourages customers to visit stores after making an online purchase. As a result, e-commerce sites have become a key driver for both online and offline purchasing. Decoration and furniture retailers who are omnichannel have competitive advantages over those who are not.

Maisons du Monde's e-commerce site is available in 11 countries in Europe (Germany, Austria, Belgium, Spain, France, Italy, Luxembourg, the Netherlands, Portugal, Switzerland and the United Kingdom) and also in the United States. The Group is one of the main online distributors of decoration items and furniture in France in terms of sales and leads the market in terms of online adoption.

Furthermore, the Group operates a selective marketplace in France which was launched in November 2020. Drawing on expertise from the world of interiors, Maisons du Monde has selected specialist, young designers and Made in France brands as well as socially responsible brands in order to provide customers with a large, quality offering for the entire home, enhanced by an inspiring web design.

Macroeconomics

The European decoration and furniture market is generally correlated with macroeconomic indicators, such as GDP, consumer confidence, and residential construction, but has proven to be resilient in challenging economic climates, especially when compared with other retail categories, including consumer electronics and apparel and footwear. This is largely due to the fact that some decoration and furniture purchases are not purely discretionary. For example, certain household items become obsolete or require replacement fairly frequently, even during periods when macroeconomic indicators are trending down. Maisons du Monde benefits in particular from its wide price range, which addresses a wide range of consumer budgets. Likewise, when macroeconomic indicators trend up, consumer spending on discretionary items tends to increase. Thus, while expenditures on home decoration items and furniture generally increase in line with positive macroeconomic trends, it does not tend to decrease as sharply when macroeconomic are negative. For example, following the 2008-2009 financial crisis, the European home decoration and furniture market proved relatively resilient.

Demographics

The European decoration and furniture market is also affected by demographic factors, such as population size and growth, household size, household net revenue, number of households, housing density as well as levels of residences. For example, areas that have a high proportion of secondary housing, tend to have populations with higher than average purchasing power. These factors are expected to trend favourably for Maisons du Monde. For example, the French population is expected to grow 0.3% per annum between 2020 and 2050, while the number of French households is expected to increase as household size shrinks by 0.6% *per annum* over the same period, according to INSEE, the French national statistics institute.

Competitive environment

There are a number of types of players in the European decoration and furniture market, including specialty retailers as well as general retailers, discounters, variety stores, department stores and home improvement and gardening stores. Specialist retailers dominate the market in terms of revenues, but it continues to be highly fragmented, with the majority of players being independent retailers. There are also a number of pure-play e-commerce retailers.

Decoration and furniture players can be divided into five main segments: generalists, functional, affordable inspirational, premium design and monocategory experts. The Group generally competes with players with a similar positioning. Due to its product offering and merchandising concept, coupled with its broad range of price points, the Group generally does not compete with generalists, premium retailers or monocategory experts.

The Group's main geographic markets

France

France, which is Maisons du Monde's principal market, is one of the largest decoration and furniture markets in Europe, with estimated revenues of approximately €21 billion in 2021, which should increase at a 1.7% CAGR by 2025 [(1)].

In France, as is generally the case in the European decoration and furniture market, the Group competes with all retailers who sell decoration and furniture, including online-only retailers. However, specialty stores (including independent players) dominate the French market, followed by supermarkets and hypermarkets. The French decoration and furniture market appears to be fragmented but is experiencing some consolidation. The top five retailers (IKEA, Conforama, BUT, Maisons du Monde and Alinéa) account for over 40% of the market in terms of revenue, with the remainder being primarily composed of independent retailers. The number of players in the French decoration and furniture market has, however, been decreasing for several years, largely owing to a decline in the number of independent retailers, given the increasingly competitive environment caused by the globalisation of the supply chain and competition from low-cost players and chain retailers.

Maisons du Monde is the leader of the "affordable inspirational" segment in France, which is characterised by a small number of larger competitors and many small independent retailers. The Group's main competitors in this segment include Casa, Habitat, H&M Home, Zara Home and AM.PM. The functional segment appears to be less fragmented than the "affordable inspirational" segment and is dominated by large players, namely IKEA, Conforama, BUT and Alinéa. The Group's sales in France reached €627.9 million for the year ended 31 December 2020, *i.e.* 53.1% of total sales.

Italy

In Italy, the Group competes with independent retailers as well as homeware specialists brands. The Italian market appears to be highly fragmented, with five main generalist retailers (IKEA, Mondo Convenienza, Mercatone Uno, Grancasa and Conforama).

Maisons du Monde believes that the Italian "affordable inspirational" segment is less developed than it is in France. The Group competes primarily with homeware specialists, including Kasanova, Co Import, Zara Home and Casa, as well as independent retailers.

Spain

In Spain, the Group competes with independent retailers as well as homeware specialist brands. The Spanish market is highly fragmented with large international players such as IKEA and Zara Home holding very limited market shares compared to independent retailers.

As in Italy, the Group believes that the Spanish "affordable inspirational" segment is less developed than it is in France.

Belgium

The Belgian market appears to be highly fragmented and is dominated by independent and local players. The largest player in the Belgian decoration and furniture market is IKEA. Some players are Dutch retailers focused on the discount segment of the market such as Blokker, Dille en Kamille and Action, in the case of decoration, and Leenbakker in the case of furniture. A number of players in the furniture market are also large independent stores, such as Weba, Heylen and Gaverzicht.

The Group believes that its main competitors are Casa, Blokker, Dille en Kamille, Zara Home and Action, as well as independent retailers.

Germany

Germany is one of the largest decoration and furniture markets in Europe, with estimated revenues of approximately €42 billion in 2021, which should increase at a 1.5% CAGR by 2025 [(1)].

In Germany, the Group competes with independent retailers as well as larger homeware specialists, including online-only players. The German market is highly fragmented and the top retailers include IKEA, Höffner, XXXLutz, Roller, Porta, Depot, Butlers, Nanu-Nana and Zara Home. Large players, in both the generalist category as well as the homeware specialist category, are currently winning market share through store expansion and the growth in online distribution, as Germany's online market is the second largest in Europe.

In Germany, the Group is most closely positioned with homeware specialists such as Depot and Butlers, but is mostly competing with independent retailers, as well as pure-play online retailers such as Home24, Made.com and Westwing.

(1) Source : statista (https://www.statista.com/outlook/cmo/furniture/europe?currency=EUR).

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1.4.3 THE GROUP'S ASSETS AND COMPETITIVE STRENGTHS

A diverse and original offering displayed through inspirational universes catering to a broad range of customer tastes and at affordable prices

Maisons du Monde has developed a unique concept based on the differentiation of products offered to customers. The Group offers a wide range of original, design-oriented products at reasonable prices through eye-catching, inspirational merchandising. Through this unique combination of product offering and merchandising know-how, the Group offers its customers an immersive and inspirational shopping experience, maximising conversion and triggering impulse purchases.

The hallmark of the "Maisons du Monde" brand is its ability to create "universes" spanning the entire home in a wide range of themes and styles, combining home decoration items and furniture. Customers benefit from products that are both inspirational and original, and which match their individual styles. The Group aims to continue to be an early adopter of emerging styles and trends, which it captures and adapts through an industrial-scale design-to-cost process that leverages its experienced team of stylists and sourcing professionals. The Group's stylists have experience in the fashion and luxury goods industries and have been with Maisons du Monde for an average of seven years.

Maisons du Monde differentiates itself from traditional players European in the decoration and furniture market. Where many such players tend to be monostyle, with products that are purchased from manufacturers that supply multiple retailers, Maisons du Monde offers products in many different themes and styles, which are largely designed in-house. In 2020, approximately 39% of the Group's decoration items were designed or adapted in-house. The Group's entire collection is sold under its own brand, enhancing the uniqueness of the Maisons du Monde universes.

The Group's the collection structuring and development approach balances design and commercial efficiency by re-using and adapting historical bestsellers and leveraging in-depth historical sales data to gradually refresh and create new collections and universes matching emerging market trends. While traditional players tend to offer unique styles within a restricted price range, the Group, through its wide range of products, is able to offer original articles inspired by many different themes and styles at affordable prices, which avoids any reliance on a particular theme or style.

In order to fully leverage its distinctive collections Maisons du Monde uses an engaging merchandising concept, displaying its products in inspirational universes, recreating a home-like setting and harmoniously combining home decoration items and furniture. Maisons du Monde combines this boutique feeling with mass merchandising techniques to drive conversion rates and encourage impulse purchases. In contrast, traditional players tend to focus on either home decoration items or furniture, and display their products in standard product aisles. Additionally, the Group continuously renews its merchandising universes and product offering throughout the year, increasing the appeal of its stores and e-commerce platform through a perceived scarcity effect, further driving footfall.

A model focused on customer inspiration and satisfaction

Over the last twenty years, Maisons du Monde became a well-known brand with a strong customer base owing to continuous efforts towards improving its customers' satisfaction and the reach of its brand.

The Group is focused on improving the customer home delivery experience, specifically *via* better notification in terms of order-taking and delivery-tracking, or the launch of an ambitious improvement plan with its carriers. Furthermore, the Group implemented a 360° marketing plan during the year aimed at strengthening the reach of the Maisons du Monde brand, specifically including more effective targeting and personalisation of its customer communications, and increased presence on social networks.

In addition, Maisons du Monde appears in several rankings of the best French brands carried out by independent firms. For example, according to the 2020 OC&C brand ranking, Maisons du Monde is the second favourite French brand in the Furniture category, with a score of 81.3, just behind IKEA and before But, Alinéa and Conforama. Among the Top 30 French brands, all categories combined, Maisons du Monde is in 20th place, up three places compared to the 2019 ranking.

The Group believes that this strong recognition on the part of customers translates into consistent market outperformance, as shown by the sales growth which outperformed its benchmark market index on a like-for-like basis throughout its business cycles. In addition, between 2014 and 2020, Maisons du Monde opened, on a net basis, 112 new stores (43 in France and 69 abroad). Driven by both its stores and a strong performance on a like-for-like basis, the Group has increased its market share in the countries in which it operates, to the detriment of independent retailers in particular.

A scalable business model geared towards value

To deliver original and affordable design and quality, while maintaining high margins, the Group controls, coordinates and optimises the entire value chain, from design to distribution.

Maisons du Monde has therefore implemented a design-to-cost model aimed at capturing emerging trends and integrating them into its new collections and universes, relying on the close cooperation between stylists and sourcing professionals from the very beginning of the design process. This industrial-scale model allows the Group to offer original and inspirational products at compelling prices while maintaining high gross margins.

To manufacture its products, Maisons du Monde works with approximately 1,400 third-party suppliers, located in China, India, Indonesia and Vietnam, among others. Specifically, the Group has developed close long-term partnerships with about 40 such suppliers, supporting the organisation in developing its unique products at an attractive cost. Additionally, the Group operates its own furniture production facilities in Vietnam, which provides it with an in-depth understanding of the production process and associated costs.

The Group operates 15 warehouse facilities in France and the United States, which house most inventory and provide backend logistics support to all of its distribution channels, including e-commerce and international stores. Stores typically have a relatively small amount of stock, thereby maximising square footage at retail locations for product display and increasing sales densities.

Thus, upstream of the value chain, the Group is able to execute its commercial strategy in an efficient and profitable way. Using a data-intensive approach that leverages more than 20 years of sales experience, the Group is able to determine optimal initial orders, with reordering based on the first two to three weeks of sales, which helps to optimise the amount of stock and reduce the risks associated with product obsolescence. Building on its particularly efficient and flexible supply chain together with its logistics capabilities, the Group is then able to supply its stores up to four times per week.

This industrial-scale, integrated and flexible value chain provides the Group with the ability to create fashionable collections that are both affordable and original, while at the same time maintaining high gross margin and limiting promotions.

A truly omnichannel model, with consistent execution across store formats and channels

The Group's development has been underpinned by a multi-format and omnichannel strategy that has followed its customers' habits and has demonstrated its replicability and scalability across multiple store formats and distribution channels.

The Group's store concept has demonstrated its effectiveness across all catchment types and store formats. Most of the Maisons du Monde stores cover selling space of between 300 and 3,000 square metres and are located in city centres, retails parks or shopping centres Through a standardised approach, the Group has been able to roll out its concept effectively and coherently in both commercial and financial terms, and has managed to build a balanced and harmonious store network, with a single business model across store formats.

The Group has also been at the forefront of e-commerce in the homeware industry, using its online platform not only as a distribution channel, but also as a source of inspiration for its customers, a way to discover the Group's collections and universes and prepare a store visit. The Group has today emerged as a leader in e-commerce in the French home decoration and furniture market, with 33.0% of its online sales in the year ended 31 December 2020 generated online, compared with approximately 7% in 2010. This compares very favourably with the moderate e-commerce penetration rate on the French decoration and furniture market, with most large bricks-and-mortar players generating online sales below 10% of their total sales.

Furthermore, the Group launched its selective marketplace in France in November 2020, providing customers with a large, quality offering of socially responsible brands for the entire home, enhanced by an inspiring web design. At 31 December 2020, the marketplace had over 33,000 SKUs offered by over 175 sellers representing close to 300 brands.

Maisons du Monde seeks to further fuel the success of its omnichannel model with web-to-store and store-to-web applications, the creation of delivery options, such as free in-store delivery [(1)] or click-in-store [(2)] sales. Additionally, the Group has continued to use significant cross-channel data collected from its customers through its customer relationship management platform in order to improve the effectiveness of its marketing and drive growth further.

The Group also provides its customers with its catalogues. These catalogues are available in several languages, and come in four different versions (general, outdoor furniture, junior and B2B). They cover the Group's entire range of furniture items and help attract customers to its stores and website. In 2020, the brand's general catalogue presented roughly 3,770 furniture SKUs and approximately 2,760 SKUs in home decoration items. The outdoor furniture catalogue had roughly 500 furniture SKUs and approximately 150 SKUs in home decoration items. Lastly, the junior catalogue presented approximately 340 furniture SKUs and 710 SKUs in home decoration items. In 2020, the Group distributed a total of 6.4 million free catalogues across the countries in which it operates.

(1) "Free In-Store Delivery" refers to the Group's service through which decoration items can be ordered via the e-commerce platform and picked up by the customer free of charge in the store.

(2) "Click-in-store" sales refers to sales made through the Group's digital sales system from an in-store point of sale, which corresponds to the sale of SKUs not physically displayed in stores. Such purchases are generally identified by customers from the catalogues or tablets made available in-store or, alternatively, through discussions with sales consultants.

This omnichannel approach, combined with the Group's lifestyle universes, is in contrast to the methods adopted by traditional players, which often only display their products in stores, in comparatively unattractive product aisle formats. The combination of these two complementary distribution channels and a differentiated merchandising approach allows the Group to sell a wide range of products in relation to its average store space and the number of products displayed in stores. On average, 7% of furniture SKUs are displayed in-store, but, using its catalogues and online platform, the Group is able to make all its offering available to its customers. This is illustrated by the fact that around 56% of in-store furniture sales were generated by products that were not physically displayed in-store in the year ended 31 December 2020.

A proven track record replicated internationally

Maisons du Monde replicated its business model across Western Europe and also gained a foothold in the United States in 2018. As of 31 December 2020, the Group operated 141 stores spread across nine countries outside France, and also had an exclusively online presence in three additional countries. For the year ended 31 December 2020, international sales accounted for 47% of the Group's sales, compared with 3% in 2005 and 20% in 2010. For the same year, six of the ten largest stores in terms of sales were located outside France and about 53% of the Group's online sales were made internationally.

Maisons du Monde has historically been able to scale its international expansion and achieve a high standard of operating performance swiftly, through consistent and centralised implementation and execution of its marketing process across countries as well as a standardised and structured store rollout process. The Group has also benefited from converging consumer tastes across European countries, allowing to succeed in each country with the same collections. This is illustrated by the fact that most of the Group's bestsellers are the same across all countries.

The success of the Group's international growth strategy is further demonstrated by the similarity of ramp-up (1) and the payback (2) inherent in new stores.

Best-in-class financial performance, with consistent margins across regions and channels

Maisons du Monde's business model has delivered strong financial results since its creation, based on continued sales growth and a high level of profitability. The Group's sales grew from €699.4 million in the year ended 31 December 2015 to €1,182.1 million in the year ended 31 December 2020, in the context of the health crisis. The CAGR of approximately 11% over the last five years, with a positive contribution from all distribution channels, geographical areas and product categories, represents a stellar performance compared with other European players in the homeware industry. In addition, the Group's EBITDA reached €240.6 million in the year ended 31 December 2020 with and associated EBITDA margin of 20.4%.

This excellent financial performance is the result of the very good health of the Group's store network and the strong profitability of its e-commerce channel, as well as the rollout of new stores displaying an attractive business model, all sizes and all geographies combined, with ramp-up of less than one year (in mature countries such as Spain, Italy and Belgium) and an average payback of two to three years for the majority of the Group's store network. The online channel also provides excellent returns, with low investment requirements.

(1) Ramp-up refers to the length of time necessary for a new store to record average sales per square metre in line with the Group's average.

(2) Payback, the indicator the Group uses internally, is calculated by dividing a store's fixed assets (net of disposals) by its EBITDA. The Group uses store fixed assets (net of disposals) as an indicator for capital expenditure when analysing the performance of its stores.

1.4.4 GROUP STRATEGY AND OUTLOOK

In June 2019, the Group announced its goal to become a reference lifestyle partner for its customers, by offering a range of appropriate home-based solutions, a smooth and inspiring customer experience and rich dialogue between the brand and its communities, to promote openness and responsibility.

Maisons du Monde presented a clear roadmap to convey its vision

A differentiated offering

Maisons du Monde is honing the relevance of its offering by developing contemporary themes and further improving the quality of its products.

An increasingly digital and data-driven Group

Maisons du Monde is taking the digitisation of its business a step further, with the launch in November 2020 of its selective "marketplace" in France, which at the end of December 2020 was bringing together more than 300 brands that meet the criteria in terms of style, quality, affordability and brand responsibility. After a successful launch on its French site, Maisons du Monde intends to make its marketplace accessible in its French stores by the beginning of 2022, and to launch it in a second "online" market in 2022. The Group also intends to increase its marketing investments to boost awareness of the Maisons du Monde brand, develop its online and in-store traffic, and thus help it to become Europe's leading homeware brand.

An international store expansion strategy to

Maisons du Monde intends to continue to dynamically manage its network and reinforce its store concept, with the optimisation of its French stores and continued international expansion. The Group opened its first store in Vienna, Austria in March 2021. After the opening in Portugal last year, Austria became the Group's ninth omnichannel country, with the brand already having an active website in these countries for years.

An industrialised approach to supply chain

In order to support digital growth and international expansion, Maisons du Monde is upgrading its logistics tool. Densifying storage spaces and adopting a lean approach should increase the logistical efficiency of the Group's central platform. Additionally, a new 69,000 m^2 logistics centre located in the North West of France should become operational in 2022 and will later be partially automated.

A stronger CSR ambition

Maisons du Monde, convinced that companies must be leading players in environmental and social responsibility, is stepping up its efforts in this area. Despite the pandemic context making collaboration with Asia complex in 2020, the Group has increased the proportion of sustainable timber in its furniture offering by four points, from 64% to 68%, and launched its first Oeko-Tex standard 100-certified textile collection, already representing 20% of its textile offering. The Group intends to continue its efforts to ensure the sustainability of its offering and to manage the end of life of its products.

An enhanced service offering

Maisons du Monde continues to expand its service offering, which is essential to the customer experience and increasing proximity with them. With Rhinov, a start-up in which Maisons du Monde acquired a majority stake in 2019, the Group offers an innovative service that enables anyone to benefit from the services of a professional interior decorator at very affordable prices via a smooth, enjoyable and 100% digital process. Maisons du Monde is also stepping up its commitment with its user communities by gradually providing different content and encouraging interactions. With increasingly relevant content, Maisons du Monde saw its Instagram community grow by more than 40%, reaching 4.5 million followers.

B2B and franchising, a natural extension of the Group's B2C model

The expansion of the product offering and dedicated marketing will help to develop the B2B activity, as new trends in hospitality, catering and new office spaces are in keeping with Maisons du Monde's style and friendly DNA. Despite a difficult economic climate in 2020 affecting the dynamics of the underlying B2B sectors, the Group continues to believe in this strategic focus and is pursuing its efforts with the launch of 160 new products, taking the range of products dedicated to professionals to 370. It has also published a new catalogue showcasing the latest trends.

Maisons du Monde's strategy in the United States

Following its successful integration into Maisons du Monde, Modani would represent the Group's primary growth engine in the United States. In addition, in June 2019, the Group announced its intention to test the Maisons du Monde brand in the United States through a few pilot stores (five openings had been announced over the 2020-2024 period), by drawing on Modani's know-how.

On 13 May 2020, the Group announced the permanent closure of the two Maisons du Monde trial stores in the United States, both of which were on temporary leases. On 10 March 2021, the Group announced its decision to refocus on Europe, with a view to optimising the return on invested capital, and not to carry out any new tests on the Maisons du Monde brand over the coming years. As a result, and in light of the impact of the pandemic in the United States, the Group has indicated that it is conducting a strategic review of Modani by studying all possible options.

Financial objectives

At the Investors' Day held on 18 June 2019, Maisons du Monde announced the following objectives for 2020-2024:

- **sales growth**: average annual growth of at least 10% over the period;
- **profitability:** an EBITDA margin [(1)], of 12% in 2024 and will be in the range of 11% and 12% in the intermediate years of the plan and average annual growth in net income [(1)] of at least 10% over the 2020-2024 period;
- **free cash flow and shareholder return policy:** cumulated recurring free cash flow should be over €300 million over the 2020-2024 period, and will allow further deleveraging to 0.5x EBITDA [(1)] at the end of the period, while maintaining the Group's dividend policy, with a payout ratio of 30% to 40% of net income [(1)].

Update of the strategic plan

Strategic Plan and Investors' Day

On 10 March 2021, the Group announced the update of its 2020-2024 strategic plan in light of the Covid-19 pandemic and its impacts, and will organise an Investors' Day in the autumn of 2021.

Adjusted financial targets will be communicated at the time of this update.

1.4.5 DESCRIPTION OF THE GROUP'S BUSINESS

Products

Overview

The main pillar of the Maisons du Monde's retail strategy is its extensive and unique homeware product offering that spans a broad range of themes and styles. The Group's product offering is conceived, curated and presented in its stores, on its e-commerce platform and in its catalogues through lifestyle "universes". The Group uses the term "universes" to denote a complete vision of a room that it constructs through highly innovative and inspirational merchandising. In the universes, the Group combines home commercial zones decoration items and furniture, arranging them in a homelike setting accompanied by appealing architectural features, wall colours and floor materials. Each universe seeks to inspire Maisons du Monde customers by capturing and reflecting moods and feelings, invoking a fully-assembled sense of place to spur them to shop by room rather than by individual product. The Group's universes are organised by, and are reflections of, stylistic inspirations such as Vintage, Seaside, Classic/Chic and Contemporary. These universes are constantly evolving. The Group presents one furniture collection (each of which consists of multiple styles) and two decoration item collections per year (each of which generally consists of six themes), continuously introducing new SKUs for customers to discover while redeploying historical bestsellers.

Through this unique broad product range, Maisons du Monde is able to satisfy a wide variety of consumer tastes. Each style is typically available for each room or function of the home and spans a large number of product categories. The range of Maisons du Monde products includes 13,950 decoration SKUs (54.9% of sales in 2020) and almost 4,800 furniture SKUs (45.1% of sales in 2020), and is designed to appeal to a broad customer base with its multi-style, multi-price approach. The Group constantly innovates to respond to changing tastes and the preferences of successive age groups by adding new themes, styles and universes. Approximately half of the Group's current furniture styles were launched in the last ten years.

Maisons du Monde believes that the depth and breadth of its collections and universes are unique to its brand concept. The Group's main styles present multiple visions for a single room, designed to appeal to all types of customers.

Decoration Items

Decoration items generally consist of products that customers can use to accent and accessorise their homes and add colour and personal style to their living spaces. The Group's range in this product category includes bedding, rugs and mats, candles, pillows and cushions, clocks, tableware, lamps, kitchenware, mirrors and frames, vases, storage articles, window treatments and bath products. The Group's average selling price (ASP) is approximately 14 € for decoration items. Occasionally, new categories of decoration items are introduced in order to broaden the Group's customer base and provide its customers with even more home decoration choices. For example, the Group launched its junior collection, featuring decoration items for babies, children and teenagers in 2011. This range currently consists of approximately 1,400 SKUs, including baby crib mobiles, lamps, wall art for children and storage containers.

(1) Figures calculated before the application of IFRS 16.

In addition to its furniture styles, the Group also curates and presents a variety of "themes" for decoration items, which are presented alongside furniture in Maisons du Monde's universes. These decoration item collections reflect new themes and trends, which often leverage existing pieces, that are either integrated "as-is" or are adapted to the new theme. Additionally, the Group is able to reuse and adapt approximately 44% of small decoration items in a given collection in subsequent collections, which are items the Group considers to be "best-sellers".

Maisons du Monde launches decoration item collections two times per year: for Spring/Summer and Autumn/Winter. Additionally, each October, the Group unveils a highly anticipated thematic decoration item collection for holiday decorative products.

Furniture

The Group offers roughly 4,800 SKUs in the furniture category, across a wide range of styles. The Group's furniture range includes sofas, chairs, beds, mattresses and bedframes, floor lamps, tables, junior furniture, tables and storage units such as bookshelves, wardrobes and cupboards. The Group also offers a range dedicated to outdoor furniture, which includes approximately 600 SKUs. The Group's ASP for furniture is approximately €240. The Group presents one new furniture collection per year. Substantially all of the Group's furniture is assembled and delivered to the customer's home. The Group has also expanded this range over time. For example, it introduced a dedicated outdoor furniture collection in 2009 and a junior collection in 2011.

Product display and merchandising

Product display and merchandising is core to consistently recreating the Group's lifestyle universes across its stores, its e-commerce platform and catalogues. The Group displays its products in a unique and inspirational way by creating universes in homelike settings that systematically combine decoration items and furniture in order to inspire customers and to suggest cross-category product pairings. Maisons du Monde's approach to in-store merchandising is designed to create a "boutique" feeling while leveraging mass-market distribution techniques. In its stores, the Group seeks to create immersive shopping environments; products are kept on hand next to the relevant displays for easy placement in shopping baskets, in order to encourage purchases. Products are arranged by collection and displays emphasise the range of themes, styles and customisation options for each universe in order to help customers self-curate their homes.

The merchandising in Group stores, catalogues and websites is the result of rigorous testing and refinement at the test stores, where merchandising specialists prepare in-store displays and conceptualise the different product pairings before deploying them across all distribution channels. Merchandising execution is centrally managed to promote harmonious rollout and brand consistency across store formats and geographies. Every two weeks, a new merchandising manual is sent to each store within the network. It sets out optimal composition and presentation of the Group's products. This approach promotes retail best practices and consistency and allows Store Managers to benefit from the analysis gleaned from across the Group's full sales data, for example to strategically redeploy historical best-sellers to lift sales. In addition, the Group continuously introduces novelty, providing a sense of dynamism that increases footfall to its stores and traffic to its website. As a result of this disciplined and dynamic approach to merchandising, the Group is also able to seamlessly reintegrate products from previous years' collections in stores, thereby limiting product markdowns and avoiding the need for provisions for significant inventory impairment.

The Maisons du Monde website is also designed to create attractive shopping environments that encourage purchases and to offer customers a variety of search features, filters and methods of presentation to sort through the large product offering. They aim to be a source of inspiration for customers' home design and decoration plans. For example, it presents items by product type, room, theme, style and universe, as well as other characteristics such as trends or "eco-selection" (for products made from recycled wood and wood from sustainable sources). Moreover, the Group's online platform expands on the approach taken by its catalogues, by integrating videos and including photos from a variety of angles to allow better conceptualisation of the products. Additionally, the Group's website offers a gift selection tool to help generate ideas.

The Group's catalogues are also an important element in the presentation and marketing of its products. By illustrating the universes of Maisons du Monde through a series of magazine-style photos, they encourage customers to discover the diversity of the Group's product offering.

Design, Sourcing and Pricing Strategy

Overview

The Group's approach to product design and pricing is integrated within a fully-industrialised sourcing process that combines the creative experience of the Group's team of in-house designers and graphic artists with the data-driven and structured approach of the Group's experienced team of stylists and sourcing professionals. This enables the Group to create on-trend styles and themes while maintaining margins through disciplined and cost-driven product selection, design and sourcing.

Product Design

Maisons du Monde's team of 16 designers and graphic artists define the collections and manage product design according to a well-established collection creation process. They are part of and work closely with the design and purchasing team of more than 110 staff members overall. For decoration items, the Group presents two major collections per year, in Autumn/Winter and Spring/Summer, each of which generally consists of six themes. For furniture, the Group presents one new collection per year, which includes multiple styles.

The decoration and furniture collections are designed through a highly disciplined process. First of all, the design team relies on market analysis, shopping sessions, high-end magazines and visits to design boutiques to identify new trends and start adapting them to decoration and furnishing items. The designers then refine these ideas in a trend review meeting, to determine which ones will be most successful with Maisons du Monde's customer base and will best complement the existing product ranges. The design team then works closely with the procurement team and product managers to refine each collection with a "design-to-cost" approach. The teams together decide on appropriate fabrics, materials, colours, prints and finishings, to optimise product design and material costs, while staying true to the Group's design proposition. The product managers provide analysis of historical best-sellers to promote the commercial success of the new collection. The final collections and product assortments are approved by two committees, during which purchasers and product managers provide their sourcing recommendations. Additionally, the design team employs checklists to create collections that are balanced, compatible with the Maisons du Monde concept and introduce sufficient novelty. The duration of the design process from theme, style, universe and trend identification to approval of the relevant collection typically takes nine months.

The Group's ability to regularly renew its collections with new and innovative designs differentiates it from other homeware retailers and increases its appeal to customers. The Group has an established track record of gradually reviewing and adapting its product offering through an "early adopter" approach, rather than attempting to create new trends, themes, styles and universes. Maisons du Monde's in-house team of designers identifies emerging design trends in the market and shapes subsequent collections around these trends. After several years, as a trend or design becomes commoditised in the market, the Group identifies the next emerging trend, allowing it to stay up to date with consumer tastes and current trends in design.

Maisons du Monde's in-house design capabilities enhance the originality of its products and position its brand among consumers as a unique source of homeware inspiration. In 2020, approximately 36% of the decoration items were designed or adapted in-house, the remainder selected from external suppliers, to align with the season's collection.

Pricing Strategy

The Group's pricing strategy is key to the positioning of the "Maisons du Monde" brand within the "Affordable and Inspirational" segment and allows it to maintain strong margins.

The Group aims to offer items across a wide range of price points in every product category, in order to address to a broad range of customers and budgets. For example, the Group offers two-seater sofas from an entry-level price of €199 for an upholstered model to €1,499 for a leather model. The majority of the Group's price points are clustered in the affordable.

The Group is able to maintain strong margins, notably through its "design-to-cost" approach. The Group's pricing strategy sets a target minimum gross margin for every product. Once the design team has worked with the purchasing teams to optimise product design and material costs, the product managers determine the required price of its products to generate the minimum margin. If a product is not deemed to represent "value for money" by the product managers who have benchmarked competitors' products and market prices, the item will be reworked by the product design and procurement teams to generate the minimum margin.

Furthermore, in order to preserve its margins and brand image, the Group maintains a policy of engaging in limited promotions and markdowns, which accounted for only 7% of sales for the year ended 31 December 2020, a proportion that is low compared to a number of other decoration and furniture retailers. The Group has developed a system of private sales, routine end-of-season sales and promotions for display products as tools to manage inventory. However, the volume of such sales has historically been low due to the Group's ability to correctly anticipate demand and recycling of end-of-life products in its stores and on its e-commerce platform.

The Group generally has a policy of applying the same prices across its store network and websites. As a result, prices are broadly in line across countries where the Group operates in Europe, although prices in the United Kingdom and Switzerland are appropriately redenominated in the local currencies.

Sourcing

The Group's sourcing is conducted in two principal ways: (i) internal manufacturing by its fully-owned production plant in Vietnam and (ii) external manufacturing, which is itself divided into two components, (a) manufacturing by external suppliers pursuant to the Group's own product designs and specifications, generally comprising external suppliers with whom the Group has a long-standing relationship and who provide a variety of decoration items and furniture (this category of suppliers is referred to as "partners" in this Universal Registration Document) and (b) manufacturing by other external suppliers from whom the Group purchases based on cost, complementarity of design and customer demand, who largely provide individual SKUs of decorative products that can complete a collection.

Based on the total value of purchases for the year ended 31 December 2020, approximately 88% of the Group's products were manufactured in Asia, primarily China, Vietnam, India and Indonesia, providing it with access to a low-cost supply base. The Group's remaining products were manufactured in Europe, with France accounting for approximately 5% of the Group's manufacturing (primarily sofas) and the rest of Europe accounting for approximately 7% of the Group's manufacturing (primarily glassware).

A. INTERNAL MANUFACTURING

For the year ended 31 December 2020, the Group produced approximately 8% of its furniture (in terms of furniture purchases) at its manufacturing site in Vietnam (*via* its subsidiary, Mekong Furniture, created in 2013). The Group mainly focuses its in-house manufacturing capabilities on the production of the more high-end furniture, the more design-intensive furniture items as well as on its junior furniture collection. Moreover, the Group is able to gain useful information with respect to the costs and dynamics of the supply chain, which it uses to its advantage as a benchmark in negotiations with external manufacturers. Accordingly, it believes that the flexible nature of its external supply base means that the Group is able to optimise its supply chain across the geographic locations in which its suppliers are based, particularly in the face of changing market conditions. Furthermore, the Group's significant sales volumes generate strong buying power and enable it to achieve economies of scale and efficiencies across its supply chain.

B. EXTERNAL SUPPLIERS

The Group regularly works with more than 4,500 third-party suppliers. The Group's top 15 suppliers (including Mekong Furniture) represented approximately 30% of its purchases for the year ended 31 December 2020. No external supplier accounted for more than 5% of its purchases for the same period.

The Group does not enter into formal contractual arrangements with its external suppliers. Instead, purchases are generally made through purchase orders of individual SKUs or groups of related SKUs on an order-by-order basis. In Asia, the Group has historically made a down payment of one-third of an order's value at the point of order and pays the remainder on shipment. Over the course of 2020, in order to achieve more efficient cash management, the Group decided, with the agreement of its suppliers, to do away with prepayments for most suppliers. The Group's sourcing strategy focuses on identifying and using suppliers that can provide the quality materials and fine craftsmanship at accessible prices that its customers expect.

Partners

The Group has about 40 "partners", a term that refers to the Group's most trusted external suppliers. As part of the Group's efforts to meet its high standards of quality and timely delivery of products, the Group engages in co-development of certain products with its partners for exclusive sale in its stores and on its websites. The Group believes that it is generally a significant customer of its partners, several of whom work exclusively with the Group, which enables it to develop long-term relationships and to leverage the Group's buying power. Partners manufacture products according to the designs that the Group provides, or alternatively, the Group places orders from a catalogue maintained by the partner according to colours, materials and other customisable characteristics and specifications that the Group chooses.

Other External Suppliers

Other external suppliers consist of a large range of manufacturers that the Group draws upon on an order-by-order basis, comprising suppliers that the Group has worked with for several years as well as, on an opportunistic basis, new suppliers that pass its screening process. The products that the Group sources from other external suppliers are primarily decorative product SKUs that do not necessarily require a large degree of customisation or value-added design. For example, the Group may purchase decorative non-scented candles in a variety of colours from an external supplier in order to complement a particular style, theme or universe.

C. RAW MATERIALS

The main raw materials used in the manufacture of decoration items and furniture are wood, glass, metal, cotton, wool, plastics and ceramics. The Group's suppliers of raw materials include local, regional and international raw materials manufacturers, distributors and resellers. There is a sufficient number of suppliers such that the Group does not consider itself to be dependent on any one supplier. Global commodity dynamics, including supply, demand, and geopolitical events, affect the prices of raw materials to varying degrees. As global commodity prices for timber and plastics are generally denominated in US dollars, the price of raw material purchases is predominantly made in US dollars.

The Group purchases its own raw materials for Mekong Furniture. The Group's external suppliers are responsible for the sourcing of their raw materials, which in any case must comply with its requirements as indicated in the prototype, purchase order and/or product design specifications.

In an effort to promote environmental stewardship as well as to respond to customer demand, the Group increasingly sources a significant percentage of its wood bearing sustainable forestry labels and/or recycled wood reclaimed from a variety of household uses. For more information on the Group's sourcing of sustainable wood, please refer to Chapter 3 "Corporate Responsibility" of this Universal Registration Document.

Quality Control, Inventory Management and Logistics

Quality Control

Quality control is applied across all phases of the Group's sourcing, manufacturing and logistics operating model and is key to cultivating, maintaining and enhancing the "Maisons du Monde" brand among its customers and thus to preserving profitability. Quality control also extends to the selection process for third-party suppliers and providers. For example, the Group generally prefers suppliers that have received recognised international certifications, such as those granted by the International Standards Organisation ("ISO"). The Group also performs ongoing monitoring, inspection and control procedures, which take place during the manufacturing process, at receipt of the products at the Group's warehouses and upon arrival of products at the Group's stores. In particular, the Group seeks to achieve consistent quality across its suppliers' products by selectively inspecting both pre-production samples and deliveries at its warehouses in Marseille-Fos. The Group has a quality control team, the majority of whom are based in China, Indonesia and India, who conduct site visits, inspections and are responsible for supervising suppliers' adherence to the Group's standards.

Inventory Management

The Group uses a data-intensive process for inventory management in order to optimise product allocation among its stores, which carry relatively low levels of inventory, as the majority of its inventory is kept in the warehouses. As of 31 December 2020, approximately 5% of the Group's decoration inventory and approximately 4% of the Group's furniture inventory was aged more than one year and the Group had 153 average days of inventory outstanding.

When launching new collections, the Group manages its initial ordering levels based on historical sales analytics. Once collections are launched, the Group uses the first two to three weeks of sales data to determine demand and reordering levels. In addition, the Group is able to seamlessly reintegrate unsold products from previous collections into subsequent collections, thereby optimising products' lifecycles, avoiding product markdowns and the scrapping of obsolete products, and explaining the lack of significant provisions on inventory.

Logistics

A. SHIPPING FROM POINT OF PRODUCTION

The vast majority of the Group's products for its European stores are manufactured in Asia, primarily in China, Vietnam, India and Indonesia, and are shipped by sea to Marseille-Fos from the port closest to the point of production (Shanghai or Ho Chi Minh City) pursuant to standard freight contracting with third-party shippers. The Group rarely relies on air cargo for shipments, in an effort to maintain its low cost of production. The Group's maritime contracts are renewed annually, negotiated one year in advance and paid in US dollars. The Group hedges its US dollar exposure by buying US dollars under forward and option contracts to cover its expected purchases for 12 to 24 months. For further discussion of the impact of exchange rates on the Group's results of operations, see Chapter 2 "Risk factors" of this Universal Registration Document. Distri-Traction, the Group's dedicated transfer subsidiary, handles the transport of the containers from the port of Marseille-Fos to the Group's warehouses. For products that are manufactured outside of Asia, such as sofas made in France, terrestrial shipping to the Group's warehouses in Marseille is arranged (rail freight or trucking).

B. WAREHOUSING

Distrimag centralises the Group's warehousing and inventory management activities. The Group's central warehouses service all of the Group's operations, which helps it harness efficiencies in quality control and reduce inventory at individual stores, maximising selling space. The Group stores its products in 11 warehouse facilities in France, each of which serves all of the Group's sales channels, in preparation for distribution to stores and end-customers. As of 31 December 2020, the Group managed approximately 385,200 square metres of leased warehousing and distribution space in the Marseille area.

The Group continuously improves its supply chain and distribution operations by expanding and upgrading its warehousing and logistics operations. The Group has put in place a scalable infrastructure with significant capacity to support its future growth and has been able in recent years to increase the storage space of its existing warehouses by optimising shelf space. The Group believes that its enhanced supply chain and fulfilment operations allow it to manage customer orders and distribute products to stores and customers in an efficient and cost-effective manner. The Group intends to continue to strengthen its supply chain operations through a number of initiatives designed to improve its fulfilment and delivery logistics performance and achieve greater efficiencies in the management of its inventories. The Group is currently constructing a new logistics centre in north-western France that it plans to open in 2022 in order to increase its storage capacity and optimise its distribution activities.

Modani has 4 warehouse facilities for a combined total approximately 22,700 square meters located in Dallas, Los Angeles, Miami and New York in the United States.

C. DISTRIBUTION TO STORES AND END-CUSTOMERS

The Group outsources the road transport of its products to its stores and to its customers located both in France and other Europe countries to a number of third-party transportation and logistics providers. For the year ended 31 December 2020, due to the disruption of the supply chain caused by Covid-19, the average home delivery time in France for decoration items was 15 days during the first nine months of the year and eight days during the fourth quarter. With regard to furniture, deliveries took an average of 23 days during the first nine months of the year, but reduced to 18 days in the fourth quarter.

Restocking of stores is a key component of the Group’s business model, allowing low stock levels to be held at stores. On average, the Group generally ships products from its warehouses to its stores on a bi-weekly basis for most stores and up to four times a week depending on store size and footfall. Generally, the Group’s distribution model is largely the same for each of its channels, notably regarding the delivery of furniture products.

Distribution Channels

Overview

The Group distributes its products through a fully-integrated and complementary omnichannel platform that includes stores, catalogues and a website. The complementarity of the Group’s channels is illustrated by the range of SKUs offered through each channel. At any given point, the Group’s stores typically offer a wide range of decoration items but a more limited range of furniture. The Group’s online channel showcases most of its direct sale product range, displaying an average of approximately 6,600 decoration item SKUs and approximately 4,100 furniture SKUs at any given point. [1] The Group's marketplace, launched in November 2020, is constantly evolving and SKUs have been added regularly since its creation. The marketplace featured approximately 27,100 decoration item SKUs and 6,700 furniture SKUs.

The Group’s catalogues constitute an additional source of information allowing it to disseminate and promote its products. The online channel is an increasingly important source of sales growth for the Group. In 2020, the Group’s website attracted an average of 11.5 million unique visitors per month. Online sales attributable to desktops increased by 30% between 2019 and 2020, whilst online sales attributable to visits from smartphones increased by 58% over the same period. For the year ended 31 December 2020, online sales represented 33.0% of the Group’s sales.

The Group’s e-commerce platform is not only an independent sales channel but also attracts footfall to the store network. The Group believes that its strong online presence and seamless integration across channels give it a significant advantage over its competitors. For example, a customer may view a product in a Maisons du Monde store and later decide to purchase this product *via* the Group’s website. Similarly, a customer may view a product on the Group’s websites or catalogue and then visit one of the stores before making a final decision. This is central to Maisons du Monde’s omnichannel approach, which was reinforced by the free In-store Delivery initiative for decoration items ordered online, launched in France in 2016, then extended to its other markets.

The Group also operates a business-to-business (B2B) sales channel that accounted for €32.0 million in sales in the year ended 31 December 2020.

Stores

Building on its experience managing multiple store formats in several regions and countries, the Group has developed a successful store concept and has a vast network, deployed based on a strict, rigorous development strategy.

As of 31 December 2020, the Group directly operated a total of 352 stores under the Maisons du Monde brand throughout Belgium, France, Germany, Italy, Luxembourg, Portugal, Spain and Switzerland with approximately 420,200 square metres of retail trading space in total. The Group’s square metres of retail trading space in Europe have grown by approximately 27,000 net square metres *per annum* since 2015. During the same period, the Group has increased its European store network by an average of more than 18 stores *per annum*.

In the United States, at 31 December 2020, Modani was operating a network of 17 stores in seven U.S. states as of 31 December 2020 - including California, Florida, Georgia, New York, New Jersey, Pennsylvania and Texas - with a sales area of approximately 14,400 square meters.

All of the Group’s store locations are leased pursuant to commercial agreements with the relevant landlord. The Group’s French network is the largest, with a total of 228 stores at the end of December 2020.

(1) Average number of references available on the Group’s website at any given time during the financial year ended 31 December 2020.

The following table sets forth the number of stores, average retail trading space per store and store openings in each country where the Group operates, as of 31 December 2020:

Country	Number of stores	Average retail trading space per store *(m²)*	Number of stores opened in 2020	Number of stores closed in 2020	Net number of stores opened/(closed) in 2020
France	228	980	4	(9)	(5)
Italy	49	1,775	1	-	1
Spain	27	1,550	1	(1)	-
Belgium	24	1,325	1	(1)	-
Germany	11	1,525	1	(1)	-
Switzerland	9	1,670	-	-	-
Luxemburg	3	1,025	-	-	-
Portugal	1	630	-	-	-
United-States	17	850	1	(4)	(3)
TOTAL	**369**	**1,180**	**9**	**(16)**	**(7)**

Maisons du Monde's store network is centrally managed from its registered office in Vertou, near Nantes, France. The Group strives to apply its retail model through consistent execution across the countries in which it operates. However, the Group accommodates adjustments where permitted or where required by market conditions. For example, in certain regions where the climate permits (such as Spain, Southern France and certain regions of Italy), retail selling space dedicated to outdoor furniture may be greater than in other locations. Additionally, certain universes are given more prominence in stores where the Group's data indicates higher acceptance of a given collection. For example, the Vintage and Industrial universes tend to have higher conversion rates in France and Germany than in Italy. Due to the Group's wide product range and its ability to apply data gathered from in-store sales and its online platform, the Group's store network can be easily adjusted to suit the catchment area's demographics or historical shopping patterns. Due to the strong consistency of retail best practices as well as the rollout of the Group's marketing concepts across its network, country-level head offices are modest in size.

A. STORE FORMATS

The Group's stores are primarily located in high-traffic areas and the product offering in each of the stores has been adapted to the customer demographics of the area as well as the size of the store. The Group's stores can be characterised principally by location: city centres, retail parks and shopping centres. As of 31 December 2020, the majority of the Group's stores in Europe were located in retail parks (68% of stores) or in shopping centres (18% of stores) which are attractive due to lower rents and high conversion rates, and the remainder are in high traffic city centres (15% of stores). The Group believes that situating its stores in locations with strong catchment potential is critical to the success of its business.

City Centre Stores

City centre stores have approximately 300 to 800 square metres of retail trading space and primarily sell decoration items (on average, 76% of city centre store product mix by sales for the year ended 31 December 2020), with a limited offering of furniture (on average, 24% of city centre store product mix by sales for the year ended 31 December 2020). City centre stores tend to generate high footfall, and are important for generating future sales either in the Group's larger retail park and shopping centre locations or online. For the year ended 31 December 2020, each city-centre store generated average sales of approximately €1.3 million and the Group's 52 city-centre stores generated around 9% of in-store sales [(1)].

Shopping Centres

Shopping mall stores have approximately 300 to 1,000 square metres of retail trading space and primarily sell decoration items (on average, 77% of shopping mall store product mix by sales for the year ended 31 December 2020), with a limited offering of furniture (on average, 23% of shopping mall store product mix by sales for the year ended 31 December 2020). The shopping centres where the Group opens stores may be inside city centres, though the majority are outside city centres. Shopping centres are selected based on, among other factors, the target demographics of the particular shopping centre accessibility and the mix of the other retail and entertainment tenants. For the year ended 31 December 2020, each shopping centre store generated average sales of approximately €1.8 million and the Group's 62 shopping centre stores generated approximately 15% of the Group's in-store sales [(1)].

(1) Excluding Modani.

Retail park stores

Retail park stores have approximately 500 to 4,500 square metres of retail trading space (with most stores having 1,000 to 2,000 square metres of retail trading space) and generally offer a wider range of furniture (on average, 32% of the product range sold by retail park stores for the year ended 31 December 2020) but a more limited offering of decoration items (on average, 68% of the product range sold by retail park stores for the year ended 31 December 2020) as compared with the shopping centre or city-centre stores. Retail park stores are typically located near key transportation arteries and connected to mass transportation, generally with on-site or adjacent parking facilities. For the year ended 31 December 2020, each retail park store generated average sales of approximately €2.4 million, and the Group's 238 retail park stores generated approximately 77% of the Group's in-store sales.

B. MANAGEMENT OF THE STORE NETWORK

The Group's store network is the result of an industrialised and data-driven process to centrally identify promising new locations. Additionally, the Group's centralised store management team receives weekly reports enabling it to respond proactively when an existing store's performance is not consistent with the Group's standards. As a result of this strong management of the store network, stores exhibit a relatively homogeneous profitability level. For the year ended 31 December 2020, six of the ten largest stores in terms of sales were located outside France.

New Store Selection

The Group applies a vigorous and disciplined store selection approach based on prior experience and a detailed financial evaluation. First, a dedicated team scouts for new store locations and/or receives and evaluates proposals that are made by developers, landlords or shopping mall operators. Site identification can begin up to two years before the opening of a new store. The Group considers several factors when selecting and evaluating a store location including, among other factors, the potential profitability of a site, accessibility and visibility, traffic patterns, signage, availability of parking, trading space, nearby shopping options, competition and certain demographic factors, including new housing starts, household purchasing power, housing density and percentage of secondary housing. For example, the Group believes that stores located near IKEA stores experience higher footfall as a result of such proximity and record sales that are typically higher than the average sales of similarly sized stores that are not located near IKEA stores.

Second, individual sites are evaluated based on a holistic analysis of such factors as well as competition drivers and cannibalisation. Should the site appear promising, a business case is prepared and presented to the Group's Development Committee. Following approval by the Development Committee, a store opening plan is then submitted to the Group's Board of Directors for approval. This process generally takes eight weeks from site evaluation to approval. Finally, once the relevant lease is negotiated and secured, a process which ordinarily takes approximately two weeks, an experienced team of store outfitters and technicians undertake the fit out, recruitment of personnel and initial launch of the store, a process that takes approximately ten weeks.

The Group rigorously monitors store payback, and store ramp-up, which refers to the amount of time it takes for a store to generate sales per square metre in line with the Group's average. Stores located in countries with high brand recognition, such as France, Italy, Spain and Belgium have shorter average payback and ramp-up periods than in the other markets where the Group operates.

The Group's development strategy is based on a dynamic portfolio management approach in which multiple stores can be positioned in the same metropolitan area to fully present the Group's product range and capture incremental sales. The Group's process of new store selection is also scalable. For example, when Vivarte, a French multi-brand apparel and accessories retailer, sought to close a number of stores in its network in 2015, the Group was able to quickly vet 30 potential locations, ultimately choosing nine of them. Five stores were opened in a short timeframe, including a strategically attractive location on the Grands Boulevards of Paris which was evaluated, acquired, outfitted and opened in six weeks.

Store Refurbishment, Repositioning and Closure

The Group undertakes a review of each of its stores on an annual basis, focusing on various operational performance indicators. When a store is consistently underperforming, the Group analyses the store's circumstances and either invests in refurbishment, seeks to reposition the store in another location if external factors are causing the underperformance, enters into discussions to renegotiate rent levels or closes the store. The Group has refurbished certain stores in its network, particularly older stores that tend to be concentrated in city centres. In recent years, the Group has also selectively engaged in store repositioning, particularly in favour of stores that have larger retail trading space and located in better catchment areas enabling them to provide a better venue to present the Group's extensive range of products.

E-commerce

Maisons du Monde was one of the first to develop an online sales platform and innovate in this area, and was a leader in the development of this activity in the French decoration and furniture market. E-commerce represents a constantly growing sales channel for the Group and is complementary to its network of stores. The e-commerce channel has bolstered international penetration thus enabling the Group to expand into new markets at lower cost. For example, for the year ended 31 December 2020, Germany was the Group's second largest market in terms of online sales, although it has a comparatively limited network of stores compared to France.

Maisons du Monde offers its products online through its primary website, www.maisonsdumonde.com, which has been optimised for computer, smartphone and tablet navigation and is accessible in multiple languages. The Group launched its online platform in 2006. In 2020, the Group's website attracted an average of 11.5 million unique visitors per month (compared to 8.7 million in 2019). Online sales amounted to €390.7 million for the year ended 31 December 2020, representing 33.0% of the Group's sales, an increase of 29.2% over the year ended 31 December 2019.

In 2020, approximately 53% of total online sales for the Group were generated outside of France (compared to 52% in 2019). Additionally, about 69% of the Group's online traffic was from mobile devices (compared to 74% in 2019). Lastly, furniture accounted for 66% of online sales, and decoration items for 34% (compared to 70% and 30% respectively in 2019).

The Group's e-commerce platform allows customers to discover and experience the universes found in its catalogues and stores in a simple and easy-to-use format. The Group's online channel and marketplace showcase most of its direct sales product range. Online sales consist mainly of furniture, however, sales of decoration items have increased over the last few years. The Group has promoted online sales of decoration items by investing in delivery options such as its free in-store delivery. The Group's website also offers universe-based and room-based navigation, which allows its customers to conceptualise their home's redesign and shop for items by product category, style, theme or universe, thereby improving their shopping experience. For example, customers can search for products by size or colour, browse through its extensive product categories and see detailed information about each product and collection, such as dimensions, materials used and care instructions. Customers can select colour swatches and view merchandise displayed with different colour and fabric options. The Group's website has also introduced curated pairings of decoration items and furniture which assemble unique assortments of SKUs based on a current trend, allowing customers to redo a room in a new theme or style and add additional personalisation options assembled from the Group's universes and collections, in order to encourage a "shop the look" purchasing experience. The Group regularly updates its website to reflect product availability and new releases and also implements system improvements for its e-commerce platform.

In the last few years, the Group recorded a significant increase in the percentage of consumers accessing its website from tablets and mobile phones, which enables its product offering to be accessible on multiple devices that customers use to navigate and shop. For example, in the year ended 31 December 2020, approximately 69% of hits on the Group's website were logged from mobile devices, up 3 points from the year ended 31 December 2019. For the year ended 31 December 2020, online sales from smartphones recorded growth of 58% compared to the year ended 31 December 2019.

The Group's website is an important part of its omnichannel sales approach. It includes a store inventory check feature, which directs consumers to the nearest store stocking the desired item. In 2015, the Group piloted a free in-store delivery initiative for decoration items ordered online in eight stores in two regions in France. According to data analysed from this pilot, more than 10% of customers made additional in-store purchases upon visiting the store to collect their online purchase. The free in-store delivery initiative was then expanded nationwide in France and Switzerland in February 2016, in Italy in September 2016, and in other European markets where the Group is present from February to April 2017, to provide additional convenience to customers and encourage additional purchases. Furthermore, the Group's focus on the management of its online inventory has also had a positive effect on in-store sales. Customers visiting a Maisons du Monde store increasingly make purchases of products that are not physically displayed in-store, but instead appear either in the catalogues distributed in-store or on tablets available in the store, or, alternatively are identified through discussions with sales associates. The Group identifies these transactions as in-store digital sales, or click-in-store [1] sales. To enhance its in-store digital sales, Maisons du Monde started to install tablet computers in its stores in France at the beginning of 2016. At the end of December 2020, this programme was available in 338 stores, or 96% of the stores under its Maisons du Monde brand.

Furthermore, the Group's website allows the Group to offer its products to customers who cannot easily access the Group's physical stores and to ship products to countries where the Group does not possess any physical stores, such as Austria, the United Kingdom and the Netherlands. Likewise, the Group's website requires limited capital expenditures and lower investments in personnel and rent costs, as compared with that of stores.

(1) "Free in-store delivery" refers to the Group's service through which decoration items can be ordered via the e-commerce platform and picked up by the customer free of charge in the store.

The Group regards its stores, e-commerce platform and catalogues as complementary sales and engagement channels. For instance, certain customers choose to buy items online that they have viewed in stores after having considered their options, while other customers prefer to visit the Group's websites before making an in-store purchase.

In November 2020, the Group launched its selective marketplace providing customers with a large, quality offering of socially responsible brands for the entire home, enhanced by an inspiring web design. At 31 December 2020, the marketplace had over 33,000 SKUs offered by over 175 sellers representing close to 300 brands.

Business-to-Business Sales (B2B)

Over the last few years, Maisons du Monde has developed a secondary sales activity dedicated to professional customers (business-to-business or "B2B"). The Group's B2B activity consists of sales of Group decoration items and furniture to a variety of end-users, namely hotels, architects/interior designers, offices, retailers and others. B2B sales are managed by an internal sales force and utilise the Group's existing retail and delivery network. The Group's B2B activity accounted for €32.0 million in sales in the year ended 31 December 2020, as compared with €40.7 million in the year ended 31 December 2019. In 2020, the Group's offering included approximately 125 product SKUs dedicated to professionals (compared to approximately 140 in 2019), as well as a catalogue presenting the different universes on offer to professional customers.

Marketing and Customer Services

Overview

The Group's track record of strong sales growth and like-for-like sales growth that is greater than the market average is in large part attributable to its loyal customers. In the past few years, the Group has dedicated an increasing number of resources to getting to know its customers and to interacting with them through the deployment of omnichannel initiatives such as its free in-store delivery service for decoration items ordered online. It has also equipped its in-store sales force with tablets, and offered new customer services, including the ability for customers to give their opinion during all phases of their shopping experience (in stores, on the Internet, during home delivery), as well as strengthening its investments and visibility on social networks and launching its customer relationship management and targeted marketing programme to enhance the attractiveness of its product offering and develop cross-fertilisation operations of its distribution channels to promote in-store and online traffic. The Group also successfully deployed its deco advice service in stores and in digital format, including a 3D application enabling customers to visualise the furniture at home, and a new service allowing them to call on interior architects for their layout projects in partnership with Rhinov. At the end of December 2020, 203 Maisons du Monde stores, or more than 58% of the network, had a Decoration Consulting corner for customers.

In 2019, Maisons du Monde acquired a majority stake of 70.4% in Rhinov, a start-up specialising in 3D simulation of interior design based on a plan or photo for corporates and private individuals. The company had a turnover of €3.0 million in 2020.

Marketing Strategy

The Group's stores, website and catalogues are the primary branding and advertising channels for the "Maisons du Monde" brand. The highly differentiated shopping environment of the Group's stores drives customer footfall not only to its stores but also to its website. The Group's website and catalogues further reinforce the "Maisons du Monde" brand and help drive sales across all of its distribution channels. The Group's products are regularly displayed through publications on social networks. For example, the Group's YouTube channel showcases short videos illustrating collections, such as the Christmas collection, as well as tutorials on do-it-yourself decoration tutorial videos.

New initiatives in the marketing space have focused on digitisation of the retail experience and increasing cross-channel interaction. The installation of tablet computers in the stores has assisted sales personnel in cross-selling and providing better advice to customers. Additionally, the Group has begun to install video screens in its stores to present Maisons du Monde original content in-store and prompt customers to navigate fully through the Group's product offering. Moreover, during 2017, the Group launched an internal Net Promoter Score (NPS) system, allowing customers to give their opinion during all phases of the shopping experience. This system was first launched in stores in March 2017, and was then expanded to the Group's website in June 2017, and to home deliveries in September 2017. During 2020, the Group continued its efforts to strengthen its ties with customers through the continuous optimisation of its online marketing investments with a customer centric approach, the development and retention of its customer base and the improvement to brand visibility through the reinforcement of its presence on the social networks and the development of ambassador communities.

Marketing Functions and Expenses

Marketing is a key component of the Group's ability to implement its business strategy, attract footfall and engage with customers. The Group's advertising and marketing expenditures for the year ended 31 December 2020 were €46.6 million and represented 4.1% of sales.

One of the Group's primary marketing expenses is online marketing, both to attract new customers and to build its brand. The Group has also invested in the publishing and production of its catalogues. During the financial year ended 31 December 2020, the Group distributed approximately 6.4 million free catalogues in the countries in which it operates.

Catalogues

The Group's catalogues are a very powerful marketing tool to inspire its customers and illustrate the Group's unique offering by presenting the breadth of its universes and its various styles and themes. The Group's catalogues look and feel like a design magazine, displaying high quality photos shot in real home settings in compelling locations. With over 350 pages in the 2021 edition, the Group's main catalogue showcases its full furniture product range complemented with a selected range of decoration items. The Group additionally produces two specialised catalogues that focus on outdoor furniture, junior decoration items and furniture, as well as a B2B catalogue presenting its offer dedicated to professional customers. They are a key marketing tool for the Group and increase in-store and online sales by encouraging customers to explore the various distribution channels.

Customer Engagement and Social Media

In January 2013, the Group began creating and maintaining a CRM database of its customers who buy its products in its stores, in order to better understand their shopping habits and preferences. At the end of 2015, the Group created a unified database of customers combining its online and offline customer bases. This database, compliant with GDPR requirements, includes their detailed purchasing information, demographic data, geographic locations and postal and email addresses. The Group has significantly increased its database of customers and, as of 31 December 2020, it had a base of approximately 21.3 million contacts. The Group launched its Customer Relationship Management (CRM) system during 2017. The Group's CRM system provides it with the information necessary to develop new products and categories that respond to current trends and evolving customer preferences, as well as to more effectively promote the current product offering thanks to a targeted marketing approach that involves, among other things, sending personalised newsletters to customers. In 2020, the Group continued to reinforce its CRM strategy through targeted marketing actions involving sending emails to customers selected on the basis of their omnichannel purchasing behaviour, promoting the rate of conversion into sales. The Group also increased the average spending per active customer by 6% in 2020 compared to 2019.

Social media outreach is another key component of the Group's marketing strategy. The Group is present on various online platforms such as YouTube, Facebook, Instagram and Pinterest. The Group's YouTube account shows original video content presenting new collections and product launches as well as providing "do it yourself" instructional videos for home decorating. Its Facebook pages allow it to share new product launches, showcases newly opened stores and other news from the Group. At 31 December 2020, almost 2.3 million users had "liked" the Group's Facebook pages. The Group's digital strategy for the social networks mainly focuses on Instagram and Pinterest, which are true visual inspiration platforms. The Group has six Instagram accounts with over 4.5 million followers. The French account is the decoration brand with the largest community in France. The Group also engages its customers on Pinterest, which allows it to present a number of functionalities, such as by style or theme; it had over 442,000 followers at 31 December 2020, placing it in first place for this network.

The Group also continued its efforts to improve its brand's visibility by developing ambassador communities. During 2018, the Group tested an independent consultant community, which are in reality customers that are passionate about the brand and help the Group's customers in their online purchases, from 9pm to 7am *via* a live chat, with a very promising conversion rate. The Group also set up the possibility of sharing users' opinions on the product sheets on its website, underlining its strong belief in the development of peer-to-peer communication.

Customer Service and Returns

Part of maintaining the "Maisons du Monde" brand image includes providing a high standard of customer service, which encompasses in-store service, online technical and sales support and after-sales service. The Group has a team of approximately 100 employees who handle after-sales services such as returns and respond to customer queries in relation to deliveries and product quality. The Group's after-sales services do not directly generate any revenue. To support its e-commerce channel, the Group maintains a hotline dedicated solely to its online customers' sales inquiries and handles certain over-the-phone sales. Over-the-phone sales thus represented €11.8 million for the financial year ended 31 December 2020. Outside working hours, a service provider answers the calls or e-mails from customers. Additionally, e-commerce customers are encouraged to fill out satisfaction surveys, which are analysed in order to assess and improve the online experience, check-out process and post-purchase support. For example, in response to customer feedback, more visuals and detailed product information were added, and new delivery and payment options are proposed. The Group has partnered with the consumer financing firm Cetelem, a member of the BNP Paribas group, to offer its customers the possibility of paying for purchases from €150 up to €4,500 in 3, 10, 20 or 30 monthly instalments, depending on the purchase price. In the year ended 31 December 2020, approximately 8% of furniture sales were generated using consumer financing obtained by customers from Cetelem. In addition, the Group offers a "privileged customer card" programme, offering customers longer guarantees on some of their purchases.

Information Technology

The Group's business depends on the ability of its employees to process transactions on secure information systems and its capacity to store, retrieve, process and manage information. The Group's IT systems are supervised by the Group's Chief Technology Officer and are managed in-house by a team of around 250 IT and data professionals supported by third parties and who are led by a team of managers with in-depth e-commerce experience. Two fully redundant data centres and a major cloud provider support the continuity and connectivity of the Group's IT systems supplemented by an architecture to ensure high a level of availability and processing of data in the cloud. The Group's IT systems provide a full range of business process support and information to the store, design, merchandising, sourcing and finance teams. The Group believes that the combination of its business processes and systems provides it with improved operational efficiencies, scalability, increased management control and timely reporting that allow it to identify and respond to trends in its business. The Group utilises a combination of customised and industry standard software systems to provide various functions related to:

- supplier relations of the Group and the optimisation of its supply;
- inventory management, logistics and transport;
- showcasing its offering and online and in-store order fulfilment;
- store front-office and back-office applications;
- quality control, financial control and human resource management; the Group's CRM system and optimisation of marketing investment.

The Group's key IT systems are replicated and stored on two separate sites as well as with a major cloud provider, and all of its stores are linked to the head offices as well as to backup sites. The Group's data are systematically backed up daily. Various business continuity plans have been created to respond to possible future incidents. These plans are regularly reviewed, tested and updated.

Regulation

The Group is subject to a wide variety of laws, regulations and industry standards in the jurisdictions in which it operates. The following is a brief description of the main laws and regulations that govern the Group's activities and personnel. References and discussions to directives, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such directives, laws, regulations and other administrative and regulatory documents themselves.

Regulation of Furniture Production and Products Liability

The Group is regulated as a manufacturer, importer and distributor of decoration items and furniture pursuant to European Union (EU) laws and regulations as well as the national laws of the EU Member States in which it operates. The following Sections briefly summarise the EU and Member State regulations that are most material to the Group's activities.

A. EUROPEAN UNION REGULATIONS

Since the furniture that the Group produces and sells incorporates timber, the Group must take into account the Forest Law Enforcement Governance and Trade ("FLEGT") action plan that the EU adopted in 2003, which is aimed at reducing deforestation by regulating imports of timber and timber products into the EU. FLEGT regulates where the Group can source its timber and timber products. FLEGT includes a timber licensing system to certify the legality of imported wood products: in order to obtain a FLEGT licence, voluntary partnership agreements ("VPAs") must be signed between timber-producing countries and the EU. As of 31 December 2020, six countries have signed a VPA with the EU and are developing the systems needed to control, verify and license legal timber. Nine other countries are in negotiations with the EU and others have expressed interest in joining.

Furniture and decoration items contain chemicals for a wide variety of applications, including as varnishes and in paints and other coatings. As a result, the Group is also subject to Regulation 2006/1907/EC (known as the Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation, or "REACH"). REACH, which entered into force on 1 June 2007, requires all companies manufacturing or importing chemical substances into the EU in quantities of one ton or more per year to register these substances with the European Chemicals Agency (ECHA). REACH also imposes requirements on substances of very high concern (or "SVHC") because of their negative impact on human health or the environment. Since 1 June 2011, the ECHA must be notified of the presence of any SVHCs in items where it equates to more than 0.1% of the mass of the item. The Regulation also sets out in Annex XVII a number of substance restrictions, some of which are applicable to the Group's products (*e.g.* azo dyes in textiles, phthalates in toys).

The Group must comply with a number of other EU regulations, including:

- regulation 2019/1021 (known as the Regulation on Persistent Organic Pollutants or "POPs"), which, among other things, limits the presence of certain substances in items placed on the market, such as C10-C13 chlorinated alkanes;
- directive 2001/95/EC (known as the General Product Safety Directive), which requires manufacturers to put only safe products into the market place, requiring the Group to supply products that comply with general safety requirements, monitor the safety of products on the market, provide the necessary documents guaranteeing product traceability and to provide consumers with information that enables them to evaluate the potential risk of a product if the risk is not easily apparent;
- directive 1999/44/EC which regulates certain aspects of the sale of consumer goods and associated guarantees. This Directive regulates fitness for purpose of consumer goods and the liability of the seller by providing basic protection to consumers against inferior products. Under the Directive, consumers are entitled to a guarantee period of half a year. Consumers may also hold the seller liable in cases where the lack of conformity has become apparent within two years of the delivery of the goods;

- directive 94/62/EC, which regulates the packaging requirements for shipments made to end-consumers. This Directive is designed to reduce waste through and provides for recycling of packaging materials to help achieve this goal.

B. MANDATORY REGULATIONS IN INDIVIDUAL STATES

France

Decree no. 86–583 of 14 March 1986 requires sellers of new furniture to include specified information on all product labels. Any advertising document that includes the price information of the relevant information must also contain the information disclosures mandated by the law. This information includes, but is not limited to: the materials used in production, the words "do-it-yourself" *(à monter soi-même)* if the furniture is not assembled, the world "style" or "copy" *(copie)* must precede any reference to a time period, a century, a school, a state or a region other than the place of production and the word "imitation" to indicate that the style attempts to mimic a theme, style or process that was not used in the manufacturing process.

United Kingdom

The furniture and furnishing (fire safety) regulations of 1988 (as amended in 1989 and 1993) require manufacturers, importers and retailers of furniture and its components to comply with six main requirements when selling products: filling materials must satisfy specified ignition requirements, furnishing fabrics and upholstery composites must be resistant to cigarettes; covers must be resistant to matches, a permanent label must be affixed to all new furniture items, a display label must be affixed to certain new furniture at the point of sale and the UK supplier must maintain records for five years to prove compliance with these measures. The regulation applies to all types of upholstered seating, including junior furniture and outdoor furniture, in addition to mattress filling materials and permanent covers for furniture. Manufacturers, importers and retailers must not only ensure that the furniture products sold do not contain any prohibited materials, but also provide appropriate labels indicating that the product complies with the relevant safety requirements imposed by the regulation.

Regulation of the Group's Retail Activities in France

A. LAWS ON COMMERCIAL LEASES

Commercial leases for the Group's operations in France are regulated by Decree no. 53–960 of 30 September 1953 ("Decree 53-960"), codified in part in Articles L. 145-1 et seq. and R. 145-1 et seq. of the French Commercial Code. Decree 53-960 as modified by the law No. 2014-626 on craft industries, trade and small enterprises (the "Pinel law"). Most of the Group's stores are leased under commercial leases subject to the provisions of Articles L. 145-1 et seq. and R. 145-1 et seq. of the French Commercial Code and non-codified articles of Decree 53-960, which confer certain rights to the tenant.

French commercial leases have a minimum initial duration of nine years, but rarely exceed 12 years. The lessee generally has the right to terminate a commercial lease at the conclusion of each three-year period. The lessor may only terminate the lease at the conclusion of each three-year period in certain limited circumstances. At the end of the contractual term of the lease, the lessee is entitled to a renewal. If the landlord does not accept such renewal, the lessor will be required to compensate the lessee, unless the lessor can show good cause *(un motif sérieux et légitime).* Upon expiration of the lease agreement, if the lessor and lessee take no action to renew or to terminate the lease, the original lease will be automatically extended until a notice of termination is served by either the lessee or the lessor. An automatically renewed lease *(tacite reconduction)* may be terminated at any time by either the lessee or the landlord upon providing six months' prior notice.

The parties are free to determine the initial rent, generally according to the current market value of the property. The rent may be fixed, variable or composed of a fixed portion and a variable portion. Generally, the lease contains an annual rent indexation clause. The agreed index must have some connection with the activity carried out by one of the parties or to the purpose of the lease. Alternatively, parties can choose to refer to the Commercial Rent Index ("ILC") or the Index Applicable to Leases of the Service Sector ("ILAT") *(indice des loyers des activités tertiaires),* both published by INSEE, the French public statistics institute.

Certain of the Group's premises may be subject to the safety standards applicable to buildings open to the public *(établissements recevant du public),* as defined in Articles L. 123-1 to L. 123-4 and Articles R. 123-1 to R. 123-55 of the French Construction and Housing Code. Builders, owners and operators of buildings open to the public are required, both during construction and operation, to comply with certain preventive and protective measures to ensure safety, and must also ensure that the facilities and equipment are maintained and repaired in accordance with applicable regulations.

B. EMPLOYMENT REGULATIONS

French working time regulations generally provide for a statutory weekly average working time of 35 hours. An employer may be prosecuted for offences of "undeclared work" *(travail dissimulé)* in connection with the failure to properly declare the time worked beyond 35 hours per week, which may result in fines and imprisonment. As a result of undeclared work, an employer may also be liable to employees for the payment of a fixed penalty representing six months of salary, in the event of the termination of the employee's contract. In addition, noncompliance with legal provisions regarding overtime may expose the Group to additional fines. Moreover, because any compensation paid to an employee is subject to the payment of social security contributions, social security contributions related to overtime hours may be reassessed, which may result in the payment of additional social security contributions, as well as additional charges for the late payment of contributions, penalties for late declarations and fines. The Labour Code, however, provides for a certain degree of flexibility in applying the statutory weekly average working time of 35 hours per week for certain categories of employees. Under French law the relationship between an employer and an employee is additionally subject to collective bargaining agreements at both the national and local level. The requirements under a collective bargaining agreement vary by industry and govern employment relationships in conjunction with the French Labour Code.

The majority of the Group's stores are generally not open on Sundays, as French law imposes restrictions on Sunday trading, except for certain Sundays a year when stores are permitted to open. Stores in certain urban shopping zones and certain shopping centres are allowed to open on Sundays year-round, subject to reaching agreements with the relevant labour unions or employee representative bodies. Labour law requires that additional compensation be paid to employees for Sunday work.

C. PROTECTION OF PRIVACY AND PERSONAL DATA

In France, the Group is subject to law 7817 of 6 January 1978 (amended on 6 August 2004) as well as to the nº 2016/679 regulation, known as the General Data Protection Regulation ("GDPR"), when it collects and processes customer data. This law strengthens individuals' right of access to their personal data and gives the competent authorities (the French Personal Data Protection Authority "CNIL" and equivalent authorities in each country of the European Union) the power to intervene on their behalf. Each competent authority has many powers, including the power to:

- monitor an organisation's compliance with regulations;
- issue warnings, *i.e.* warn a body that the data processing it intends to carry out, at a stage when it is not yet operational, is likely to infringe the applicable texts;
- give formal notice to organisations that do not comply with the applicable regulations to comply within a specified period of time. Letters of formal notice may be made public depending on the seriousness of the shortcomings observed or the number of persons concerned;
- impose sanctions on non-compliant organisations, including monetary penalties of up to €20 million or 4% of annual worldwide turnover. These sanctions may be made public.

French law No. 2004-575 of 21 June 2004 on Trust in the Digital Economy, which transposes into French law European Union Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information services and e-commerce, sets out the rules for the liability of Internet service providers, website publishers, e-merchants and website hosting companies, notably dealing with how e-commerce and encryption are managed.

The Maisons du Monde Group, which is responsible for processing the personal data of customers, prospective customers, employees, etc., is carrying out work to comply with the GDPR. With special attention paid to protecting the personal data of customers and employees of the brand, the project brings together all divisions concerned (Marketing, Customer Relations Department, IT Department, Legal Affairs, Internal Control, HR, etc.).

D. IMPORT-EXPORT RESTRICTIONS

The Group sources many of its products from Asia, mainly China, Vietnam, India and Indonesia. Within the European market, the principle of free movement of goods applies. With respect to the import and export of goods from countries which are not members of the EU, the Group must comply with national and EU foreign trade and customs regulations. At the EU level, the Group's relevant regulatory framework is based on the Modernised Customs Code (Regulation (EC) No. 450/2008). Whereas imports and exports within the European Economic Area ("EEA") are in principle not liable to customs duty, the movement of goods beyond the frontiers of the EEA is subject to customs control. The customs control charges include statutory import duties. Customs offices may from time to time initiate customs inspections to assess whether customs regulations have been infringed. In France, the Group may also pay specific stamp duties, such as the tax for the development of the wood and furnishing industries *(taxe pour le développement des industries de l'ameublement ainsi que des industries du bois),* currently set at 0.18% (furniture) and 0.09% (wood) of the value of the goods imported.

1.5 Property, plant and equipment

Maisons du Monde S.A.'s registered office is located in Vertou (44), in France. The Group operates primarily from administrative premises, manufacturing sites and commercial stores.

As of 31 December 2020, the property portfolio formed by these sites was as follows:

- two offices housing the Group's registered office, one located at Le Portereau, 44120 Vertou, France and the other at ZAC de Bel Air, 44120 Vertou, France. The Group leases these premises from its founder, Xavier Marie, pursuant to commercial leases entered into on an arm's-length basis;
- premises housing offices leased from third parties and used for the Group's web and network services (55 rue d'Amsterdam 75008 Paris, France, development teams (140 rue Galliéni 92100 Boulogne-Billancourt, France), and finally B2B and import-logistics services (6 rue Anne de Bretagne (Immeuble Viséo), 44120 Vertou, France);
- 11 warehouse buildings serving all of the Group's sales channels in Europe;
- a showroom located at 30 avenue de la Vertonne, 44120 Vertou in France, and a warehouse used for photo shoots for the Group's catalogues, located in rue de la Voyette, 59810 Lesquin, France, leased from a third-party landlord;
- 369 stores located in France (including corners and a showroom located in 100 rue du Bac, 75007 Paris), Belgium, Germany, Italy, Luxembourg, Portugal, Spain, Switzerland and the United States;
- a furniture manufacturing facility in Vietnam, spread over three sites, operated by the Group's wholly owned subsidiary Mekong Furniture.

1.6 Investment policy

1.6.1 MAIN INVESTMENTS MADE

Acquisitions of Intangible and Tangible Assets

The Group's capital expenditure relates to: (i) store development; (ii) store refurbishment; (iii) store maintenance; (iv) guarantees; and (v) other tangible and intangible capital expenditures.

Capital expenditures for store development principally relate to the opening of new stores. Capital expenditures for refurbishment relate to those renovation expenses undertaken in respect of existing stores. Capital expenditures for maintenance mainly include asset replacement in existing stores. Deposits and guarantees relate to the Group's lease contracts. Finally, capital expenditures related to other purposes mainly apply to: (a) expenditures relating to the Group's head office (such as office equipment); (b) IT expenditures and web expenses bearing on the Group's business processes and CRM system relating to its e-commerce platform, including capitalised development costs and licenses; (c) expenditures relating to capital expenditures inherent to the Group's warehouses and manufacturing facilities; and (d) tangible fixed assets.

For the year ended 31 December 2020, the Group's capital expenditures amounted to €47.5 million, or 3.4% of sales, of which:

- €15.5 million in expenditures for store network development (including openings and extensions), indicative mainly of the 9 gross store openings as well as renovations and store extensions by the Group;
- €3.2 million in expenditures on maintaining and renovating existing stores;
- €18.8 million in expenditures relating to logistics activity;
- €9.5 million in information systems investments;
- €0.5 million in other expenditures, primarily including expenditures related to the Group's head offices.

1.6.2 MAIN FUTURE INVESTMENTS

In terms of future capital expenditure, the Group plans to gradually increase its capital expenditure to a level of approximately 3.5% of sales by 2024 (excluding logistics investments, linked in particular to the opening of a new logistics centre in north-western France by 2022). Most of the capital expenditure is expected to correspond to investments relating to the development and management of the Group's store network, as well as investments to support its digital transformation, including investments in IT systems and data.

1.7 Research and development, patents and licenses

The Group's ability to design and launch new products and improve existing products is an important aspect in view of its business. The Group seeks to promote a corporate culture in which employees can be creative, promoting its long-term success. Designers review the market and its trends, define themes – each season – together with buyers and product managers, design new products based on those themes and also regularly adjust the product range to meet sales criteria and changes in trends and designs.

The Group's Proprietary Rights

The Group owns the intellectual property rights needed to exercise its activities, in particular:

- commercial trademarks: Maisons du Monde France S.A.S. owns the right to the "Maisons du Monde" name, its most important trademark, which it has registered in the form of figurative and semi-figurative trademarks in the territories in which Maisons du Monde operates;
- domain names: the Group owns a portfolio of "Maisons du Monde" domain names and has registered them with the relevant authorities. The Group periodically renews them.

In addition, Maisons du Monde files the drawings and models designed by its style office with a bailiff *(huissier de justice).* This process makes the brand's creative process more secure, since Maisons du Monde has a guarantee that it will able to produce proof of ownership of its rights for those works should they ever be misappropriated by third parties.

For more information on the risks relating to the Group's intellectual property, please refer to Chapter 2 "Risk factors and internal control" of this Universal Registration Document.

Third-Party Licences

Some of the Group's products integrate third-party technologies. In order to obtain the rights to use these third-party technologies, the Group has entered into the following arrangement:

- inbound licence agreements: the Group relies on licensed software for its back-office, finance, Human Resources and store management systems.

Security inherent to the Group's intellectual property rights

Not applicable.

2 Risk factors and management

Investors should carefully consider the risks described below, before making an investment decision. Any of the following risks may have a material adverse effect on the Group's business, financial position, results of operations or prospects. The risks described below are not the only risks the Group faces. Additional risks and uncertainties, of which the Group is currently unaware or that it currently deems immaterial, may also have an adverse effect on the business, reputation, financial position, results of operations or prospects.

2.1 Internal control and risk management system

This section on internal control and risk management is part of a corporate governance framework that complies with the *Autorité des marchés financiers* (AMF) reference framework on risk management and internal control.

DEFINITION AND OBJECTIVES OF THE GROUP'S INTERNAL CONTROL

Risk management refers to the measures that the Group implements to identify, analyse and manage the risks to which it is exposed in the ordinary course of its business. The Group considers risk management and internal control to be closely related and a priority.

The Group's internal risk management and control systems are based on a combination of appropriate resources, procedures, behaviour and actions.

Therefore, under the impetus of the Board of Directors, the Audit Committee, the Executive Committee and the Internal Control Department, the Group's current internal risk and internal control procedures aim to provide reasonable assurance for realising the following objectives:

- to ensure that acts of management or execution of operations as well as the behaviour of individuals fall within the framework of the guidelines set by the corporate bodies and respect the laws and regulations in force as well as the values, standards, internal procedures and rules of the Company;
- to identify, assess and control risks that could have a material impact on the Group's assets, results, operations or its ability to implement its objectives and strategy, whether these risks are operational, commercial, legal, financial or related to compliance with applicable laws and regulations, or resulting from the risk of fraud or error;
- to ensure the reliability of the financial information and compliance with laws and regulations, particularly in the area of producing accounting and financial information.

By helping to prevent and manage the risks to which the Group is exposed, the purpose of the Internal Control system is to facilitate the Group's sustainable economic development in a control environment that is adapted to its businesses.

Risk management and internal control are subject to limits arising from many factors, including uncertainties in the outside world, the exercise of judgement, or dysfunctions that may occur due to technical or human failure, or simple mistakes.

Risk management choices are made by weighing the opportunities against the cost of risk management measures, with due consideration of their potential effects on the occurrence and/or consequences of the risk.

RISK MANAGEMENT PROCESS

The internal control procedures form part of the ongoing process of identification, evaluation and control of the Company's risks. The risk management and internal control mechanism is based on the internal control reference framework laid down by the AMF. This system covers the following components:

- control environment: integrity, ethics, competencies, etc.;
- risk assessment: risk identification, analysis and management;
- control activities: standards and procedures;
- information and communication: collection and exchange of information;
- steering: monitoring and possible modifications of processes.

As part of an ongoing drive to improve the Internal Control system, the Group continued with its efforts in 2020 by notably taking the following actions:

- completion of the deployment of a procure-to-pay tool for the Group's non-merchant purchases, including the securing of the expenditure commitment and payment stages with the administration of authorisations and commitment thresholds, a controlled expenditure approval mechanism, a visible and auditable validation cycle and data security (retrievability and accessibility);

- updating the book of procedures relating to "check-out" to all Group stores;
- the performance of some one hundred audit assignments in France and abroad on controls of the operational cycles of stores such as cash management and cash receipts, the fight against breakage and mark-down, the management of store inventories and customer orders or the physical security of goods and people.

The Maisons du Monde Group is exposed to a number of risks in the course of its business activities. The main measures for managing and controlling these risks are described in Section 2.2 "Risk factors".

A review of major risks at parent company level and in the store network is carried out by the Group's Internal Control Department in collaboration with the various Management bodies in order to identify major risks, the assessment of which includes:

- assessment of the inherent and residual risk;
- the principal causes and consequences of the risk;
- the processing of risk aimed at improving the internal control system (there are four possible ways of processing: conservation, reduction, outsourcing, abandonment);
- written action plans aimed at reducing the level of residual risk.

The aim of this is to define action plans, tailored to the Group's business and designed to improve its systems through better efficiency and broader coverage.

2.2 Risk factors

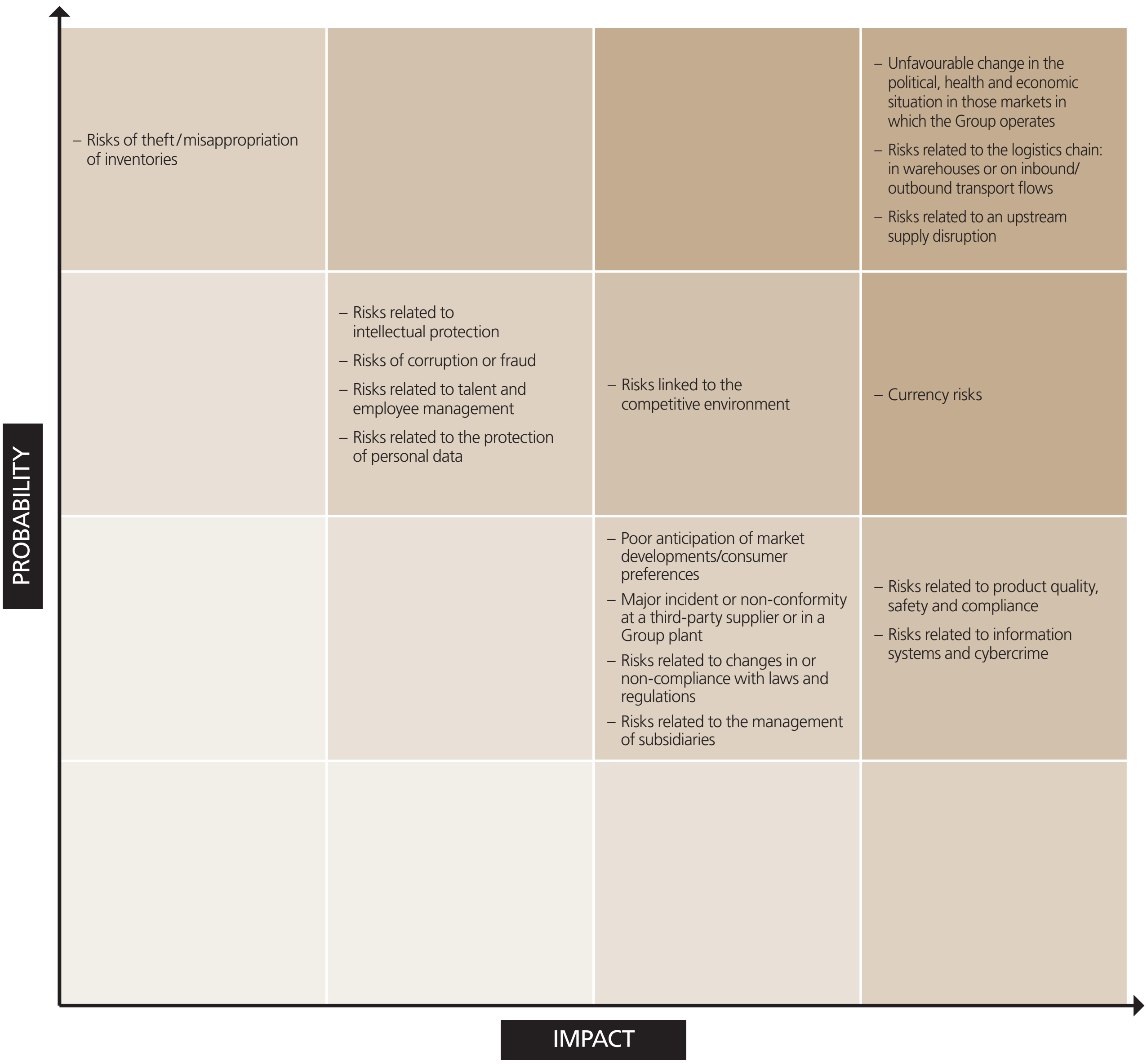
2.2.1 EVALUATION METHODOLOGY

In 2020, the Group updated its risk matrix, which summarizes the risks according to their scale of impact and probability of occurrence. It is reproduced below to visualise the issues, but does not replace the developments explained that follow. The scale of impact is assessed according to three criteria:

- financial;
- image/reputation;
- legal and regulatory.

Depending on the levels of probability and impact of the risk, a positioning of the criticality of the risk is obtained (critical risk, major risk, moderate risk, low risk). This risk map reflects the exposure of Maisons du Monde, thus integrating the control measures implemented to limit the probability and impact of the risks. This matrix is a risk management steering tool.

The updated risk mapping for 2020 was presented and approved by the Audit Committee. The Group is striving to simplify and improve readability of the presentation of information relating to the main risk factors. Only significant risks specific to the Group are presented below.



2.2.2 PRESENTATION OF THE MAIN RISK FACTORS

The following paragraphs set out the main risks identified in 2019-2020 and measures for dealing with these risks. These are divided into four categories:

- risks related to the Maisons du Monde business segment;
- risks related to the strategy and organisation of the Company;
- legal and regulatory risks;
- financial risks.

In each category, the significant risk factors are presented in decreasing order of importance as determined by Maisons du Monde at the date of this Universal Registration Document. However, the four categories are not classed by order of importance.

The Group's specific risks related to CSR issues are set out in a more specific presentation in Chapter 3, in accordance with non-financial performance reporting obligations.

Risks related to the Maisons du Monde business segment
Unfavourable change in the political, health and economic situation in those markets in which the Group operates
Risks linked to the competitive environment
Poor anticipation of market developments/consumer preferences
Risks related to the strategy and organisation of the Company
Risks related to the logistics chain: in warehouses or on upstream/downstream transport flows
Risks related to an upstream supply disruption
Risks related to quality, safety or compliance of products
Risks related to information systems and cybercrime
Major incident or non-conformity at a third-party supplier or in a Group plant (CSR)
Risks related to the management of subsidiaries
Risks of corruption or fraud
Risks related to talent and employee management
Risks of theft/misappropriation of inventories
Legal and regulatory risks
Risks related to the protection of personal data
Risks related to intellectual protection
Risks related to non-compliance with laws and regulations
Financial risks
Currency risks

Impact of Covid-19 on the key risk factors to which Maisons du Monde is exposed

The Covid-19 epidemic, which emerged in China in December 2019 had and may continue to have a significant effect on the Group's business. These impacts are described in particular under the following risks *i. Unfavourable change in the economic situation in those markets in which the Group operates, ii. Risks related to an upstream supply disruption* and *iii. Risks related to the logistics chain: in warehouses or on upstream/downstream transport flows*, described below.

Risks related to the Maisons du Monde business segment

Unfavourable change in the political, health and economic situation in those markets in which the Group operates

Description of the risk	Potential effects on the Group
The Group is active in the decoration and furniture market. Consumer purchases, particularly of furniture, are essentially discretionary and could be affected by economic factors such as: • employment situation; • level of wages; • household debt ratio; • inflation; • interest rates. The Group may be impacted by a deterioration in market condition or in the overall economic or political situation or of any other kind, like a global public health crisis such as the Covid-19 crisis which could impact all of the countries in which the Group does business. Furthermore, since consumers often purchase furniture as part of the purchase, leasing or renovation of a home, the demand for the Group's products is generally closely related to: • trends in the real estate market; • situation of the real estate lending sector; • other aspects of consumer financing in the housing sector.	This risk is likely to lead to: • in the context of a pandemic such as that of Covid-19, the closure of points of sale imposed by authorities in order to contain the spread of the virus, leading to a deterioration in revenue, especially as the Group generates a little over two-thirds of its sales in stores; • in an uncertain macro-economic environment characterised by decreasing or stagnant disposable income or during periods with fewer housing starts or reduced expenditures by consumers on their homes, consumers may curtail their visits to decoration and furniture stores, reduce overall spending on decoration and furniture or opt to purchase products with lower average selling prices (ASPs). For the Maisons du Monde Group, this would have an unfavourable impact on store footfall and on the average consumer shopping basket, and thus more generally on the Group's revenue.

Management of the risk

Maisons du Monde cannot affirm that its results would not be affected by a disruption in economic conditions or by a health and political crisis the countries in which it operates.

The best way for the Group to protect itself against this risk is to diversify its activities, both geographically and by category, as well as its distribution channels. Indeed, Maisons du Monde's international development leads to a geographical distribution of its activities that contributes to diversifying and, to a lesser extent, limiting the concentration of risk related to the economic situation. The Group draws on its omnichannel strategy. During the pandemic, more and more customers have been shopping online.

Maisons de Monde has strengthened its digital strategy to take advantage of this momentum:
- roll-out of click and collect during the second lockdown;
- support through a more sophisticated mobile platform;
- launch of a selective marketplace in November 2020.

Lastly, in the context of the current global health crisis, the Group has implemented a proactive action plan encompassing its entire cost structure, including in particular:
- the implementation of partial unemployment for its employees, aimed at mitigating the impacts of Covid-19 on the Group's results and cash generation;
- an *ad hoc* committee comprising the main executives set up to closely monitor the evolution of Covid-19 and the measures put in place by the authorities of the countries in which the Group operates, in order to ensure the implementation of action plans;
- work on resizing its store opening plan in order to strike to right balance between investing for future sales growth and preserving results and cash generation.

Risks linked to the competitive environment

Description of the risk	Potential effects on the Group
Maisons du Monde could be unable or find it difficult to compete effectively against direct competitors or new offerings because: • the Group operates in a highly fragmented and competitive market (specialised distributors, but also stores that sell decoration and furnishing articles in addition to their products) and the Group considers that this fragmentation is increasing; • in particular, the Group believes that its decoration business competes in the "original and accessible" segment of the market, characterised by retailers who insist on style and originality, but above all on affordability. The average prices of the Group's products are for the most part in the intermediate range, with a positioning that could be out of step with competitors who are engaging in an increasing price battle. The Group could encounter difficulties in defending its price positioning. The Group's online activity is in competition with: • e-commerce pure-players that compete with others on criteria such as user interface usability, SEO strategy, online advertising and social network campaigns to drive traffic, payment methods, shipping and delivery options, technical and online support, and click and collect solutions; • social platforms that extend their value proposition to distribution, some of them offering their own marketplace.	Competitors are likely to adopt aggressive pricing policies, carry out large-scale marketing campaigns, offer more attractive products or respond more quickly to changing market trends, which could give them a competitive advantage and lead to a decline in the Group's market share. In addition, the Group may have to respond to competitive pressures by reducing its prices or increasing its advertising and promotional expenses, which would adversely affect its margins and results.

Management of the risk

Maisons du Monde limits the effects of competition from the main players in its markets through its strategy:
- differentiation from its competitors in terms of product offering, quality/price ratio and positioning, with differentiating products, a responsible offer and a strong brand and concept;
- balancing the structure of its collections with an adaptation of the price positioning on the most competitive product families;
- monitoring the prices charged by competitors on similar products;
- development of new activities/new services. Thus, in 2019, in line with its strategic decision to expand its offer in services, Maisons du Monde took a majority stake in the Rhinov start-up, which allows everyone to obtain professional interior design advice tailored to their style and budget and at a very competitive price.

The Group believes that its strong online presence and seamless integration across distribution channels provides it with a distinct advantage over its competitors. For example, a customer may view a product in a Maisons du Monde store and later decide to purchase this product *via* the Group's website. Similarly, a customer may view a product on the Group's websites or catalogue and then visit one of the stores before making a final decision. The Group seeks to further fuel the success of its omnichannel model the creation of options such as free in-store delivery or click and collect sales. These have enabled the Group to maintain in-store activity as soon as order picking up orders was authorised during the lockdown periods at the end of 2020.

The Group aims to capitalize on the acceleration of online sales and launched its selective marketplace in France in November 2020. This digital acceleration is part of a vision that remains resolutely omnichannel. Maisons du Monde intends to deploy its marketplace stores in the future, thereby accentuating the differentiation of its model, in a universe of "pure player" marketplaces.

During 2020, the Group continued to strengthen its relationships with its customers, focusing on the personalisation of its communication and the strengthening of its brand visibility through social media, influence and press relations.

Poor anticipation of market developments/consumer preferences

Description of the risk	Potential effects on the Group
The decoration and furniture industry is generally characterised by continually evolving customer preferences and trends. Maisons du Monde may be unable to: • adapt to new trends, to prepare and predict the impact of change; • monitor, interpret and respond appropriately and in a timely manner to changes in consumer demand, particularly if, in the markets where Maisons du Monde has developed, customers have different tastes and follow divergent trends; • adapt to the digital age and to the new demands of consumers in terms of e-commerce. The Group considers that certain pure-players in the market have been able to impose new trends in the online market such as free delivery and returns, improved customer experience at all points of contact, etc. In addition, consumers are increasingly concerned about the environmental footprint of products and packaging. Maisons du Monde may not be able to continue to adapt its product/service offering in this regard. The Group cannot assure investors that it will be able to continue to develop products that resonate with its customers or that it will successfully respond to consumer preferences in the years to come.	Any inability of the Group to anticipate, identify or respond effectively to consumer preferences could have an adverse effect on the number of visitors to its stores and its website, on the conversion rate and therefore on sales of the Group's products. Poor anticipation of market developments may lead the Group to lose market share or end up with higher-than-expected inventory levels. As a result, the Group could experience an increase in storage costs or be forced to reduce its selling prices, which would lead to a reduction in margins. The Group might also be required to record impairment of inventory charges. Conversely, higher-than-expected sales could result in inventory shortages, which could cause the Group to lose sales and damage its reputation with customers.

Management of the risk

The Group constantly innovates to respond to changing tastes and the preferences of customers by adding new themes, styles and universes. The Group has an Artistic Department, which is responsible for analysing societal trends, consumption patterns and lifestyles that affect new emotional and functional needs. The Artistic Department translates these needs in terms of trends and ranges. The Style Department, made up of around fifteen designers, then works to transform these trends into collections and products.

The CRM (Customer Relationship Management) system, launched in 2017, provides the Group with the information needed to develop new products and categories that respond to current trends and changing customer preferences. The Group carries out an annual assessment to measure the level of satisfaction on a panel of customers and prospects. The Group focuses on improving the customer experience, particularly its after-sales service, in order to meet new consumer requirements at all points of contact with Maisons du Monde.

At last, being aware of the potential impacts of its activities on biodiversity and the heightening concerns of consumers regarding these challenges, the Group is focusing its efforts on its impact on the supply chain. The wood purchasing policy and the development of a responsible product offering contribute directly to reducing impacts on biodiversity. For more information on the measures implemented by the Group, see Chapter 3 – Corporate Responsibility.

2

Risks related to the strategy and organisation of the Company

Risks related to the logistics chain: in warehouses or on upstream/downstream transport flows

Description of the risk	Potential effects on the Group
The Group currently uses independent external logistics providers to import its products and to ship its products to customers. The outsourcing of such services by the Group is subject to certain risks such as: • the unavailability of containers and/or an increase in freight costs, for example, in the context of a crisis such as that of the Covid-19 ; • the unfavourable modification or loss of agreements with these providers; • strikes, work interruptions with an impact on the ability of service providers to provide delivery services that meet the Group's needs; • changes in freight regulations: diesel taxes, customs duties, national or local regulatory environments concerning CO_2 emissions, freight transport in urban and peri-urban areas with increasing environmental requirements, etc., which may have a negative impact on the Group's logistics costs; • rise in fuel prices. Lastly, for its logistics requirements, the Group operates 11 warehouses located in the port area of Marseille-Fos, in the South of France. This is where much of the Group's inventories are housed. The sites provide backend logistical support to all distribution channels. A blockage or unavailability of the port of Fos-sur-Mer or the warehouses due to a work stoppage, strikes, fire, another major incident or a malicious act could impact the supply chain and the shipment of products to stores and customers.	In the context of the global health crisis linked to the Covid-19 virus, consumers have given priority to purchases of household goods after the first lockdowns, rather than using services. This recovery occurred at a time when sea freight had initially limited its global capacities and favoured the trans-Pacific route, and therefore led to the unavailability of containers and additional costs. The Group's logistics chain could be exposed to work interruptions in its warehouses if the health of employees could no longer be ensured or if decisions were taken in this regard by the authorities as part of the discontinuation of non-essential activities. Likewise, delivery activities may be affected. A blockage of the port of Fos-sur-Mer, an interruption or deterioration of delivery services, pressure on delivery services due to the boom in e-commerce could result in delivery delays or product shortages affecting the Group's ability to deliver to its customers or stores in a timely manner, which could affect its revenue and harm its relationship with its customers. More generally, any change in the regulatory environment relating to freight and logistics could result in higher transport and delivery costs for the Group.

Management of the risk

To address these risks, the Group implements action plans at various levels:

- in 2022, the Group will open a new logistics centre of 69,000m^2 in the north-west of France. This new logistics model, in addition to improving the Group's operational performance and contributing to the continuous improvement of the customer experience, will make it possible to secure and limit the risk related to the blockage or unavailability of the port of Marseille-Fos, currently the only port through which all products imported from Asia by the Group transit.
- to mitigate the risks related to the pressure on the availability of containers and freight costs, Maisons du Monde:
  - engages in an annual bidding process with its freight forwarders, which enables the Group to maintain a competitive process between its service providers and limit the risk of untimely changes in contractual and pricing conditions;
  - strives to book spaces in containers as early as possible.
- for delivery of the Group's products to its stores and customers, the Group outsources the road transport to a number of third-party transportation and logistics providers. The Group's internal distribution capabilities allow it to understand the cost and quality dynamics associated with its retail network and benchmark its external transportation and logistics providers in a multi-partner and tender-based territorial approach in order to reduce costs and delivery times.
- to mitigate the risk of strikes or work stoppages at its logistics warehouses, the Group implements a number of measures to maintain close social dialogue. Employees and management are the focus of social dialogue, in both directions and there are many opportunities for discussion.
- lastly, the Group's eleven warehouses, located in the port area of Marseille-Fos in the south of France, are independent cells, all equipped with sprinklers. Some of the sites also have 24-hour security.

Risks related to an upstream supply disruption

Description of the risk	Potential effects on the Group
The Group is dependent on third-party suppliers to manufacture the products it markets. If the Group's suppliers do not deliver quality goods within a suitable period of time, the Group's reputation and activities may suffer serious consequences. The Group's products are manufactured mainly in Asia, more particularly in China, India, Indonesia and Vietnam. The Group is therefore exposed to the various usual risks associated with importing products from these countries, including, among others: • natural or health disasters, such as the Covid-19 crisis, can severely disrupt the Group's supplies, since they affect countries, where a large part of the Group's products are manufactured; • political and economic instability; • the strengthening of security requirements for foreign goods; • compulsory taxes or other charges and restrictions on imports; • risks related to labour practices and social conflicts, manufacturing and product safety standards; • environmental issues; The Group purchases more than 90% of its products from approximately 1,400 third-party suppliers. The Group's suppliers may face: • financial difficulties, bankruptcy, insolvency or a lack of liquidity; • failures of production facilities or disruption of the production process for reasons internal or external to the supplier's organisation exposing Maisons du Monde to a risk of disruption of its supply chain. For some products, the Group depends on a limited number of external suppliers. This is the case, for example, with fabric sofas. The use of a limited number of third-party suppliers entails a number of risks, including that inherent in the termination of business relationships.	Any instability that disrupts the production cycle of a partner supplier or the Group's strategic stock could result in an operating loss in relation to: • an increase in supply lead times and therefore the Group's inability to deliver products to its customers at the right time, which could adversely affect its relationship with its customers and impact its revenue; • an impairment of the Group's ability to adequately supply its warehouses and stores and therefore face inventory shortages on certain products, which could cause the Group to lose sales and damage its reputation with customers. More particularly, the Group's supplies have been severely affected in the context of the global health crisis linked to the Covid-19 virus. This pandemic led to product supply difficulties for the Group from February 2020, following the closure of its plant in Vietnam and the stoppage of production by its Chinese suppliers for more than a month in early 2020. There is still pressure on the furniture supply chain due to production difficulties among suppliers.

Management of the risk

The Group has about 40 "partners", a term that refers to the external suppliers with whom the Group maintains a direct relationship. The length of its relationships with its partners averaged seven years. As part of the Group's efforts to meet its high standards of quality and timely delivery of products, the Group engages in co-development of certain products with its partners for exclusive sale in its stores and on its websites. The Group believes that it is generally a significant customer of its partners, several of whom work exclusively with the Group, which enables it to develop long-term relationships and to leverage the Group's buying power.

The Group is working on strengthening the management of its suppliers with increased monitoring of order flows from Asia in order to fine-tune the management inventory levels as accurately as possible. The Group's medium-term ambition is to rebalance its sourcing strategy both geographically and by securing the production of certain product lines from several suppliers.

Risks of quality or conformity problems with the products

Description of the risk	Potential effects on the Group
Any failure by the Group's suppliers to adhere to product safety or manufacturing safety standards could result in serious product non-conformity issues that may not be detected by the Group's quality control procedures and which could in turn lead to product recalls. The Group's reputation and brand could be damaged by the marketing of defective products, especially in the event of serious defects, such as breach of standards, and which may cause physical harm or other health problems to consumers.	These serious defects could mean for the Group: • an increase in operating costs for compliance or remediation following such incidents; • a risk of litigation, in the event of a serious incident related to a defective or non-compliant product, resulting in a significant financial impact, all the more so if it was not covered by the Group's civil liability insurance; • appropriation of the integrity of the brand and its image with consumers, with a negative impact on the Group's sales. In addition, a major non-compliance of a product could lead to an investigation by the control agencies responsible for ensuring compliance with the laws inherent in international trade. Resulting penalties or enforcement actions could delay future imports or negatively impact the Group's business. In all such cases, especially if there is a prolonged impact on product quality, the Group's business, financial position, results of operations and reputation may be materially and adversely affected.

Management of the risk

Quality control is present during all phases of the Group's sourcing, manufacturing and logistics operating model.

The Group regularly implements monitoring, inspection and control procedures, which take place during the selection or manufacturing process and upon receipt of products in the Marseille-Fos warehouses.

In particular, the Group seeks to achieve consistent product quality from one supplier to another by selectively controlling:

- both prototypes and pre-production samples. For certain types of products, specifications are sent to suppliers. These serve as a framework for the manufacture of prototypes and are related to materials, products and packaging;
- deliveries in its Marseille-Fos warehouses. The Group's Quality Departments have set up procedures for checking products on reception at the logistics warehouses. These control procedures are notably adapted to the types of products, depending on whether they are new or renewed products, the number of past disputes and the control results on previous receptions.

The Group has a quality control team, consisting of about 50 employees, the majority of whom are based in China, Indonesia and India, who conduct site visits, inspections and are responsible for supervising suppliers' adherence to the Group's standards. Audited suppliers are selected on the basis of their history, criticality or specific product development.

Risks related to information systems and cybercrime

Description of the risk	Potential effects on the Group
Information systems support all Group processes on a daily basis. Operations could be seriously disrupted as a result of a failure in its systems. These risks concern the stores, website and warehouses through critical information systems such as check-out systems, warehouse and store supply systems, and customer order management systems, etc. Despite the measures implemented, the Group could be exposed to: • risks specific to the processing, such as a logical attack, cyber attack, illicit modification of or interference with algorithms, disclosure of information or any other manipulation for the purpose of misappropriation; • risks specific to equipment (theft, fire or other malicious damage) or buildings (intrusion, destruction or sabotage). In addition to the risks related to cybercrime, the Group could face: • the non-availability or disruption of data communication infrastructures, applications or networks, preventing from carrying out its activities; • the non-integrity of data relating to both transactions and the production of financial statements; • difficulties to adapt to the digital transformation. If changes in technology cause the information systems to become obsolete, or if they prove to be inadequate to handle growth, this could negatively impact the Group's business. In addition, costs and potential interruptions associated with the implementation of new technologies or with the maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of the Group's operations; • the failure of the disaster recovery plan.	Any major failures in the information systems or any vulnerability to a cyberattack which could expose the Group to operational disruption, financial losses, regulatory action or consumer complaints that could damage its reputation and its business, in particular: • operating losses related to the costs of interim measures to maintain the functionality and performance of the systems and to enable continuity of operations; • loss of information that cannot be retrieved, resulting in operational impacts related to the loss of this data; • loss of confidential information and know-how. Any breach and/or questioning of security could result in: • adversely impacting the Group's reputation with existing and potential customers; • leading to a loss of stakeholder confidence; • giving rise to litigation or fines; • forcing the Group to allocate financial and management resources away from more profitable uses. More generally, any significant breakdowns or interruptions in information systems or any loss of sensitive data could result in: • blocking or slowing down the normal operation of the Group's business: • partial or total interruption of in-store activity, unavailability of the Group's websites or supply chain; • bias in some decision-making; • more generally, have unfavourable financial, operational or image consequences for Maisons du Monde.

Management of the risk

Information systems are supervised by the Information System Director and are managed internally by a team of nearly two hundred IT and data professionals supported by third parties. In order to strengthen the protection of information systems and data, the Group ensures that digital security is taken into account from the design phase of IT projects, with a strategy of convergence of digital, data and core IS technologies in a move towards the cloud. An information system risk mapping and a global information system master plan have been drawn up with a logic of implementing market solutions.

Two fully redundant, both active-active, data centres support the continuity and connectivity of the Group's IT systems. All stores are connected to the registered office, as well as to backup sites. The Group's data are systematically backed up daily. An IT disaster recovery plan has been implemented at least on the most critical applications for the Group's business.

The Group's management of the risk of cyber attacks is essentially based on an information systems security strategy deployed to prevent the risk of cybercrime, detect security incidents and provide solutions in the event of a security incident, with as an indication only:

- the presence of a Chief Information Security Officer, reporting to the Group's Information System Director and in direct collaboration with the Data Privacy Officer;
- periodic assessments of the security level of the information system, for example with innovative "ethical hacking" intrusion tests;
- provision by the Group's Chief Information Security Officer (CISO), who is also in charge of the digital Workplace, of secure work and collaboration tools;
- the implementation of a single sign-on (SSO) technology for all of the Group's new and critical applications, at least;
- procedures for regular checks on authorisations and access;
- raising employee awareness of the risk of cybersecurity through practical IT security guides to limit the risk of unintentional disclosure of confidential information or intrusion.

Major incident or non-conformity at a third-party supplier or in a Group plant (CSR)

Description of the risk	Potential effects on the Group
Maisons du Monde faces increasing risks related to its corporate social responsibility to respect human rights and fundamental freedoms, human health and safety, and serious environmental damage. The Group's operating guidelines promote, among other things, ethical business practices such as environmental responsibility, compliance with laws relating to working conditions, and adherence to manufacturing standards. Although the Group seeks to ensure compliance with these guidelines, the Group's contractual recourse against the practices of its suppliers remains limited. As a result, the control actions carried out by the Group may not be effective in view of the large number of suppliers in place and the possible lack of transparency of the traders from whom the Group purchases certain products. Accordingly, the Group cannot guarantee that suppliers will comply with the Group's guidelines. From time to time the Group's suppliers or manufacturers may not be in compliance with local labour law or recognised ethical or environmental standards.	Any lack of compliance, violation of labour legislation or any other law by external suppliers or any incident calling into question the integrity of the Group's suppliers and their business practices could: • give rise to bad publicity for the Group and undermine the integrity of the "Maisons du Monde" brand among consumers, with a negative impact on the Group's sales; • lead the Group to seek alternative suppliers, which could increase its costs and result in delayed delivery of its products, product shortages or other disruptions of its operations; • expose the Group to penalties in the event of non-compliance with the provisions of the law of 27 March 2017 (duty of vigilance). The above impacts would be all the more significant if a major incident or non-compliance were to occur at Mekong Furniture's factories in Vietnam.

Management of the risk

Reiterating all the requirements in relation to the social and environmental compliance expected from its suppliers, beginning with compliance with fundamental ILO Conventions, the Maisons du Monde Suppliers Code of Conduct serves as common ground for managing social and environmental impacts in the supply chain. This document, which is sent out by buyers directly, is annexed to specifications for furniture suppliers and was also forwarded to key suppliers of decoration items since 2018. Adherence to it will be mandatory by the end of 2020.

For several years now, the Group has been committed to a continuous improvement process to support the progress of its suppliers' social performance. The supplier support programme aims in particular to respond to the priority risks relating to failure by a supplier to comply with the social requirements of Maisons du Monde, the identification of a situation of corruption or the occurrence of an environmental incident in a factory. This programme includes in particular:

- conducting social audits in order to regularly evaluate the performance of strategic suppliers on social issues;
- inter-supplier training sessions, organised since 2017 by Maisons du Monde for its strategic suppliers on social issues;
- a specific awareness-raising programme for the Group's product managers. This training in the field is of paramount importance when it comes to enabling the product managers to understand the challenges faced and be responsible for the daily management of their suppliers;
- testing of a "worker voices" programme in 2020. This tool, which complements the conventional tools for implementing vigilance procedures, consists of a survey on the social conditions of the employees of the Group's suppliers in order to collect their feedback in an anonymous and transparent manner.

Risks related to the management of subsidiaries

Description of the risk	Potential effects on the Group
Acquisitions may have a negative impact on the Group's business, the value of its assets and its results if the Group does not manage to quickly and effectively integrate the companies acquired and generate the expected returns on these acquisitions, in particular: • developing the activity and generating the expected cash flows; • identifying risks related to historical organisations and practices; • achieving the expected synergies.	An unfavourable change in business activities, business forecasts and assumptions used in the impairment tests of intangible assets acquired could result in the recognition of impairment losses, which would have a negative impact on the Group's results. In the case of joint-ventures (Rhinov/Modani), relations with the Group's partners are governed by shareholders' agreements that may provide for certain decisions to be taken with the agreement of these partners or without the agreement of Maisons du Monde. Difficulties are therefore likely to be encountered with joint-venture partners, particularly in the event of differences over the strategy, development or operational management of these joint-ventures, and could thus have a negative impact on the business and results of Maisons du Monde.

Management of the risk

For each of its acquisitions, the Group puts in place the resources it deems necessary for the successful integration and management of these companies.

The Group pays particular attention to the drafting of the shareholders' agreements it signs. They are drafted, at the Group's request, by a lawyer specialising in mergers and acquisitions.

As an indication, the management procedures implemented cover:
- adapted governance;
- regular site visits by Maisons du Monde teams;
- internal control audits and evaluations;
- a follow-up of the activity and results of the joint-ventures through monthly operational and financial reviews and a process of joint construction and approval of budgets.

2

Risks of corruption or fraud

Description of the risk	Potential effects on the Group
Given the international scope of the Group's business, Maisons du Monde could violate anticorruption laws and other similar regulations in the context of its own business or throughout its supply chain, which could damage its reputation and result in financial penalties. Despite the measures implemented, there is no guarantee that the Group will not have difficulties in the future to: • comply with international and national laws against corruption, such as the Sapin II law (in France), and equivalent laws in other countries; • comply with international and national laws against money laundering; • prevent fraud or misappropriation of funds. The Group could in fact be exposed to fraudulent attempts, misappropriations of funds or other types of misconduct in the course of its business.	Any violation of applicable anticorruption regulations and a lack of transparency in this area could expose the Group to: • significant reputational damage; • significant financial, administrative and disciplinary sanctions. In France, failure to implement the measures for the prevention and detection of corruption provided for by the Sapin II law, could expose the Group to an administrative sanction of €1 million, as well as the implementation of monitoring (5 years maximum), the cost of which would be borne by the Group if corruption were discovered; • a weakening of investor confidence. Any act of fraud, whether internal or external, could result in the Group suffering: • a financial loss related to the fraud or in the form of legal costs related to restitution of the sums or products that have been subject to fraud; • an impact on the Group's image if fraud is proven.

Management of the risk

With regard to the challenges posed by corruption, since 2017, Maisons du Monde has rolled out a series of procedures and practices to identify and manage the risks that are specific to the Group's business operations. These mechanisms fulfil the requirements of the "Sapin II" law on anticorruption and influence peddling. Thus, the Group formalised:
- an anticorruption risk map, updated in 2020, makes it possible to identify, analyse and prioritise the Company's risk of exposure to corruption and to scale internal procedures;
- the Maisons du Monde professional Code of Conduct aims to formalise the ethical and legal frame of reference within which Maisons du Monde and its employees perform their day-to-day professional activities;
- a whistle-blower's charter and an ethics hotline enable any situation that contravenes the Code of Conduct to be reported confidentially by telephone or email.

The Group also rolled out training for those employees most exposed to the risk of corruption as well as for all service managers. This classroom-based training, focused on:
- a general presentation of the challenges of corruption, its forms and sanctions, the behaviour to adopt, as well as the roles and responsibilities of each party in a situation that may resemble corrupt practices;
- presentation of the anticorruption mechanism in place within the Group.

This system is renewed periodically to train new hires and employees who work in more at-risk positions. In addition, the awareness of those less exposed to the risks of corruption was raised by filtering information down through the ranks of line management.
In addition, the Suppliers Code of Conduct, which sets out all the requirements relating to the social compliance expected of suppliers, was supplemented in 2018 to include the issue of the fight against corruption, which was identified as a risk in the vigilance plan. This document, which is sent out by buyers direct, is annexed to specifications for furniture suppliers and was also forwarded to key suppliers of decoration items since 2018. Adherence to it will be mandatory by the end of 2021.

With regard to the measures implemented to protect against the risk of fraud and, in particular, the misappropriation of funds, the Group has put in place:
- strict procedures for controlling and securing customer payments both in its stores and on its website;
- the installation of cash deposit machines, to reinforce the secure management of cash and staff in stores;
- secure procedures for payments from its suppliers.

Risks related to talent and employee management

Description of the risk	Potential effects on the Group
To carry out its strategic plan, the Group relies on its management and employees. Insufficient and inadequate human resources or the inability to attract and retain talent could prevent the Group from achieving its objectives. • inability to recruit suitable profiles to maintain strategic capabilities. The Group faces the challenge of attracting, training and retaining qualified personnel while controlling labour costs. The risk is accentuated in certain businesses (rare skills and competition in the digital sector, for example) and certain geographical sectors. • risks of loss of “key” skills: the Group’s success depends in part on its ability to retain “expert” employees in the furniture and decoration market, particularly product designers and buyers. Because the Group’s collections are often based on a style or theme, etc., designers are particularly important to defining the brand’s image, maintaining the brand’s positioning and executing the Group’s strategy of meeting and adapting to changing consumer preferences. The Group may also be exposed to the risk of major disruptions to its operations due to strikes, work stoppages or other labour disputes specific to the Group. Finally, as part of its duty of vigilance, Maisons du Monde must ensure the health, safety and security of its employees at all sites. Failure to provide an appropriate level of safety and security could compromise the level of employee commitment and damage the Group’s reputation, particularly in the event of an accident. More specifically, in the context of the health crisis with the lockdown periods resulting in mandatory remote work or partial unemployment measures, could reveal or increase certain psycho-social risks, such as isolation and/or a feeling of economic insecurity, which would require the implementation of appropriate measures.	The Group is aware that talent management remains an area of long-term vigilance to ensure the sustainability of the business and guarantee the transmission of key know-how within the organisation. Difficulties in recruitment, excessive turnover rates, long vacancies could result in: • a slowdown in the implementation of the Group’s key development projects; • the demotivation of the teams in place; • a rise in labour costs that could adversely affect the Group’s business, financial position and results of operations. The occurrence of strikes, work stoppages or other labour disputes could disrupt its operations, result in a loss of reputation, increased wages and benefits, or have a material adverse effect on the Group’s business and results of operations.

Management of the risk

The systems for managing these risks are the subject of a strengthened Group-wide plan for the next few years aimed at:

- strengthening processes and organisation to attract, recruit and retain talent with:
  - the creation of an employer brand;
  - the professionalisation and improvement of recruitment to meet the challenges for supporting the Group’s transformation;
  - the implementation of an attractive, consistent and competitive compensation policy for the network and the head office.

In addition, the Human Resources Department changed its organisation in 2020 by creating two new departments to address these challenges: a Talent Management Department and a Retail Training Department.

- developing and adjusting skills internally, as they are necessary to control the Group’s growth. The improvement of the processes for assessing, developing and valuing employees’ skills is based in particular on:
  - the implementation of a dedicated training programme for jobs undergoing transformation within the Company;
  - the strengthening of training programmes for in-store operational staff in order to align the skills of the teams with the expected customer experience, through the creation of a new Retail Training Department;
  - conducting people reviews which aim to identify, with the help of managers, the key people in their teams, draw up action plans to develop them, engage them and replace them;
  - improving performance and skills assessment methods, with the overhaul of the assessment tool and the introduction of reciprocal engagement reviews based on a strong commitment from the manager and the employee to strengthen the relationship and commitment.

For more information on the measures implemented by the Group for well-being at work, social dialogue, health and safety, training and employee employability, see Chapter 3 – Corporate responsibility.

Risks of theft/misappropriation of inventories

Description of the risk	Potential effects on the Group
In the normal course of its activities, the Group incurs the risk that products in stores or warehouses will be stolen. Products may also be misappropriated during transportation. The Group's stores may also be the targets of successful or unsuccessful robbery attempts by third parties. During the year ended 31 December 2020, the Group suffered a loss representing approximately 0.4% of its sales due to the theft of products in stores and warehouses.	Any such theft or misappropriation may have a material adverse effect on the Group's business, financial position, results of operations and reputation.

Management of the risk

To mitigate this risk, the Group has put in place several types of theft prevention and control systems:
- surveillance devices in stores considered sensitive, through video protection systems or the use of security guards and/or anti-intrusion alarms;
- access control and video surveillance systems in the Marseille-Fos warehouses;
- the anti-theft device directly at the supplier's or in store for sensitive product families;
- manual anti-theft devices on sensitive product families;
- a prevention policy and internal procedures distributed to store employees so that they benefit from sustained awareness of the fight against shrinkage. The proper application of these procedures is regularly assessed during controls carried out in stores by the Group's Internal Audit Department.

Legal and regulatory risks

Risks related to the protection of personal data

Description of the risk	Potential effects on the Group
As part of its operations, Maisons du Monde processes and stores customer data from online sales, loyalty programs and customer engagement campaigns, as well as data from employees, business partners and service providers. The strengthening of regulations on the protection of personal data, including the GDPR, in force since 25 May 2018, increases the risk of non-compliance by the Group. Following complaints or reports, or as part of the CNIL's annual program of controls, Maisons du Monde may be subject to an audit to verify that the processing implemented by the Group complies with the provisions of the law.	Changes in regulations regarding the protection of personal data are likely to lead to an increase in operating costs related to compliance. Failure to comply with this regulation could result in: • a financial consequence, with a penalty of up to 4% of the Group's worldwide revenue; • a reputational impact on existing and prospective customers in the event that the Group's security is breached or called into question, leading to a loss of confidence and a drop in revenue; • a risk of suspension – or even cancellation – of the authorisation to process data for marketing purposes in particular, resulting in a loss of revenue.

Management of the risk

The Maisons du Monde Group is responsible for processing the personal data of its customers, prospects and employees, etc., and is engaged in a compliance program that began in 2017. This programme, monitored by the Group's DPO, appointed in December 2018, includes:

- implementation of a register of processing and processes related to data management;
- bringing customer consent collection processes into compliance;
- implementation of new processes for managing requests to exercise GDPR rights;
- establishment of organisational and technical processes: data storage policy/data breach notification process;
- taking GDPR into account from the conception of new projects launched by the Group;
- updating contracts with the Group's subcontractors and partners;
- dissemination of information to employees on the processing of their personal data and an update of the IT charter;
- an employee communication and awareness campaign, notably through an online training course on GDPR for store employees.

Risks related to intellectual protection

Description of the risk	Potential effects on the Group
The Group may be exposed to intellectual property claims by a third party, particularly when Maisons du Monde develops new product offerings and invests in new geographic markets. Maisons du Monde may find itself unable to protect its intellectual property rights and may be the victim of a violation of its rights, including counterfeiting of its products or misappropriation of its trademark. In addition, some employees have access to confidential documents in the course of their work, exposing Maisons du Monde to a risk of loss or dissemination of sensitive and/or confidential information.	Complaints made against the Group may result in significant financial consequences and the prohibition of the sale of some of its products. Heavy costs would also be incurred in litigation. The Group may also be required to modify its products or acquire licensing rights from third parties. The Group's inability to protect its intellectual property rights may damage its reputation, diminish the value of its brand and weaken its competitive position. Finally, the loss or dissemination of sensitive and/or confidential information could harm the Group's interests and its image, and have a negative impact on its results.

Management of the risk

The Group takes legal measures, in particular through infringement and/or unfair competition actions, to protect and defend its intellectual property rights both locally and internationally.

Maisons du Monde files the drawings and models designed by its Style Department with a bailiff (*huissier de justice*) on a weekly basis. This process makes the brand's creative process more secure, since Maisons du Monde has a guarantee that it will able to produce proof of ownership of its rights for those works should they ever be misappropriated by third parties.
In order to limit the risk of intellectual property claims by a third party, all of Maisons du Monde's in-house creations are reviewed and validated by the Group's Legal Departments.

The Group strives to raise awareness among people who have access to sensitive and/or confidential information and disseminates best practices to limit this risk, particularly with regard to the use of information systems and social networks. Maisons du Monde's Code of Professional Conduct reminds employees of the importance of keeping all information related to the Company's operations, organisation and products as confidential as possible.

Risks related to non-compliance with laws and regulations

Description of the risk	Potential effects on the Group
The regulations to which the Group is subject in the countries in which it operates, as well as changes in regulations and actions taken by local, national or international regulators are likely to have an impact on the Group's business. The Group may not be able to anticipate unexpected changes in the regulatory framework such as: • changes in tax regulations in the countries where the Group operates and consequently be unable to face constraints or additional costs to respond or changes in regulations (electronic billing, specific taxation, etc.). Changes in tax laws could adversely affect the Group's tax position, including its effective tax rate or tax payments. In addition, the Group may be subject to tax audits in which there is no guarantee that the tax authorities will validate the positions taken by the Group; • changes in the regulatory environment specific to the Group's business and therefore impacting product standards (cf. specific risks), customs duties, consumer protection, personal health and safety, etc. The Group must also comply with a certain number of employment regulations on, in France for example, weekly working hours or provisions of law relating to overtime. In the event of non-compliance with these regulations, the Group could be prosecuted for offences described as "undeclared work", be obliged to pay penalties and also potentially have fines or sanctions imposed under criminal law.	Regulatory developments in these specific areas could have a negative impact on the Group's business and results. Indeed, any change in the regulatory environment could: • increase the Group's operating costs to comply; • impact the price of certain goods or cause delays in delivery; • impose, in the event of non-compliance, fines and penalties or legal sanctions and tarnish the Group's reputation.

Management of the risk

The various regulations to which the Group is subject are constantly monitored from a technical, legal and tax standpoint by Maisons du Monde, by operational management, by the Legal Departments or with the assistance of outside advisors and law firms that can provide updates on new laws and case law on specific issues.

Financial risks

Currency risks

Description of the risk	Potential effects on the Group
The Group is exposed to the risks inherent in fluctuations in foreign currency exchange rates as purchases from its suppliers and marine freight costs are denominated in USD and are therefore exposed to fluctuations in the translation into euros of its foreign currency liabilities. In the event of ineffectiveness of currency hedging contracts or in the event of incorrect recording and/or lack of monitoring of hedging transactions, the Group would be significantly exposed to currency risk.	Fluctuating exchange rates may increase the cost of suppliers' activities and thus the cost of products and ultimately the profit margin.

Management of the risk

The Group hedges most US dollar transactions using forward contracts and hedging strategies negotiated with leading banks, in order to hedge purchases foreseen over a period of 12 to 24 months. Hedging is part of the forecast/budget process.

The Group adopts a centralized approach to foreign exchange risk management. Permission of Group CFO is required before a foreign exchange transaction may be undertaken, under policies approved by the Board of Directors.

2.3 Insurance and risk coverage

The Group maintains insurance to cover risks associated with the ordinary operation of its business, including property and casualty insurance policies that are typical for the industry in which the Group operates, at levels that the Group believes are appropriate when taking into account its size and the risks incurred.

The Group's global insurance programmes are negotiated and coordinated by the General Secretary, which is responsible for identifying the Group's insurable risks, quantifying their potential consequences for the Group, and designing or structuring adequate insurance programmes with the support of leading insurance brokers with international networks. The Group aims to ensure the maintenance of adequate coverage for all of its activities and sites worldwide. It has established internal claims procedures for each of its insurance policies in the event of loss suffered by the Group. It also periodically reviews its insurance coverage in light of innovative and new risk transfer solutions offered by the insurance markets in order to ensure that the terms and conditions of its coverage are adequate, to verify that its deductibles and premiums are at reasonable levels and to reflect changes in its risk profile that arise as a result of events such as mergers and acquisitions, new fields of activity and the development of new technologies.

The Group's comprehensive insurance programmes generally take the form of master contracts applicable to its operations worldwide. The Group enters into local insurance policies generated from these master programmes to comply with local insurance-related regulatory obligations, as applicable in certain countries. The Group does not operate, rent or own any captive insurance vehicles.

The Group's main insurance policies, entered into with reputable insurance companies, cover lines of exposures including the following:

- commercial general liability insurance, which covers general corporate liability as well as product liability exposures;
- property damage and business interruption insurance;
- director and executive liability insurance;
- comprehensive crime insurance; and
- transport and marine cargo insurance.

The Group's insurance policies contain exclusions, caps and deductibles that could expose it to unfavourable consequences in the event of a significant event or legal action against it. Moreover, the Group may be required to indemnify third parties for certain damages that are not covered by its insurance policies or to incur significant expenses that may not be covered, or may be insufficiently covered, under its insurance policies.

2.4 Financial and accounting information

Risk management and internal control specific to financial and accounting information

In addition to the risk management approach described above, which applies to all other Group departments, the Finance Department is responsible for defining and implementing the internal control system specific to the preparation and publication of accounting and financial information.

The internal financial and accounting control system aims to ensure:

- compliance of published financial and accounting information with the applicable rules;
- the reliability of information disseminated and used internally for management or control purposes insofar as the information contributes to the preparation of published accounting and financial information;
- the reliability of the published accounts and other information communicated to the market;
- the safeguarding of assets;
- the prevention and detection, as far as possible, of fraud and accounting and financial irregularities.

The scope of the internal accounting and financial control system, described below, includes the parent company and the companies included in its consolidated financial statements.

Organisation of and responsibility for the production of accounting and financial information

The accounts of the Group's subsidiaries are drawn up under the supervision of the Group's Finance Department.

The consolidated half-yearly and annual results are prepared by the Accounts Department and validated by the Finance Department.

The preparation of the Group's consolidated financial statements is a process carried out by the Accounts Department (also responsible for accounting standards), based on the "restated" accounts of the Group's companies, prepared in accordance with the IFRS and its interpretations as adopted by the European Union. Through its centralised accounting and financial organisation, the Group has acquired the means to ensure that accounting and financial information is in compliance with current legislation and standards, with a view to giving shareholders and third parties the means to assess changes in the performance and asset value of the Company.

The Accounts Department draws up the Group's consolidated accounts, which meet the internal management requirements and the external publication requirements for the half-yearly and annual closing. It also draws up the restated financial statements of the subsidiaries. It takes into account the work of the Statutory Auditors, who, under the terms of their assignment, present recommendations to the Finance Department and the Audit Committee concerning internal control.

Asset control systems are based on annual inventories of stocks held by the Group (stores and warehouses). These inventories are carried out according to strict procedures in terms of separation of tasks and checking the counts, which guarantee their reliability. Group Management ensures that the assets are properly monitored and protected. The separation of tasks, the use of common tools and the centralisation of the processing of financial flows make it possible to limit the risk of errors or fraud.

The investment and financing guidelines and the assessment of counterparty risks to which the Group is exposed as a result of its operations on the financial markets are validated by the Finance Department.

The Investor and Banking Relations Director is responsible for all communications with investors and financial market authorities. The Finance Department coordinates the drafting of the Universal Registration Document and ensures compliance with the planning, preparation and dissemination of financial communication.

The Management Control Department is responsible for the preparation and presentation of summary financial data in terms of analyses of results or forecasts.

The Internal Control Department is committed to constantly updating internal management procedures in order to keep them in line with changing organisational structures. It monitors the effectiveness of control systems and manages risk management systems.

Lastly, the implementation of the Maisons du Monde Group's internal control system is part of a continuous improvement process aimed at ensuring the dissemination and formal adoption of best practices in risk management within the Group.

The objective of the Group is to pursue the optimisation and formal adoption of existing systems.


Wild
Island

Non-financial performance statement

3

3.1 Committed Together! Our CSR approach, integrated into our corporate strategy

When manufacturing and distributing such great products, it is only right to take responsibility for their impacts throughout their life cycle. This responsibility is the foundation of the Maisons du Monde Group's CSR commitments and it was why the "Committed Together!" strategy was created in 2014. This CSR strategy is in line with the Maisons du Monde Group's value creation model and is transforming the business lines, integrating all relevant social, environmental and societal issues into the Company's activities based on stakeholder expectations and the risks and opportunities identified by Maisons du Monde.

The success of Maisons du Monde is based on a value creation model described on pages 12-13 of this Universal Registration Document. This model is based on the mobilisation of a certain number of resources (human, financial, natural, etc.) and on an ecosystem of partners and suppliers who contribute to the Group's development. The impacts of Maisons du Monde's activities on its stakeholders (employees, customers, suppliers, investors, non-profits, communities, etc.) are what determine the trajectory of the Group's CSR commitment. The aim of the Group's CSR commitment, included in the Groups' strategy plan, is to support the development of Maisons du Monde's activity while preserving resources and optimising the impact of its activities, thus creating sustainable, shared value for our customers, financial partners, teams and, more broadly, for society as a whole.

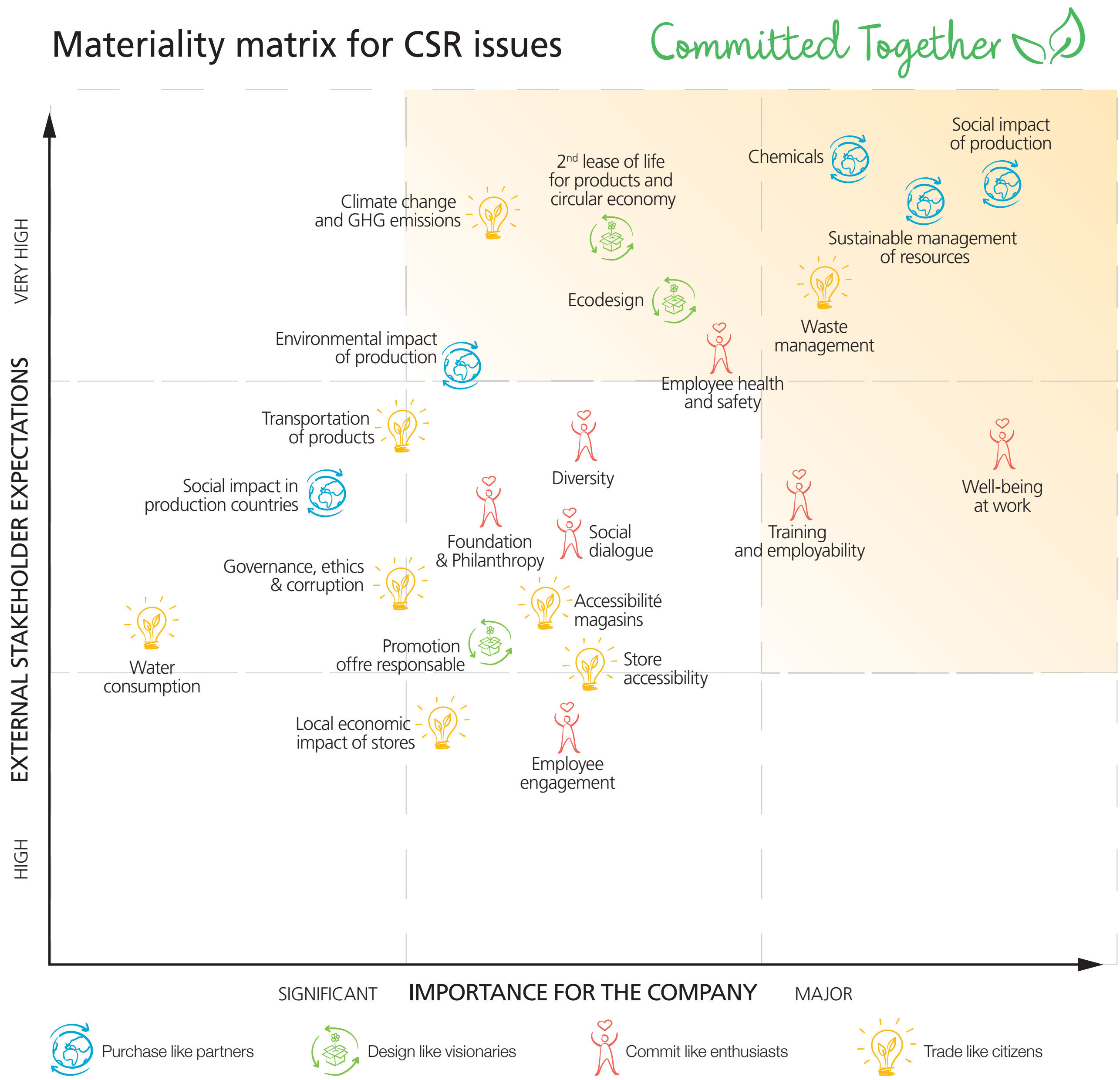
3.1.1 A CLEAR PICTURE OF THE KEY ISSUES AND ASSOCIATED RISKS

CSR materiality analysis

To ensure that the Group's CSR commitments and ambitions are aligned with the main impacts of its activity and the expectations of its stakeholders, Maisons du Monde regularly updates the CSR materiality analysis. This maps the main CSR issues identified by the Group with regard to its model of creating value in line with the expectations of a selection of internal and external stakeholders.

For its latest update, carried out in 2018, a series of interviews was conducted to identify priority topics for the brand and its various activities based on a list of responsibility topics relevant to Maisons du Monde. Internally, interviews were conducted with members of the Executive Committee, Network Managers responsible for oversight of the Group's store activities as well as with a staff representative. These interviews were then supplemented by an employee questionnaire, completed by over 300 people. Some fifteen interviews were conducted with external stakeholders such as suppliers, service providers, investors, and regulators, representatives from social and environmental non-profits and even from other retailers. These interviews were also supplemented by research on the brand's customers. Two qualitative workshops were held and a questionnaire was sent out to over 1,300 customers in the four main countries where the Group operates.

Materiality matrix for CSR issues



The map points to an overall alignment between internal and external stakeholder expectations and confirms high expectations on a number of issues, particularly relating to the Maisons du Monde supply chain. To cover all the key issues and risks identified in a proportionate way, the Group has structured its approach around four pillars:

- **purchase like partners:** sustainable management of resources, social and environmental impacts of the supply chain, health and safety of customers;
- **design like visionaries:** ecodesign, second lease of life for products, promotion of a responsible offering;
- **trade like citizens:** climate change, waste management and energy consumption policies, environmental impact of transport, governance and ethical practices;
- **commit like enthusiasts:** HR commitment to employee well-being, safety, training and employability, commitments to Maisons du Monde Foundation philanthropic initiatives and activities.

Non-financial risk review

In parallel, and in addition to said materiality analysis, the Group updates its non-financial risk assessment on an annual basis. This risk mapping is worked out jointly by the CSR Department and the Internal Control Department. It includes 31 CSR risks analysed with regard to their probability and the extent of potential impacts (legal, image/reputation, financial/strategic). The risk analysis is carried out for each of the pillars of the CSR strategy and enables the Group to ensure that the “Committed Together!” strategy covers, through appropriate policies and due diligence procedures, all CSR issues, risks and opportunities relevant to Maisons du Monde’s business model.

In 2020, the risk analysis was updated to take into account the impacts of the health crisis. The impact of the crisis on the main risks is described in Chapter 2 of this report. Regarding CSR risks, the Covid-19 pandemic did not call into question the assessment of the eight priority risks identified among the 31 risks covered. Nevertheless, it translated into reinforced risk management policies regarding compliance with our social requirements for our suppliers. The rollout of a questionnaire dedicated to health measures in our suppliers' plants is described in section 3.2.2 of this chapter.

The table below provides a simple overview of these main risks and refers back to the corresponding sections of this report providing details of the policies implemented, their results and key performance indicators.

Issue	Risk identified	Paragraph in question
Chemicals	• use of problematic substances in the supply chain • presence of problematic substances not recognised in Maisons du Monde requirements	3.2.3
Sustainable management of resources	• non-compliance with the requirements of the European Union Timber Regulation (EUTR) • disclosure of the environmental impact on the supply chain (leather, cotton, metal)	3.2.1
Social and environmental impacts in the supply chain	• situation regarding corruption at our suppliers or in our supply chain • non-compliance with social requirements • serious incident at our suppliers • environmental pollution at our suppliers	3.2.2

Duty of vigilance

Pursuant to the regulatory requirements arising from law No. 2017-399 of 27 March 2017, on the duty of vigilance, the Maisons du Monde Group has formalised its vigilance plan since 2018. The definition of the vigilance plan required an additional mapping of the previous analysis in order to integrate all risks of serious violations of human rights, fundamental freedoms, human health and safety and the environment generated by the direct or indirect activities of Maisons du Monde. For each of these issues, based on the ISO 20400 chapters on responsible purchasing, the analysis identified risks at the various stages of the life cycle of Maisons du Monde products: raw materials, manufacturing, transport, distribution, use and end-of-life.

A list of 39 risks was formalised and analysed to identify the relevant activities and assess the control of those risks by Maisons du Monde and its partners. The main risks identified can be summarised into nine families of risks, which supplement the analysis of non-financial risks.

Stage of product life cycle	Risk family	Description of procedures and results
Raw materials	• environmental impact related to the production of raw materials used in Maisons du Monde products, in particular the use of wood, agricultural or synthetic materials.	3.2.1
Raw materials	• animal well-being for products incorporating materials of animal origin	3.2.1
Raw materials, product manufacturing	• working conditions at the Group’s suppliers and compliance with ILO fundamental conventions	3.2.2
Product manufacturing	• employee health and safety during the upstream manufacturing stages of Maisons du Monde products	3.2.2
Product manufacturing	• exposure of workers to chemicals during the upstream manufacturing stages of Maisons du Monde products	3.2.3
Product manufacturing	• environmental impact of production activities of Maisons du Monde products, pollution risks and greenhouse gas emissions	3.2.2
Transportation, distribution, end of life	• environmental impact of the Company’s activities, pollution risks, impact on biodiversity and greenhouse gas emissions	3.4
Transportation, distribution	• Maisons du Monde Group employee health and safety	3.5
Use	• health of customers and users of Maisons du Monde products	3.2.3

To ensure that these risks are taken into account and that mitigation and prevention actions are implemented, the Group has chosen to formalise its vigilance plan in a dedicated document. This document lists the 39 risks identified, describes due diligence measures and refers to existing internal procedures. This chapter of the Management Report lists the main risks and summarises the procedures applied and their results in the various paragraphs mentioned in the table above.

3.1.2 SUMMARY OF OBJECTIVES FOR 2020

Drawing on this map for CSR priorities defined by the materiality analysis, the review of CSR risks and the vigilance plan, the "Committed Together" strategy allows us to include all of the Group's business lines with a threefold ambition: work with our stakeholders to:

- control non-financial risks, secure the right to operate;
- make our commitment a brand differentiation and preference driver;
- reduce the environmental impact of all Group activities.

Based on this threefold ambition, in 2017 Maisons du Monde defined a first CSR commitment plan for 2020. Followed by all of the Group's business lines, these targets and performance at end-2020 are shown in the table below. The detailed action plans and results are presented in the various sections of this chapter.

It should be noted that the Covid-19 pandemic definitely had impact on the achievement of the targets at the end of 2020. For the sake of transparency, this impact is described in each section of the chapter.

3

Purchase like partners	**2020 Performance**
100% of our suppliers sign the Code of Conduct	91%
100% of our strategic suppliers audited on the basis of social criteria, every two years	89%
100% of product managers participated in a social audit	39%
100% of our strategic furniture suppliers in India committed to our traceability programme with TFT	67%
Standardise the use of timber from sustainably managed forests in accordance with FSC®/PEFC™ standards	68% of the wooden furniture offering meets a sustainability criterion
100% of our suppliers sign the "substances" specifications	98%
Early replacement of problematic, unregulated substances	50% less Nonyl phenol ethoxylates (NPEO) detected between 2016 and 2020
Design like visionaries	
Develop the responsible offering on an ongoing basis: certified timber, recycled timber, ecodesigned products	20% of the 2020 offering meets a sustainability criterion (+10 points compared to 2016)
Ten ecodesigned flagship products marketed	11 ecodesigned flagship products marketed between 2016 and 2020
Develop partnerships that are supported by social and solidarity-oriented structures to offer products a second lease of life	National partnerships with the Emmaüs network and Croix Rouge Insertion
Trade like citizens	
90% of our sites sort their waste	91%
70% of waste sorted and recycled	**60%** of waste is sorted for recycling
25% reduction in our energy intensity	> 30% reduction in the energy intensity of our store base (2016 baseline: 156kWh/m^2)
30% reduction in our carbon intensity on our direct activities ($kgCo_2/m^2$)	**90%** reduction in the carbon intensity of stores and warehouses
Optimise our packaging, from suppliers to customers	100% of publications are covered by an environmental certification, 87% of packaging used at check-outs and 100% of packaging used at logistics sites are recyclable

Commit like enthusiasts	2020 Performance
100% of our managers trained in local management 100% of new managers participate in a personalised training programme	66% of managers trained in local management
100% of our managers aware of, and sign, the Maisons du Monde Management Charter	The Management Charter was shared with **100%** of managers
65% of Store Managers and logistics managers in post as a result of internal promotion	**61%** of Store Managers and logistics managers in post as a result of internal promotion
An employee survey is conducted once every two years and the results and actions plans are shared	78% participation in 2019. Level of well-being: 7.63/10
10 million customer donations through the ROUNDING UP at check-outs to help charities supported by the Maisons du Monde Foundation	13,234,502 donations collected since 2016
1,000 employees took part in solidarity activities	481 employees

3.1.3 OUR 2024 PLAN

As part of the Group's strategic ambition for 2024, the CSR commitment was renewed and strengthened by a series of objectives for the period from 2020 to 2024. These are included in each of the Group's business lines and ensure that CSR issues are included in the Group's new chapter of growth. The performance at the end of 2020 with regard to these objectives is presented in the various sections of this chapter.

2020-2024 Plan
Purchase like partners
Transparency regarding product composition and origin
Pre-assessment of suppliers for CSR criteria
100% of strategic suppliers audited for social criteria, with no major non-compliances
100% of at-risk strategic suppliers audited for environmental criteria
80% of furniture comes from sustainably managed forests
50% of textile articles and furniture coverings made of responsible material
Animal well-being policy formalised and monitored through to slaughterhouses
Ongoing support for suppliers regarding substance-related issues
Design like visionaries
Continuously reduce the environmental footprint of our products through the integration of recycled materials
Trade like citizens
Reduce the surface area energy intensity (kWh/m^2) by 45% on all our sites (basis 2016)
Achieve 100% renewable energy in the energy mix of our sites
90% of sites sort waste and 80% of waste is sorted for recovery
100% recyclable packaging
Reduce CO_2 emissions by 20% per parcel transported by 2024
“Zero printing” customer experience
Commit like enthusiasts
4% of employees with disabilities in France
Multiply the number of work-study students by two (as of 31/12)
Gender equality index of at least 83/100
65% of our Store Managers come from internal promotions
Multiply by four the number of applications for positions on permanent contracts at the Head office
100% of managers trained in management
90% of employees of the network benefiting from a training program (permanent contracts with more than six months of service as of 31/12)

3.1.4 CSR GOVERNANCE AND ORGANISATION

In order to involve each of the business lines and ensure the achievement of the objectives set for 2024, a dedicated governance was put in place in 2019-2020. Coordinated by the Maisons du Monde CSR Department, which reports directly to Senior Management, specific roadmaps were formalised for each of the Group's departments. These 2024 CSR roadmaps are sponsored by each member of the Executive Committee and managed by a CSR *champion* within each department. They reflect the challenges identified, the objectives defined and the action plans identified.

Accordingly, each department takes on a part of the Group's commitment and manages the achievement of objectives:

- **Offering Department:** support for suppliers on social and environmental issues, responsible management of resources and chemicals used in products and the development of the responsible product offering. Within the Offering Department, a team dedicated to these responsible offering issues is integrated into Maisons du Monde's Quality Department;
- **Network Department:** reduction of the environmental impact of stores and logistics sites, energy consumption, waste management and "circular store". Overseen by the Technical Department, the action plans are rolled out jointly with the Distrimag teams, General Purchasing and rely on the network of CSR contacts in stores;
- **Supply Department:** reduction of CO_2 emissions in upstream and downstream transport, reduction in volumes and recycling of waste from logistics activities within a circular economy approach. This approach is structured in a new Distrimag division, EVA (Environment, Valorisation, Ambiance);
- **Human Resources:** training and skills development, employee well-being, diversity and disability;
- **Marketing Department:** increased visibility of the responsible product offering and brand commitment;
- **Real Estate Department:** strengthening of technical requirements before the opening of new stores to reduce future the environmental impact;
- **IT Department:** energy performance of IT equipment, digital sobriety, collaborative working methods and projects that serve the Group's environmental performance;
- **Finance Department:** management of non-financial risks, valuation of CSR performance with financial partners;
- **MDM Foundation:** strengthening the international ambition of the endowment fund around trees and forests;
- **CSR Department:** overall management of the brand engagement strategy, coordination of the Group's low-carbon strategy actions, support for the business lines on reducing the impact on biodiversity, solidarity policy for solidarity-based employee engagement.

The progress made on roadmaps is overseen by the Executive Committee on a regular basis to ensure the continuous progress of the commitment process.

3.1.5 CONTRIBUTION TO SDGS

Through its CSR strategy and commitment, Maisons du Monde participates in nine of the seventeen sustainable development goals (SDGs) set by the United Nations. The ongoing development of a responsible offering contributes to the following goals:

- **SDG 8 – decent work and economic growth** by supporting our suppliers, primarily in Asia, to improve workers' rights and guarantee compliance with fundamental ILO conventions;
- **SDG 12 – responsible consumption and production** by developing a more environmentally-friendly product offering that consumes fewer natural resources and has a higher profile with our customers;
- **SDG 15 – life on land** by improving the traceability of the raw materials used in our products – particularly timber – to guarantee sustainable forest management and the protection of biodiversity.

In addition to its products, the Group's operations also contribute to the SDGs:

- **SDG 5 – gender equality** by promoting an antidiscriminatory human resources policy that promotes gender equality in the workplace;
- **SDG 7 – affordable and clean energy** by rolling out energy efficiency initiatives in stores and warehouses and by using renewable electricity;
- **SDG 13 – action to combat climate change** by developing a strategy to reduce greenhouse gas emission throughout the product life cycle.

Lastly, the Group's societal commitments, through the brand's philanthropic policy and the work of the Foundation, contribute to other goals:

- **SDG 4 – quality education** as a result of the brand's support for charities involved in protecting children and supporting families in difficulty such as the French Red Cross;
- **SDG 10 – reduced inequalities** by supporting social and solidarity economy operators and integration through economic activity to offer everyone access to decent work;
- **SDG 17 – partnerships for the achievement of goals** by talking to stakeholders and systematically constructing the progress strategy with all partners: suppliers, carriers, non-profit partners, customers and employees.

3.1.6 ENGAGEMENT WITH STAKEHOLDERS

Mobilisation of stakeholders and dialogue on CSR issues is vital for the success of the Group's engagement strategy. The Group's main stakeholders are listed below.

Social sphere	**Employees and trade unions**
Financial sphere	**Shareholders, Analysts**
Economic sphere	**Customers, Professional clients, Suppliers, Economic partners**
Public sphere	**Citizens, Professional bodies, Social and environmental NGOs, Regulatory bodies and Local authorities**

Employees and trade unions

As the primary ambassadors of the Group's commitment, mobilisation of employees is essential to achieving Maisons du Monde's CSR ambitions and transforming its business lines. Different channels are used to distribute CSR information and to involve teams in the process and engage in constructive dialogue:

- two e-learning modules dedicated to CSR are offered to new employees during their integration phase. These modules present sustainable development, describe Maisons du Monde's specific commitments and explain that everyone can play an active role on a daily basis, in particular by creating a bond with the customer and making the act of buying in a Maisons du Monde store a meaningful one;
- in the stores, a network of CSR contacts is being deployed since 2017. These CSR contacts promote the brand's commitment to the teams that work in stores (see Section 3.4). The CSR contacts network initiative has been replicated at the administrative headquarters in Nantes and Paris to identify volunteers to act as CSR ambassadors for their services. These ambassadors share their expectations in terms of day-to-day engagement in their business line, design awareness-raising events for all the teams and relay key CSR systems and measures to their colleagues;
- dialogue with employees also involves regular discussions with the Economic and Social Committee (ESC) for an exchange of views with elected employee representatives. In 2020, CSR topics, including the deployment of the CSR contact network, were discussed at ESC Meetings on a regular basis;
- lastly, to give each employee the means to get involved, the Maisons du Monde Group has set up a solidarity programme for its employees. This program is described in detail in Section 3.6.

Shareholders and analysts

The Maisons du Monde Group's CSR commitment is an integral part of its communication with investors and analysts. The Group's ESG (Environmental, Social and Governance) performance is assessed, on a regular basis and the CSR and Finance Departments work together to report to analysts transparently.

Recognition of the Group's performance is presented in Section 3.1.7.

Customers

Customer dialogue and satisfaction are key to all the Group's business lines. Talking with our customers in order to fulfil their expectations and "bringing them on Board with our CSR approach" takes place *via* two main channels: the Customer Relationship Management Department and omnichannel communications on CSR issues, in-store, online and in the Group's catalogues.

Within the Customer Relationship Management Department, the teams are trained on the main CSR issues to answer customers' questions on these topics and a constant dialogue is established with the CSR Department in order to best anticipate expectations regarding the brand's commitment.

The Marketing Department aims to make the Group's commitment more visible and the communication plan on CSR issues is adapted to the Group's omnichannel model.

- the range of sustainable products developed by the Group is promoted in the same way across the e-commerce website, the stores and the catalogues by creating and communicating visual logos describing the different sustainability criteria, enhanced by the presence of in-store CSR contacts;
- the brand's global CSR commitment, news and events are communicated according to the public targeted on the e-commerce website, on the Company website, on social networks or in customer newsletters and are incorporated into the brand's messaging;
- the roll-out of "ROUNDING UP" at check-out, in all French stores completes this "invitation to customers to get on board with CSR" and offers customers the chance to get involved in, and commit to, supporting the non-profits and charities selected by the Maisons du Monde Foundation. In 2020, over 3 million donations, worth over €360,000, were made by the brand's in-store customers (see Section 3.6).

Professional clients

Over the last eleven years, Maisons du Monde has provided professional clients with a B2B team providing close assistance in their space opening or renovation projects. This service has a deep understanding of the indoor and outdoor layout of hotels, restaurants, offices, etc., and can offer appropriate solutions for all spaces depending on the priorities of the site, its unique features and its constraints.

Commitment to CSR is a growing concern for Maisons du Monde's professional clients, and the product offering dedicated to these customers is evolving to take these expectations into account. The 2020-2024 plan for growth in responsible product offering (see Section 3.2.1) therefore includes specific objectives for the Maisons du Monde professional catalogue. Finally, in 2019, Maisons du Monde responded to the EcoVadis CSR evaluation questionnaire at the request of some of its professional clients. The evaluation carried out ranked Maisons du Monde in the "Silver" category.

Suppliers

The Maisons du Monde Group suppliers are on-board with the Group's sustainability approach and were invited by Offering Department teams to commit to making progress in respect of the CSR issues identified (social conditions, raw materials, chemicals). Details of this dialogue, which is now supplemented by inter-supplier training sessions on social responsibility issues, are provided in Section 3.2. "Purchase like partners".

Professional bodies and NGOs

The construction of the Group's CSR strategy and its ongoing development cannot take place without an open dialogue and the implementation of concrete projects with NGOs, associations and networks made up of other distribution brands. Maisons du Monde works closely with a number of partners who are experts in the issues encountered:

- concerning the traceability of raw materials such as wood or cotton, the Group works in consultation with various organisations such as the NGO TFT-Earthworm or FSC France. This dialogue ensures that the actions implemented by Maisons du Monde are aligned with the expectations of environmental associations. It also makes it possible to work jointly on the formalisation of progress plans;
- to discuss social conditions in our supply chain, Maisons du Monde has been a member of the ICS (Initiative for Compliance and Sustainability) since 2017. This initiative brings together 52 retail brands and promotes responsible commerce by working on the social responsibility of suppliers. In addition, the Group supports the international NGO Ressources Humaines Sans Frontières (RHSF). With a presence in China, India and the United States, this NGO works to promote human rights at work throughout the subcontracting chain;
- as regards the challenge reusing products, the Group works closely with social and solidarity economy operators such as the Emmaüs France network and some recycling centres to encourage customers to give their old products a second lease of life, favouring the circular economy approach (see Section 3.3.2);
- Maisons du Monde supports NGOs through its philanthropic policy, *via* the brand or the Maisons du Monde Foundation (see Section 3.6). These partnerships are another opportunity to discuss the issues dealt with by these non-profits and the brand's response to such issues. The Group is also a member of the 1% for the Planet club which brings together philanthropic companies who elect to donate 1% of their profits to environmental NGOs. A member since 2013, Maisons du Monde focuses its donation on the revenue generated by traced, recycled and ecodesigned timber, identifiable by the "1% for the planet" logo.

The Group also constantly holds talk with other retail brands and other companies to monitor and share best practices at sector level. The Group is a member of the *Collège des directeurs du développement durable* (C3D, Board of Sustainable Development Directors) and *Club Génération Responsable* (Responsible Generation Club). As a member of this Club, Maisons du Monde has been a signatory of the voluntary commitment agreement for organised retailers since 2015 and was labelled as a "Responsible Brand" following an evaluation carried out by SGS, a certifying body.

3.1.7 NON-FINANCIAL PERFORMANCE AND REPORTING SCOPE

The Group's CSR performance indicators are monitored by the CSR Department, in conjunction with the business line contributors. These contributors are responsible for advancing the road maps defined for "2020 Objectives" and "Ambitions 2024". Key indicators are shown in the paragraphs below in terms of the targets for each pillar of the "Committed Together!" strategy. It should be noted that, unless otherwise stated, these indicators cover all the Group's activities and are presented as follows:

- network and administrative premises: impact of the Group's stores (non-franchised) in France and internationally and of all the administrative premises of the Maisons du Monde head office in France. It should be noted that Modani's information is limited to the social indicators of workforce and staff turnover;
- logistics: impact of Distrimag entity activities, including the logistics warehouses and the fleet of vehicles that provide traction between the port of Fos-sur-Mer and the warehouses;
- production: impact of the activities of the Mekong Furniture factories, in Vietnam;
- further information on how reporting is organised is provided in Section 3.7 "Reporting methodology".

Recognition of the Group's CSR performance

Through dialogue and transparent communication with analysts, investors and other stakeholders, Maisons du Monde is regularly assessed positively in the various ESG indices and assessments, including:

- the CDP evaluation, where Maisons du Monde obtained a B score for the "Climate" section and a B score on the "forest" questionnaire for the wood and leather section;
- the Vigeo-Eiris evaluation, with a "robust" performance of 58/100 granting Maisons du Monde the fourth place in specialised retail sector;
- the Gaïa Rating evaluation carried out by Ethifinance, where Maisons du Monde obtained a score of 81/100.

3.2 Purchase like partners

The first pillar of the Group's CSR strategy, the commitment to "Purchase like partners" acknowledges environmental and social issues in the Group's supply chain throughout the entire product manufacturing process.

Given the mapping of non-financial risks identified as part of the duty of vigilance (see Section 3.1.1), risk control at the upstream stages of the Group's activity value chain is key to providing our customers with a more responsible product offering. The following paragraphs therefore describe the existing control procedures and action plans and their results relating to raw materials, the manufacturing of products and the control of the chemicals used.

Overseen by the Quality Department, the "responsible offering" roadmap included in our 2024 plan is the backbone of our commitment.

The information presented in this section covers the activities of Maisons du Monde, excluding Rhinov and Modani.

3.2.1 SUSTAINABLE MANAGEMENT OF RESOURCES

Risk/Opportunity	2020 Objectives	2020 Performance
Sustainable management of resources Denunciation and impact on the supply chain Non compliance with the EUTR Regulation	100% of our strategic furniture suppliers in India committed to our wood traceability programme with TFT	67% of strategic Indian suppliers participate in the programme
	Standardise the use of timber from sustainably managed forests in accordance with FSC®/PEFC™ standards	**68%** of wooden furniture is subject to an environmental approach

For more than ten years, Maisons du Monde has carried out in-depth work on the traceability of raw materials in order to reduce the social and environmental impacts associated with its product manufacturing. Thus, the brand's responsible purchasing policy is drawn up gradually, for each of its raw materials, by identifying the main risks and issues and by implementing voluntary-based actions to offer an ever-increasing range of responsible products to the brand's customers.

Historically based on wood supplies, the responsible purchasing policy was strengthened in 2019 and 2020 to include issues related to materials of animal origin and textiles. This policy includes all the control requirements and procedures concerning the responsible sourcing of these materials. In 2020, recommendations were also added, in particular on the use of recycled materials (metal and plastic) and the exclusion of PVC when possible. The updated policy is sent to all of the Group's suppliers, appended to the contractual documents (product specifications, terms and conditions) before the launch of each new collection.

At the end of 2020, in line with the objective of our roadmap, the use of wood from sustainably managed forests had become systematic. All developments containing wood are now requested in certified wood by buyers and Maisons du Monde teams are working actively to support suppliers in obtaining certification and finding certified supply sources. Today, 68% of our wooden furniture comes from a responsible source and 10% of our decoration products containing wood.

At the same time, the objective of integrating our Indian suppliers into our traceability programme was not fully achieved. Indeed, travel restrictions and business stoppages due to the Covid-19 pandemic did not allow to include three suppliers in the programme.

Lastly, 2020 was marked by the roll-out of the CSR purchasing roadmap formalised as part of the Group's strategic plan. New raw materials sourcing targets were defined and shared with the purchasing teams to integrate new raw materials and enhance the Group's responsible product offering.

2020-2024 Plan	2020 Performance
80% of furniture comes from sustainably managed forests	**68%** of wooden furniture
50% of textile articles and furniture coverings made of responsible material	**3%** of textile SKUs made of responsible cotton **19%** of textile SKUs and **46%** of furniture coverings Oeko-Tex® standard 100-certified
Animal well-being policy formalised and monitored through to slaughterhouses	Policy in the process of being formalised

Commitment to sustainable timber

Since 2010, the Group has been working on the traceability of wood sourcing, a material used in most of its products. The actions implemented revolve around three levels of requirements: the exclusion of at-risk species and sources, verification of legal cutting and a differentiating voluntary approach to guarantee the sustainability of resources.

These commitments are formalised in the Maisons du Monde responsible purchasing policy. This policy contains the minimum requirements for making suppliers aware of the Group's expectations and enabling them to be part of a partnership and support network.

Minimum requirements	Exclusion of endangered species (VU; EN, CR according to IUCN) Exclusion of species listed in Appendix I of the CITES Compliance with the European Union Timber Regulation Ban timber from at-risk regions: Myanmar, the Congo basin and the Amazon basin Compliance with the specifications of FSC® and PEFC™ standards for labelled products

Monitoring of regulatory compliance

As a crucial step in the sustainable timber commitment, compliance with the European Union Timber Regulation (EUTR) and monitoring of such compliance are key to the Group's vigilance plan. In 2013, Maisons du Monde formalised a "Due Diligence" procedure enabling it to ensure the legality of the timber used and to comply with the requirements of this regulation. This procedure is based on following three steps very closely:

- collection of information on the provenance of the wood, as well as documents proving its legality;
- analysis of the risk of illegality;
- implementation of risk mitigation procedures.

In 2020, to strengthen Maisons du Monde's commitment, the scope of this procedure was extended to all products containing wood-based materials, beyond the types of products subject to the regulations.

While the impact of the Covid-19 pandemic on the supplies of the Group's suppliers made it difficult to collect all the documents and organise support training, it should be noted that 11% of furniture suppliers and 15% of decoration suppliers with non-compliance issues in 2019, changed their sourcing in 2020 to enhance transparency and compliance.

Range of products made from sustainable timber

In addition to regulatory requirements, Maisons du Monde is continually seeking to increase the number of environmentally-friendly products. For this reason, the Group has defined several product ranges that currently comprise the sustainable timber product offering in Maisons du Monde catalogues:

- **products made from recycled timber:** recycled timber can be used to create new and unique products without consuming any additional forestry resources. In order to avoid any false allegations regarding the products in question, suppliers are now systematically asked to provide a proof of purchase for recycled timber. In 2020, 126 furniture SKUs distributed by Maisons du Monde were products made from recycled wood, or 3% of the wooden furniture sold by the brand;
- **products made from certified timber:** Maisons du Monde is constantly seeking to expand the number of FSC® and PEFC™ SKUs. Timber from certified forests meets responsible management standards and contribute to protecting biodiversity, renewing resources and complying with social criteria for dependent communities. In 2020, the number of certified products rose to 2,407 items for Furniture and 87 items for decoration, which represents a respective increase of 45% and 98% compared to the previous year.

Currently, labels are the best way of guaranteeing that timber comes from sustainably managed forests. To ensure that these labels are robust and to avoid any false allegations regarding products, Maisons du Monde exercises oversight with regard to these certifications. For each SKU made from certified timber and distributed by the brand, suppliers must provide their own valid certificate, a valid certificate from their timber supplier as well as proof of purchase of certified timber. If the supplier is unable to submit the evidence required, or if there is any doubt as to the authenticity of the documents, Maisons du Monde may trigger a third-party audit. Labels are only affixed to products and displayed in the catalogue once a detailed audit has been conducted;

- **products made from traced timber:** as it is unable to source FSC® or PEFC™ certified timber in India where these certifications do not exist, Maisons du Monde has introduced its own traceability system in partnership with a non-governmental organisation called Earthworm Foundation. Operated by the Group's main Indian suppliers, this system makes it possible to trace the timber back to its origins and to ensure that it has been legally felled. Once the entire supply chain has been audited by Earthworm, products are marked with a QR code that tells the brand's customers their history, from their forest of origin to their place of sale, including the audit date. The programme now has 12 Indian suppliers, accounting for 90% of the purchase volume of wooden furniture manufactured in India. These suppliers are committed to making their supply chains more transparent and to gradually increasing the number of products traced. Thus, 67% of Indian strategic suppliers were included in this programme at the end of 2020. The decrease in this percentage is related to the increase in the number of strategic furniture suppliers in India and the fact that some suppliers were unable to join the programme in 2020 due to the Covid-19 pandemic.

PERCENTAGE OF STRATEGIC INDIAN SUPPLIERS INVOLVED IN THE TRACEABILITY PROGRAMME

	2020	2019	2018	2017
Number of suppliers committed to the traceability programme	12	12	12	13
Percentage of strategic Indian suppliers committed to the programme	67%	71%	92%	92%

NUMBER OF FURNITURE SKUS MEETING ONE SUSTAINABILITY CRITERION

	2020	2019	2018	2017
Traced timber	134	145	144	135
Recycled timber	126	148	147	140
FSC® certified timber	1,199	1,084	890	657
PEFC™ certified timber	1,208	566	529	424
"Ecodesigned" products	6	3	14	6
Percentage of wooden furniture SKUs	**68%**	**64%**	**60%**	**56%**

NUMBER OF DECORATION ITEM SKUS MEETING ONE SUSTAINABILITY CRITERION

	2020	2019	2018
Traced timber	1	-	-
Recycled timber	12	11	3
FSC® certified timber	87	44	31
PEFC™ certified timber	-	-	-
"Ecodesigned" products	-	1	-
Percentage of wooden decoration SKUs	**10%**	**7%**	**5%**

COMMITMENT TO SUSTAINABLE LEATHER

Maisons du Monde has identified leather as being one of the priority materials, after timber, in terms of risk management and the transformation of the offering towards greater responsibility. Leather is, in fact, a material that comes from a complex animal supply network with multiple by-products that poses challenges that go beyond environmental issues. These challenges include issues of animal welfare, rearing-related deforestation, the environmental impact of tanning skins, the use of chemicals and even the social conditions at each stage of the production process.

All requirements concerning materials of animal origin are formalised in the Group's responsible purchasing policy. The policy includes the exclusion of endangered species or materials from illegal slaughter, as well as the control procedures relating to responsible alternatives accepted by Maisons du Monde.

Minimum requirements	Exclusion of endangered species (VU, EN, CR according to IUCN) Exclusion of species listed in Appendix I of the CITES Exclusion of animal materials if they do not come from the meat industry or that may pose an ethics issue Exclusion of materials from illegal slaughter Exclusion of animal materials from farms involved in deforestation Exclusion of animal materials from farms/slaughterhouses that do not respect animal well-being Compliance with the specifications of the LWG, RWS and RDS standards for labelled products

3

Traceability of leather goods

Risk management related to raw materials of animal origin requires detailed knowledge of the supply chains and the local context in the countries of origin of the material.

The traceability work on leather products, defined in the roadmap for 2024 must enable to address two main issues:

- **animal well-being:** The Group is committed to tracing raw materials of animal origin up to the slaughterhouses by 2024. This traceability aims to verify that the material comes from legal and humane slaughter. Maisons du Monde has identified two standards to guarantee animal well-being: the Responsible Down Standard (RDS) for down and the Responsible Wool Standard (RWS) for wool;
- **impact of livestock farming on deforestation:** Cattle rearing has been identified as one of the causes of deforestation in some regions, particularly in Brazil. In order to ensure that leather products or other animal materials distributed by Maisons du Monde do not contribute to deforestation, an in-depth analysis will be systematically conducted for materials from Brazil. In the event that a high risk is identified, Maisons du Monde will support the supplier in implementing risk reduction actions or changing supplies if necessary.

Range of products made from sustainable leather

To enhance the range of responsible products offering for Maisons du Monde customers, the Group has identified two alternatives to conventional leather to reduce its environmental impact:

- **leather products from LWG tanneries:** Maisons du Monde has chosen the Leather Working Group (LWG) standard to guarantee its customers that skins are tanned under environmentally friendly conditions. The LWG standard reduces environmental impacts and ensures the safety of leather products. In addition to treating effluents and managing chemicals, the LWG audit protocol covers water and energy consumption, waste management, the health and safety of workers and leather traceability. Between 2019 and 2020, the number of SKUs made with leather from LWG certified tanneries increased from 17 to 70, representing 29% of the SKUs containing leather distributed by the brand in 2020;

- **recycled leather products:** Made from leather offcuts, mainly from the shoe industry, recycled leather avoids the production of a new material. This makes it possible to significantly reduce CO_2 emissions from cattle rearing. In 2020, 11 SKUs were made with recycled leather, representing 5% of the SKUs containing leather distributed by the brand in 2020.

PERCENTAGE OF RESPONSIBLE LEATHER PRODUCTS

	2020	2019	2018
Percentage of leather SKUs from LWG certified tanneries	29%	7%	18%
Percentage of SKUs made of recycled leather	5%	2%	-

Commitment to sustainable textiles

The production of textiles generates significant environmental and social impacts that are integrated into the Group's vigilance plan (water consumption, use of pesticides, greenhouse gas emissions, management of dyeing effluents, etc.). To reduce these impacts, the Group has supplemented its purchasing policy with new supplier requirements, control procedures and identified certification standards to develop a more responsible product offering.

Minimum requirements	Exclusion of at-risk regions such as Uzbekistan, Syria and Xinjiang province in China Compliance with the specifications of the GOTS and Oeko-Tex® Standard 100 voluntary certification standards for labelled products

Thus, the development of a responsible textile product offering is now based on three levers:

- **integration of organic fibres:** in order to reduce the social and environmental impacts caused by conventional cotton farming, Maisons du Monde has undertaken to gradually increase the number of responsibly sourced SKUs. To ensure that the fibres used in these products come from organic farming, the Group relies on two certification standards: GOTS (Global Organic Textile Standard) and OCS (Organic Content Standard);
- **integration of recycled fibres:** the use of recycled fibres makes it possible to create new products while avoiding the production of a new material that emits greenhouse gases. Maisons du Monde gives the priority to recycled fibres covered by GRS (Global Recycled Standard) or RCS (Recycled Content Standard) certifications guaranteeing the recycled nature of the fibre. The first SKUs will be included in Maisons du Monde catalogues from 2021;
- **safety of textile products:** beyond regulations, certain substances used in textile processes can be a problem for consumers. To guarantee high safety standards, Maisons du Monde uses GOTS and Oeko-Tex® Standard 100 certifications, both of which guarantee the absence of problematic substances in finished products.

NUMBER OF TEXTILE SKUS AND FURNITURE COVERINGS MEETING ONE SUSTAINABILITY CRITERION

	2020
Textile SKUs and furniture coverings certified free of problematic substances (Oeko-Tex or GOTS)	1,621
SKUs made of organic cotton (OCS or GOTS)	22
Percentage of textile items and furniture coverings certified free of problematic substances (Oeko-Tex or GOTS)	**32%**
SKUs made of recycled textiles (cotton or polyester)	33
Percentage of textile items and furniture coverings made of responsible cotton (organic or recycled)	**1%**

3.2.2 SOCIAL AND ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Risk/Opportunity	2020 Objectives	2020 Performance
Non-compliance with social requirements Situation regarding corruption at our suppliers or in our supply chain Serious environmental incident at our suppliers	100% of our suppliers sign the Code of Conduct	91%
	100% of our strategic suppliers audited on the basis of social criteria, every two years	89%
	100% of product managers participated in a social audit	39%

Risk management in relation to working conditions at the Group's suppliers is one of the main issues being worked on in relation to Maisons du Monde's duty of vigilance. The supplier support programme aims in particular to respond to the priority risks presented in Section 3.1.1 relating to failure by a supplier to comply with the social requirements of Maisons du Monde, the identification of a situation of corruption involving the supplier or the occurrence of an environmental incident in a factory. As the focus of the 2020 Objectives roadmap and the Group's commitment, the work of supporting and monitoring suppliers is adapted to the types of partners in three distinct levels of commitment that concern:

- all suppliers committed to comply with the Group's requirements by signing the Suppliers Code of Conduct. 91% of them had signed it at the end of 2020;
- all strategic suppliers are audited and supported by Maisons du Monde to advance social issues. At the end of 2020, 89% of them had been audited according to social audit guidelines recognised by the Group or assessed using innovative tools;
- the Mekong Furniture production factory in Vietnam initiated an ISO 14001 certification process with a view to obtaining it in 2021.

In 2020, the Covid-19 health crisis had a significant impact on the roll-out of the roadmap for suppliers' social responsibility. Indeed, the partial activity scheme implemented for part of the teams in the spring delayed the preparatory work prior to the control and support actions for the factories. At the same time, the closure of certain factories and travel restrictions in force in the production countries postponed the conduct of physical social audits, monitoring visits of the factories by the CSR coordinators in India and China, and the field-training of Maisons du Monde product managers in China.

However, this complex period enabled Maisons du Monde to innovate in order to maintain relationships with its suppliers and ensure that the health measures imposed locally were well understood and applied in the factories. This innovation resulted in the testing of new solutions such as the Covid-19 checklist or the Direct Workers' Reporting Tool described in the paragraphs below.

Despite these elements, it should be noted that thanks to the mobilisation of the teams and the cooperation of suppliers, 150 social audits were conducted in the factories in 2020, enabling the Group to cover 89% of its strategic supplier base by audits or evaluations.

Finally, as part of its 2024 plan, the Group chose to strengthen its requirements and support for suppliers on social and environmental issues. The following objectives have been set for 2024.

2020-2024 Plan	2020 Performance
Transparency regarding product composition and origin Pre-assessment of suppliers for CSR criteria	Process currently being rolled out
100% of strategic suppliers audited for social criteria, with no major non-compliances	66%
100% of at-risk strategic suppliers audited for environmental criteria	Environmental audits scheduled for 2021

Suppliers Code of Conduct

Reiterating all the requirements in relation to compliance with social conditions by suppliers, beginning with compliance with fundamental ILO Conventions, the Maisons du Monde Code of Conduct serves as common ground for managing social impacts in the supply chain. This document is sent to all suppliers along with the specifications or general conditions of purchase. It reiterates Maisons du Monde's demands for the following topics:

1.	Child labour
2.	Forced labour
3.	Discrimination
4.	Working time
5.	Compensation
6.	Freedom of association
7.	Health and safety
8.	Environment
9.	Subcontractors and traceability
10.	Management system and transparency
11.	Corruption

As of 31 December 2020, 1,263 suppliers had signed the Suppliers Code of Conduct, *i.e.* 91% of Group suppliers, and 96% of purchase volumes.

PERCENTAGE OF SUPPLIERS WHO SIGNED THE CODE OF CONDUCT

As a percentage of suppliers	2020	2019	2018	2017
Furniture suppliers	96%	88%	92%	86%
Decoration items suppliers	90%	70%	32%	26%
TOTAL	**91%**	**72%**	**39%**	**34%**

Control and support mechanism for suppliers

A part of the Group's vigilance plan since 2018, supporting suppliers in the management of social and environmental risks in the supply chain is an integral part of Maisons du Monde's purchasing commitments.

The conditions and procedures for supporting suppliers regarding social issues are formalised in the Maisons du Monde social audit policy. This policy, is shared internally and with the Group's suppliers. It presents the support and monitoring procedures for social practices: identification of suppliers to be audited, types of audits authorised, monitoring procedures and procedures for disengagement in the event of non-cooperation. This policy was crafted with the Purchasing Department and is sent to all strategic suppliers prior to the annual social audit campaign.

In addition to supplier audits, the Group is committed to supporting its suppliers. Two CSR coordinators located in China and India have been providing day-to-day support to suppliers on these issues since 2018. These local champions of the Group's ambitions are tasked with upskilling audited suppliers by sharing experience, training factory managers and carrying out internal follow-up audits.

In 2020, travel restrictions imposed by China and India prompted teams in the field to develop remote support and to analyse the online corrective action plans more closely (available on the ICS platform, Initiative for Compliance & Sustainability). At the same time, the Maisons du Monde teams started to formalise a detailed audit grid for each chapter of the Code of Conduct. This grid used by the Group's local CSR coordinators supplements the ICS framework with topics such as the environment at large and corruption. These internal social audits will first of all be tested as a monitoring tool in factories requiring Group support.

At the same time, to cover all impacts of the manufacturing sites for products distributed by Maisons du Monde, the Group added environmental performance to the supplier audit procedure since 2019. The support teams were trained in environmental auditing according to the framework developed by the ICS, and an environmental risk map structured by product family and raw material used (textile, metal, leather, wood and ceramics) was prepared. The ten first environmental audits were performed in 2019 on the basis of this analysis, in particular with "Tier 2" suppliers of Maisons du Monde in the textile industry. As the health context did not allow these audits to be repeated in 2020, these will gradually be made universal for all of the Group's strategic suppliers working on product families characterised as being at risk from 2021.

Support for strategic suppliers

In accordance with the Group's social audit policy, strategic suppliers receive long-term support from Maisons du Monde. They are audited on social issues on a regular basis to assess their performance. The Group's 2020 ambition is to ensure that all of these strategic suppliers are audited at least once every two years.

Two types of audit were carried out at the premises of the Group's strategic suppliers: guidance audits, carried out by an independent auditor based in Asia, and audits on compliance with the ICS standard, carried out by accredited audit firms.

Maisons du Monde has been a member of the Initiative for Compliance and Sustainability, (ICS) since 2017 with the aim of:

- accessing a shared audit methodology and tools;
- pooling best practices and implementing joint measures to help factories to progress;
- contributing to the continuous improvement of the standard by taking part in the task forces overseen by the initiative.

ICS audits measure the factory's performance with a rating which illustrates the compliance of practices and the criticality of instances of non-compliance identified. It also lists best practices and corrective measures to be implemented to comply with its standard. Guidance audits are ordered for the smallest suppliers or for those who lack maturity in this area. This approach supplements the advice given to the factory to help it understand the benefit of the approach as well as the overall assessment of practices and fully customised action plan.

In 2020, 129 audits were initiated by Maisons du Monde based on the ICS framework, and 16 social audits were ordered by other members of the initiative on suppliers shared with Maisons du Monde. In addition, one support audit was conducted in Eastern Europe at the request of Maisons du Monde in the presence of the two main contact persons of the supplier's purchasing department. It should be noted that 27 audits had to be postponed to the first half of 2021 due to the health situation.

In addition to these audits, the Covid-19 crisis resulted in the deployment of two additional tools to ensure the understanding of health issues and the protection of workers at the factories of the Group's suppliers.

Thus, Maisons du Monde has provided its strategic suppliers with the Covid-19 checklist to assess their factories on measures to fight against the spread of the virus, in line with international recommendations. This checklist, sent to factory compliance managers *via* the ICS database, includes 50 questions covering the following areas:

- general information;
- health measures;
- health checks;
- social distancing measures;
- training and identification;
- employee transport;
- day care centre.

In 2020, this questionnaire was completed by 146 factories, *i.e.* 119 strategic suppliers, excluding Mekong.

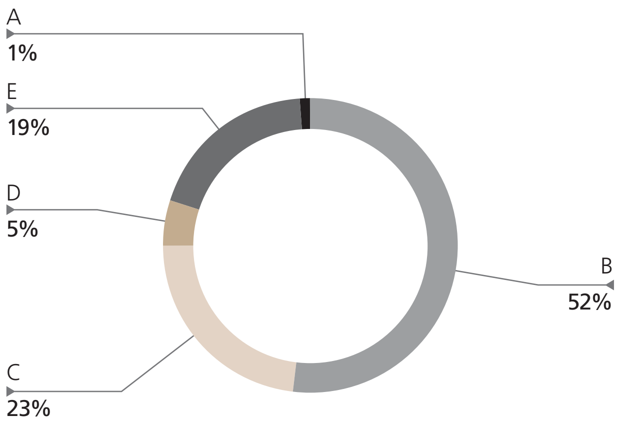
At the same time, the Group tested the Direct Workers' Reporting Tool to collect workers' perceptions of their working conditions in this health context. This tool has been deployed at seven voluntary strategic suppliers located in the Delhi region, where the spread of the virus was particularly high. It takes the form of a telephone survey of 20 questions, conducted by a voice server directly on the personal line of site workers. The employee participation rate fluctuated between 24% and 95% depending on the factories, with an average score of 9/10.

The Group will study the possibility of supplementing its existing control and support mechanism for suppliers with this type of approach.

SOCIAL AUDITS BY TYPE

	2020	2019	2018	2017
ICS audits ordered by MDM	129	87	49	17
External guidance audits	1	14	9	12
ICS audits at shared factories, ordered by other members	16	14	14	19
Social audits under other international standards (BSCI, SMETA with no critical non-compliance)	4			
TOTAL	**150**	**115**	**72**	**48**
Percentage of strategic suppliers audited in the last two years	**89%**	**63%**	**58%**	**37%**

RATING OF ICS AUDITS AT MAISONS DU MONDE SUPPLIERS IN 2020



In accordance with the social audit policy, a specific action plan is implemented with each supplier in line with the rating obtained. Suppliers rated "E" according to the ICS standard (24 suppliers in 2020) are subjected to a stricter monitoring and control process. This note means that critical non-compliance with an "alert notification" was identified during the audit. Dedicated support is then provided and another audit must be carried out within six months. The schedule of these follow-up audits was disrupted by the health context, and 13 audits had to be postponed until the first quarter of 2021.

The priority of the CSR coordinators will be to support and audit factories rated E and D so that by 2024, 100% of the Group's strategic suppliers achieve a minimum rating of C.

3

Inter-supplier training sessions

In addition to its supplier support system, Maisons du Monde has been organising Supplier Meetings for strategic suppliers on CSR Purchasing issues since 2017. The purpose of these sessions is to strengthen communication of the Group's expectations, bring teams together to promote support and involve factory managers. Managers are also invited to participate and share their experience with their peers. They increase understanding of the support mechanisms put in place for factories and address CSR issues.

The meeting planned for 2020 had to be postponed until 2021 due to the pandemic.

Training for product managers

Maisons du Monde believes that training in the field is of paramount importance when it comes to enabling the product managers to understand the challenges faced and be responsible for the daily management of their suppliers. Product managers are therefore invited to take part in a guidance audit by participating in the introductory meeting, factory visit and interviews with the workers.

At 31 December 2020, 60% of Furniture product managers and 31% of Decoration product managers were trained in issues specific to social audits. Indeed, the Covid-19 pandemic has interrupted the travel of Purchasing teams. These field visits will resume when permitted by sanitary conditions. A remote awareness-raising programme is also planned to continue to work on this topic with the Purchasing teams.

Lastly, for Purchasing teams that do not participate in factory visits, Maisons du Monde, with the help of the firm Mind-Up, organises feedback sessions on guidance audits and information campaigns on social issues. Two sessions were organised before the pandemic, and brought together 1 Head of purchasing, 1 group manager, 3 product managers and 15 buyers in 2020.

3.2.3 CUSTOMER HEALTH AND SAFETY – CHEMICALS

Since managing chemicals is key to the Maisons du Monde responsibility policy, it is the third strand of the Group's responsible purchasing commitment. This monitoring work is a response to the risks identified in Section 3.1.1 relating to the presence of problematical substances in the products distributed by the Group or the use of problematical substances at an earlier stage of the supply chain. The process implemented by Maisons du Monde to guarantee product compliance and chemical safety, is based on four main pillars:

- regulatory and documentary oversight to supplement Maisons du Monde "substances" specifications;
- systematic forwarding of the "substances" specifications to suppliers together with recommendations for the riskiest products;
- monitoring of substances contained in the products;
- a voluntary action plan to reduce some "risky" substances.

Risk/Opportunity	2020 Objectives	2020 Performance
Exposure to chemicals	100% of our suppliers sign the "substances" specifications	**98%**
	Early replacement of problematic, unregulated substances	**50%** less Nonyl Phenol ethoxylates (NPEO) detected between 2016 and 2020

To strengthen these ambitions by 2024, the Group elected to advance this work through substance certification for some textile SKUs in order to promote these products among customers and support suppliers in their certification process.

2020-2024 Plan	2020 Performance
50% of textiles and furniture coverings GOTS or Oeko-Tex certified® Standard 100	32%
Ongoing support for suppliers regarding substance-related issues	Ongoing support

"Substances" specifications

Chemicals contained in products are strictly regulated. The restrictions of the European REACH regulation have the greatest impact on our range of products. Some products are also affected by the regulation on Persistent Organic Pollutants which, for example, restricts the use of certain flame retardants and plasticizers. The regulation on toys and electric/electronic products also restricts some additional substances. The Maisons du Monde Group keeps the "substances" specifications up to date and targets product control campaigns on the basis of regulations and relevant scientific studies.

It should be noted that the major requirements coming into force in 2020 and 2021 (carcinogenic, mutagenic and reprotoxic substances in textiles, phthalates in consumer products, Nonyl Phenols ethoxylates (NPEO) in washable textiles) had previously been included in the Group's specifications. Therefore there were only a few changes in 2020, the only notable change being a new restriction on formaldehyde in certain materials used for toys. This stable documentation made it possible to continue to raise awareness among suppliers on the three major requirements coming into force in 2020/2021, in order to mitigate non-compliance once the requirements become applicable.

In 2021, it should be noted that the substance requirements will be included in product specifications. This will enable suppliers to have more operational substance requirements as they are better linked to the materials making up the product family, as well as to uses.

PERCENTAGE OF SUPPLIERS THAT ARE SIGNATORIES OF THE "SUBSTANCES" SPECIFICATIONS

As a percentage of suppliers	2020	2019	2018
Suppliers that are signatories of the substances specifications	98%	96%	96%

An ambitious control policy

In 2020, close to 1,448 substance tests were carried out. 10% of the tests showed a product non-compliance issue requiring a modification of the product before its launch on the market. Discussions with suppliers on these checks made it possible to bring all the products checked into compliance.

In order to strengthen the system, a test program on products received at the warehouse was set up. It ensures that our requirements are met over time. Thirty-two products were tested, three of which did not comply with our specifications. The three suppliers concerned were placed under surveillance.

COMPLIANCE WITH THE "SUBSTANCES" SPECIFICATIONS

	2020
Number of non-compliance issues identified	17
Number of unresolved non-compliance issues resulting in the cancellation of a product	1

Oeko-Tex Standard 100 certification

The Oeko-Tex® Standard 100 label is a certification system for textile products that guarantees the absence of harmful substances in the products distributed by the Group. It is based on a catalogue of criteria that takes into account numerous regulated and non-regulated substances, with limits generally exceeding national and international requirements. In order to guarantee the safety of textile products, the Group has set a target for 2024 certification of 50% of its textile and furniture products. In 2020, the Group obtained Oeko-Tex® Standard 100 certification and began working together with its suppliers to develop a range of certified products.

In 2020, 1,643 products have already been certified according to this standard or under the GOTS (Global Organic Textile Standard) certification, *i.e.* 32% of our textile product offering and furniture coverings.

NUMBER OF SKUS WITH "SUBSTANCES" CERTIFICATION

	2020
Percentage of SKUs with "substances" certification	19%
Percentage of furniture coverings with "substances" certification	46%
Percentage of textiles and furniture coverings with "substances" certification	**32%**

3.3 Design like visionaries

In addition to the actions conducted to transform the product offering through traceability and the structuring of responsible supply chains, Maisons du Monde is committed to a circular economy approach to reduce the environmental impact of products throughout their life cycle. This commitment starts with ecodesign of products and then goes on to consideration of social and environmental criteria in product production or transportation and work on extending product life and developing solutions to give them a second life.

The information presented in this section concerns the activities of Maisons du Monde, excluding Rhinov and Modani.

Risk/Opportunity	2020 Objectives	2020 Performance
Promotion of responsible offering and ecodesign of products	Develop the responsible offering on an ongoing basis: certified timber, recycled timber, ecodesigned products	**20%** of the SKUs in the 2020 collections meet a responsibility criterion.
	Ten ecodesigned flagship products marketed	11 ecodesigned flagship products marketed between 2016 and 2020
Second lease of life for products and circular economy	Develop partnerships that are supported by social and solidarity-oriented structures to offer products a second lease of life	National partnerships with the Emmaüs network and Croix Rouge Insertion

3.3.1 ECODESIGN

The Maisons du Monde ecodesign programme

Launched in 2010, the Group's ecodesign programme is a driver of transformation for a more sustainable offering. Having gradually been incorporated into the product design and development process, since 2010, it has increased the number of "ecodesigned" SKUs in our catalogues. From the Roma and Milano sofas which were reworked in 2011, to the Falkor sofa presented since the 2019 catalogue, the approach is driven by ecodesigned SKUs "from A to Z", spearheading Maisons du Monde's vision of ecodesign. As a result, the Falkor sofa has been designed to significantly reduce its environmental impact:

- the weight of its structure, made from PEFC-certified timber, has been lessened to reduce the use of materials and the impact of transportation;
- the foam padding comes from a French mattress and base recycling network;
- the cover is made of recycled polyester and cotton from production discards.

In 2020, the ecodesign approach was supplemented by the Sasha range of junior furniture. The products in the range are therefore transformable to adapt to the children's age, manufactured in FSC certified wood and the top coats used are water-based paints and varnishes with a limited amount of solvents.

Beyond the development of "ecodesigned" SKUs, the aim is to include this approach in the product development process. In 2018 and 2019, all designers, product managers and quality managers in the furniture category have been trained in ecodesign issues with the support of the eco-organisation Éco-mobilier. These training sessions made it possible to identify the main levers for reducing the environmental footprint of products and to develop an internal ecodesign tool to ensure that all impacts are taken into account during the development of the product.

Above all, the ecodesign of Maisons du Monde products contributes directly to the reduction of the Group's greenhouse gas emissions. The assessment of the Group's carbon footprint highlights the major impact of the products distributed by Maisons du Monde and the importance of the choice of materials to make these products (see Section 3.4.3).

Maisons du Monde Sustainable Creation Trophies

In addition to the work of its product development teams, Maisons du Monde wishes to disseminate best ecodesign practices among students. The Maisons du Monde Sustainable Creation Trophies have been part of this approach since their launch in 2016. Created in partnership with Marie Claire Idées, Éco-mobilier, the FSC® France association, the consulting firm EVEA, Ademe, EcoTLC and the Fondation Nicolas Hulot, these awards offer students and young graduates from design schools the possibility to create an ecodesigned piece of furniture or decoration item.

For this fourth edition, 63 projects from 14 different schools were submitted to a pre-selection jury made up of designers, stylists and product managers from Maisons du Monde, then to a jury made up of ecoexperts. The winners of the "furniture" and "decoration" awards then worked with the Style teams to develop prototypes of their product that meet Maisons du Monde's quality requirements and all the rules in force. The winning products should be marketed on Maisons du Monde's e-commerce site in 2021.

This approach to co-development of products thus enhances Maisons du Mondes's ecodesigned product range while offering the winning students the opportunity to market their product on a large scale.

2020-2024 Plan	2020 Performance
Continuously reduce the environmental footprint of products through the integration of recycled materials	Inclusion in the 2020 collections of recycled materials: polyester, wood and cotton

3.3.2 OFFERING PRODUCTS A SECOND LEASE OF LIFE AND THE CIRCULAR ECONOMY

Reducing the environmental impact of products throughout their life cycle means that the Maisons du Monde Group has to be responsible for their end-of-life. In addition to directing furnishing waste to recycling networks, the Group is seeking to encourage customers to extend the life of the products through partnerships and by offering its customers circular economy solutions.

Inviting our customers to give our products a second lease of life

Managing the end-of-life of customers' products is an important area of responsibility for Maisons du Monde.

As it does not currently offer generalised solutions for taking back customers' old products, the Group has chosen to present its customers with solutions enabling them to extend the life of their products by means of repair, makeover or *via* other reuse channels, particularly within the social and solidarity economy (SSE).

To engage customers in this circular and solidarity economy while strengthening its partnerships with SSE structures, Maisons du Monde takes various actions:

- customer information regarding their nearest community product reuse or recycling solutions in stores or on our website's product information pages, due to information provided by Éco-mobilier;
- the publication of advice on product maintenance on the maisonsdumonde.com website to extend product life.

Repairs and partnerships with social and solidarity-oriented structures

To avoid the scrapping of "substandard" products that come from customer returns or were damaged upon receipt, the Maisons du Monde Group gives priority to repair solutions and donations to non-profits before considering sending them to treatment and recovery channels.

The warehouses in Saint-Martin-de-Crau (Bouches-du-Rhône) are therefore equipped with a "second life" service with repair capacities specific to woodworking by furniture workshops and to the leather and textile trades, which oversees partnerships with reuse non-profits. This means that products that can be repaired and reincorporated into inventories are handled by the Distrimag teams or by an ESAT partner of the Group located in Arles. To further reduce the volumes of products sent for recycling, repair activities will be stepped up in 2021 through the creation of a new "Environment, Recovery, Ambience" division within the Supply Department. This division will be operational in March 2021.

Products that cannot be repaired by the Distrimag teams are handled by means of partnerships with charities so that the furniture can be given a second lease of life. These charities can then renovate or repair donated products or give them a new look, thereby benefiting their communities by mixing the circular economy with their social mission. The Group is therefore partnering with the Emmaüs network to collect some of the substandard products. The Group also works in cooperation with three Croix Rouge Insertion establishments and other social economy and local community structures.

Maisons du Monde is a partner in the Emmaüs Défi non-profit in Paris, and more specifically, in the *Banque solidaire de l'équipement* programme. The products donated come from customer return flows or certain events such as press presentations of the new collections. These enable people in precarious situations to furnish to their first permanent home at a low cost.

3

3.3.3 PROMOTING THE OFFERING, CONSUMER INFORMATION

2020 targets	2020 Performance
Continuously develop responsible product offering	**20%** of the SKUs in the 2020 collections meet a responsibility criterion.

Promoting ecodesign and the circular economy and increasingly responsible product offering are part of our brand commitment.

The Purchasing teams are therefore mobilised to increase the proportion of products that meet sustainability criteria in the Group's catalogues each year. The responsible offering currently consists of ecodesigned products (see Section 3.3.1) or products composed of wood from responsible sources (see Section 3.2.1, which mentions the programmes in connection with the development of sustainable wooden, leather and textile products). In 2020, this offering represents more than 3,300 SKUs, *i.e.* more than 20% of the collections for the year (furniture and decoration).

Maisons du Monde has also been a member of 1% For the Planet since 2013 and pays 1% of revenue from traced, recycled or ecodesigned timber to environmental associations *via* the Maisons du Monde Foundation. In 2020, these products generated revenue of €41.4 million.

The value added nature of these products and publicising circular economy solutions and responsible consumption practices are key to the transformation of the offering. The Group is always working on developing tools to raise awareness of its responsible product offering to make them more visible to the brand's customers. This includes:

- pictograms representing the different elements of the responsible offering: recycled timber, traced timber, ecodesigned product and certifying body logos in catalogues, on point-of-sale advertising and on the brand's online product pages;
- promotion of the Group's commitments on the Maisons du Monde website in a specific section of the homepage;
- raising awareness of the Maisons du Monde Foundation's commitment (see Section 3.6) *via* ROUNDING UP at the check-out which enables customers to make a direct contribution to non-profits on the ground;
- the organisation of one-time in-store and online operations to promote commitment, such as the launch of our product sharing initiative and the 5 Giving Days event in November 2020; the regular relaying of these operations or the promotion of the responsible product offering on social networks or in the newsletters sent by Maisons du Monde to its customers.

Transparency around the products' origins is very important to customers and customer service teams are trained to answer questions and are assisted by experts from the different business lines, depending on the questions raised.

3.4 Trade like citizens

Group environmental policy

The Group generates a significant environmental impact through its production, logistics and distribution businesses, both in-store and online. This impact plays a central role in Maisons du Monde's corporate responsibility. Fully aware of the impact of its activities, the Group is committed to a continuous improvement approach on issues identified as priorities, namely waste management, energy consumption, greenhouse gas emissions, the environmental impact of its general purchasing and biodiversity. Environmental performance targets have been formalised since 2016 and are managed by the Group's Technical Department and the departments in its logistics and production subsidiaries.

All the results of the first plan for 2016-2020 as well as the new targets for 2024 are presented in the paragraphs below.

It should be noted that in 2020, Maisons du Monde's environmental commitment was marked by various events.

Thus, the closure of most stores in the spring and autumn due to the Covid-19 pandemic had a significant impact on the Group's energy consumption and waste production.

In order to strengthen its commitment to energy management, Maisons du Monde has formalised a committed energy policy. Signed by the network manager and distributed to all French stores in 2020, it identifies significant energy uses (HVAC, heating, ventilation, air conditioning) and details the commitments to reduce energy consumption *via* action plans and dedicated resources. This policy is part of the voluntary ISO 50001 certification initiative of the French network, which should be obtained in 2021.

Lastly, the Group formalised its commitment to biodiversity and joined the Act4Nature International initiative, an initiative launched by the French association of Entreprises pour l'Environnement (EpE).

The information presented in the paragraphs below gives an overview of the Group's environmental impact by separating the activities of the Maisons du Monde store network, from those of Modani stores, its administrative premises, the logistics business (Distrimag) and the Mekong Furniture production factory in Vietnam. It should be noted that franchise stores are not included in the consolidated data in this report and that the information relating to Modani stores is limited to the energy consumption of buildings.

At 31 December 2020, the Maisons du Monde Group operated the following sites:

Germany	Stores	11
Belgium	Stores	24
Spain	Stores	27
United States (Modani)	Stores	17
	Stores	228
France	Distrimag logistic platforms	13
Italy	Stores	49
Luxembourg	Stores	3
Portugal	Stores	1
Switzerland	Stores	9
Vietnam	Production units	3

A network of CSR contacts to deploy our in-store commitment

To make the Group's environmental commitment central to Maisons du Monde stores, a network of CSR contacts has been deployed since 2017. Identified within the team, the CSR contact acts together with the Store Manager. His or her role is to act as a relay with the store team to both set up actions to reduce the environmental impact of the point of sale and promote the brand's commitments among customers.

The network of CSR contacts is currently deployed in all French-speaking Maisons du Monde stores. Initially planned for 2020, the roll-out to Italian stores will be completed in 2021.

NUMBER OF CSR CONTACTS IN STORES

Scope: MdM

	2020	*2019*
Number of CSR contacts in stores	251	257

3.4.1 WASTE MANAGEMENT

Risk/Opportunity	2020 Objectives	2020 Performance
Environmental impact of operations and waste management	90% of our sites to sort their waste	**91%** of the stores sort waste
	70% of waste sorted and recycled [(1)]	**60%** of waste is sorted for recycling

(1) Excluding Mekong Furniture production business for which data was not available when the target was defined

Waste management is a real issue for the Group in reducing the overall environmental footprint of the activity. By reducing waste at source, optimising packaging, selective sorting in the stores and factories and by using solutions for reuse or recycling of products at the end of their lives, the Group is committed to reducing waste from its activities at all stages of the life-cycle.

At the end of 2020, the target of 90% of stores sorting waste was achieved since 91% of the stores sort waste. However, only 60% of waste is sorted for recycling. This rate is due to a lower rate of waste sorting in stores and significant disparities between countries.

VOLUME OF WASTE PRODUCED – GROUP

Scope: Group excluding Rhinov, MdM US and Modani

tonnes	2020	2019	2018	2017
Network	10,635	10,945	11,135	9,416
Administrative premises	55	97	39	46
Logistics – Distrimag	4,902	4,977	5,497	6,741
Production – Mekong	3,943	4,014	3,377	Not available
GROUP TOTAL	**19,535**	**20,033**	**20,049**	**16,203**
Share of waste sorted for recycling (excluding production) [(1)] *(%)*	**60%**	**57%**	**57%**	**59%**

(1) The percentage of waste sorted for recycling, excluding production business at the Mekong factories, is calculated in line with the 2020 target which only includes stores, administrative premises and logistics sites.

The Group's business generated 19,535 tonnes of waste in 2020 across its various activities. The decrease in waste tonnages of 2% compared to 2019 is linked to the evolution of the Group's overall activity in the context of the health crisis.

Given the results of the first plan for 2020, the Group has decided to strengthen its waste management ambition for 2024 by incorporating new objectives and furthering the ambition to recycle waste produced by the Group's activities.

2020-2024 Plan	2020 Performance
90% of sites sort waste	91%
80% of waste is sorted for recycling	60%

Network and administrative premises

Most of the waste generated in the Group's stores comes from the packaging used to protect goods during shipment. The Group strives to optimise its management by establishing, where possible, in-store sorting equipment and coordinating waste collection by specialised providers.

It should be noted that waste management from the stores and administrative premises of Maisons du Monde is centralised by the Technical Department in the head office for 76% of stores. Waste management from the other points of sale is directly done by the shopping centres and the information relative to tonnages of waste produced is not always available. However, the Maisons du Monde Technical Department works with teams from all the stores, and with landlords in the case of shopping centres, to ensure that the waste produced is properly sorted on site.

In 2020, the stores and administrative premises generated 10,690 tonnes of waste, including:

- 5,432 tonnes of cardboard or plastic sent to recycling companies;
- 5,258 tonnes of ordinary industrial waste (polystyrene, mixed household waste etc.).

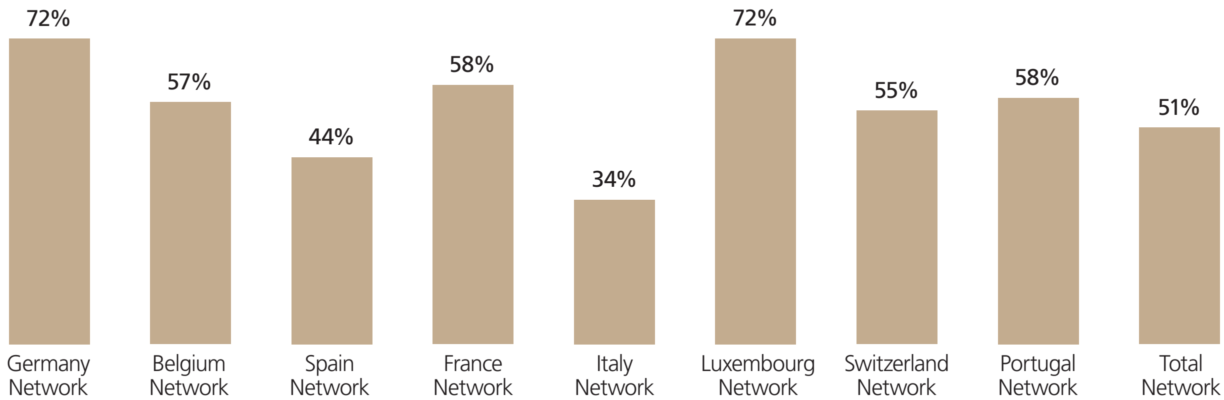
VOLUME OF WASTE PRODUCED – NETWORK AND ADMINISTRATIVE PREMISES

Scope: MdM

tonnes	Cardboard/plastic waste sorted for recycling	Other waste	Total 2020	2019	2018	2017
Stores	5,425	5,210	10,635	10,945	11,135	9,416
Administrative premises	7	48	55	97	39	46
TOTAL STORES AND ADMINISTRATIVE PREMISES	**5,432**	**5,258**	**10,690**	**11,042**	**11,174**	**9,462**
Percentage of waste sorted for recycling *(%)*			**51%**	**47%**	**43%**	**43%**
Percentage of stores sorting cardboard and/or plastic *(%)*			**91%**			

While the proportion of waste sorted for recycling in the Group's stores is improving, it should be noted that despite the store closures in the spring of 2020, the quantities of waste generated in stores were down by only 3% compared to 2019. This change is attributable to the increased number of web orders delivered to stores, for which packaging is sorted on site.

PERCENTAGE OF WASTE SORTED FOR RECYCLING BY COUNTRY



To achieve the goals set, the teams of the Technical Department mobilised to give all the Maisons du Monde stores the tools to sort and send as much waste as possible to recycling.

Thus, in France, all waste collection and treatment services in French stores were reviewed in 2019 to introduce waste sorting (at least cardboard and plastic waste) everywhere where this is possible, while working with local players to control the carbon footprint of the collection. The stores were fitted with a management tool for requesting, validating and checking the compliance of their collections. This enables them to have collections performed on request, controlling deadlines to optimise the filling of the collected skips.

While the introduction of sorting for the main waste flows is becoming more widespread, the proportion of waste sorted for recycling remained below the target set for 2020. This is attributable to the numerous disparities between countries in terms of store equipment, service contracts and the sorting procedures of the teams. As the waste sorting rate in the Group's Italian stores is particularly low, a call for tenders, initially scheduled for 2020, will be organised in 2021 to review the entire waste organisation of the Italian network. The objective is aimed at working with local partners who are highly committed to environmental initiatives and to set the stores up with the appropriate equipment to sort waste. This project will be supplemented by awareness-raising campaigns among teams with the provision of sorting instructions adapted to each store and disseminated *via* the network of CSR contacts that will be deployed in 2021 in this country.

At the same time, the Group is working to implement recycling and reuse solutions for other waste flows. A procedure dedicated to managing damaged items in the stores was introduced throughout the network. Damaged items that can be reused must now be given to local associations, which promotes reuse and reduces the volumes of products scrapped.

The effects of these actions are tangible, particularly in France, where one year after the overhaul of the organization of collection services, 58% of waste produced by French stores is now sorted for recycling, compared to 56% in 2019.

Logistics

Waste management from the Group's logistics business also involves the systematic installation of selective sorting in all buildings to ensure the recycling of reusable or recyclable waste. The logistics business generates four main sources of waste: cardboard and plastics from product packaging, home furnishing waste (HFW) – primarily from customer returns, timber – mainly from broken pallets – and non-hazardous industrial waste (NHIW).

In 2020, the Logistics subsidiary's warehouse and offices generated 4,902 tonnes of waste, which breaks down as follows:

VOLUME OF WASTE PRODUCED – LOGISTICS

Scope: Distrimag

tonnes	Cardboard/plastic waste	HFW collected by Éco-mobilier	Timber offcuts – pallets	Non-hazardous industrial waste (NHIW)	Scrap metal	Hazardous waste	Total 2020	Total 2019	Total 2018	Total 2017
Warehouses and offices	1,509	1,649	683	984	75	3	4,902	4,977	5,497	6,741
Percentage of waste sorted for recycling *(%)*							**80%**	**78%**	**85%**	

In 2020, waste sorting in logistics entities' warehouses and offices enabled 80% of the waste generated by Distrimag to be sent to recycling networks.

It should be noted that the tonnages of waste from the logistics business decreased slightly in 2020 due to the evolution of the Maisons du Monde Group's business in the context of the Covid-19 pandemic.

In this context, the teams remained committed to optimise waste sorting and its potential recycling. In 2020, a comprehensive mapping of Distrimag's waste was carried out in order to draw up an action plan for waste sorting and reducing the tonnages of NHIW waste. Created on 1 January 2021, the EVA (*Environnement Valorisation Ambiance*) division is organised with a view to improving the rate of waste recycling, in particular by reducing the volumes of products from customer returns directed towards recycling and optimising refurbishment and repairs.

Production

The Mekong Furniture production factory generates different types of waste:

- timber offcuts and veneer waste from the transformation of raw materials or semi-finished products. Waste of this nature is collected by an external company for reuse as industrial heating products;
- packaging waste (cardboard, foam, paper and polystyrene);
- metal waste from the metal components production section. This waste is donated free of charge to be recycled;
- domestic waste generated by employees. This is collected by two specialised external companies;
- hazardous waste. This waste is collected and stored appropriately on the sites, then treated separately by an industrial waste treatment company.

VOLUME OF WASTE PRODUCED – PRODUCTION

Scope: Mekong

tonnes	Timber offcuts	Packaging	Metal	Domestic-waste	Hazardous waste	Total 2020	Total 2019	Total 2018	Total 2017
Production factories	3,869	15	11	13	35	3,943	4,014	3,377	2,781

While the total tonnage of waste generated by the activity of the Mekong Furniture factories decreased slightly between 2019 and 2020, the tonnage of metal waste was up due to the increase in the production of metal furniture, particularly in the Mekong 3 production unit.

Mekong Furniture also seeks to optimise packaging to increase its downstream recyclability. Alternative solutions to polystyrene, such as "honeycomb" cardboard, are beginning to be used for shipping Maisons du Monde products.

3.4.2 ENERGY CONSUMPTION AND USE OF RENEWABLE ENERGIES

Risk/Opportunity	2020 Objectives	2020 Performance
Environmental impact of the activity, energy consumption	25% reduction in the energy intensity of our store base (2016 basis: 156kWh/m²)	> 30% reduction

Maisons du Monde sees optimising energy consumption as a critical challenge and a major conservation issue in the fight to preserve resources and combat global warming. Whether it is the energy needed for production operations, stores and warehouses, or fuel consumed by Distri-Traction commercial vehicles and trucks for their logistics business, the Group involves all its teams in the efforts to reduce consumption.

Between 2016 and 2020, the Group reduced the energy intensity of the store base, calculated in kWh/m², by more than 30% thereby exceeding the target. However, this reduction should be put into perspective because, in addition to the efforts made to reduce the energy consumption of the Group's sites, the reduction in energy consumption in 2020 was strongly impacted by the partial or total closure of stores due to restrictions in connection with the Covid-19 pandemic.

As part of its ambitions to strengthen its efforts to reduce the Group's carbon footprint, Maisons du Monde set the following targets for 2024.

2020-2024 Plan	2020 Performance
Reduce the surface area energy intensity (kWh/m^2) by 45% on all our sites (stores and logistics sites)	> 20% reduction
Achieve 100% renewable energy in the energy mix of our sites	97% of Maisons du Monde stores and 100% of administrative and logistics sites

Energy consumption of buildings and purchases of renewable electricity

ENERGY CONSUMPTION OF BUILDINGS – GROUP

Scope: Group excluding Rhinov

Energy *in kWh*	2020	2019	2018	2017
MDM network and administrative sites	54,486,975	65,388,379	64,417,315	63,203,528
Modani & MDM US	2,160,838			
Logistics	9,029,114	11,417,571	10,000,859	9,577,905
Production	5,076,884	5,066,054	4,229,919	3,140,280
GROUP TOTAL	**70,753,811**	**81,872,004**	**78,618,494**	**75,921,713**

Network and administrative premises

The energy consumption of the Group's stores and administrative premises stems chiefly from lighting, heating and air conditioning needs, and from power used to run electrical and electronic equipment.

In 2020, the energy consumption of administrative buildings and the Maisons du Monde store network totalled 54,486,975kWh, up 17% on 2019. In addition to the actions taken to reduce energy consumption in stores, this reduction is mainly due to the partial or total closure of stores due to the restrictions in connection with the Covid-19 pandemic and must therefore be put into perspective.

ENERGY CONSUMPTION OF BUILDINGS – NETWORK AND ADMINISTRATIVE PREMISES

Scope: MdM

					Total energy			
Energy *in kWh*	Electricity	Heat network	Natural gas	Domestic fuel oil	2020	2019	2018	2017
Stores	52,703,297	578,375	44,747	0	53,326,419	64,174,049	63,123,710	61,948,092
Administrative premises	975,542	0	110,220	74,794	1,160,556	1,214,330	1,293,605	1,255,436
TOTAL STORES AND ADMINISTRATIVE PREMISES	**53,678,839**	**578,375**	**154,967**	**74,794**	**54,486,975**	**65,388,379**	**64,417,315**	**63,203,528**
Energy intensity *(kWh/m^2)*					**100**	**120**	**130**	**143**

Despite the impact of the Covid-19 pandemic on store activity, optimising energy consumption is an integral part of the Maisons du Monde teams role, both for the technical teams, during maintenance operations, the renovation or opening of stores and the store's teams in the day-to-day management of energy consumption.

Since 2019, Maisons du Monde has equipped itself with a special tool for managing energy consumption across its entire European scope. This tool makes it possible to monitor consumption automatically, to make the data more reliable thanks to the inclusion of real-estate data (equipment in place, surface areas, etc.) and environmental data (DJU, etc.) and to provide monthly indicators to all stores *via* the network of CSR contacts.

Although the reduction in energy consumption between 2019 and 2020 does not make it possible to measure the impact of the actions implemented, the teams of the Group's Technical Department and stores continued their efforts to reduce the energy intensity of the Maisons du Monde shops, in particular:

- the implementation of the ISO 50001 standard to structure its approach to energy management. Maisons du Monde's energy policy was formalised in 2020. Signed by the Network Director, it was distributed to all French stores. By relying on technical reduction actions and the commitment of the teams of the CSR contact network, Maisons du Monde is aiming for certification of the French network in 2021;
- the roll-out of an ambitious programme to replace iodide lighting with LEDs throughout the European network. By the end of 2021, 117 stores will be relamped. This project will reduce the energy intensity of existing stores. Combined with the improved energy performance of newly opened stores, this relamping programme makes a significant contribution to achieving the 2024 targets. At the end of 2020, 223 stores of the base were equipped with LEDs;
- regular dissemination of actions and campaigns to raise awareness of energy-saving *via* the network of CSR contacts. It is the CSR contacts who drive of the energy performance of Maisons du Monde stores. With access to the electricity consumption of their stores, their action plan for 2020 included the dissemination of temperature setpoints for heating and air conditioning systems, management of night-time lighting for stores and communication of eco-friendly actions in stores.

These different measures make a direct contribution to optimising the Group's sites. So, in 2020, the stores and administrative premises of the Group consumed an average of 100 kWh/m^2, representing a drop of 35% compared to the reference year 2016 (156kWh/m^2).

Lastly, managing the environmental impact of energy consumption also involves sourcing renewable electricity. The Group has chosen to favour the use of renewable electricity in its purchasing contracts with electricity suppliers. At the end of 2020, all administrative premises, the warehouses and 97% of the stores were supplied with electricity from renewable sources.

This approach significantly contributes to reducing the Group's greenhouse gas emissions (see Section 3.4.3).

Modani

It should be noted that for the first time, the electricity and natural gas consumption of the Modani and Maisons du Monde stores in the United States were included in the annual energy consumption data. In 2020, Modani and MDM US stores consumed 2,160,838 kWh for lighting and heating of their sites. The energy performance of the Modani store network was not in-scope for the energy intensity reduction target at the end of 2020.

Logistics

The logistics business' energy consumption includes the consumption of natural gas (freeze protection in buildings), propane (forklifts and autoscrubbers) and electricity consumption (lighting and charging of forklift batteries). Consumption is monitored on a monthly basis for each building and controlled by Distrimag General Services teams as well as by the management control service.

In 2020, energy consumption at Distrimag logistics sites totalled 9,029,114 kWh, a decrease of around 20%. For the store network, this decrease is partly due to the impact of the Covid-19 pandemic on the logistics business (partial closure of warehouses in the spring of 2020) and does not make it possible to measure the real impact of the effort made.

ENERGY CONSUMPTION OF BUILDINGS – LOGISTICS

Scope: Distrimag

				Total energy			
Energy *in kWh*	**Electricity**	**Natural gas and propane**	**Domestic fuel oil**	**2020**	**2019**	**2018**	**2017**
Warehouses and offices	8,152,084	733,706	143,324	**9,029,114**	11,417,571	10,000,859	9,577,905
Energy intensity *(kWh/m^2)*				**20.7**	24.8	21.7	20.5

Beyond the context of partial activity, efforts to reduce this consumption are currently focused primarily on the energy performance of buildings, particularly the switch to LED lighting in buildings. At the end of 2020, almost all Distrimag buildings were equipped with LED lighting, with the exception of the Dyna building. The impact of this equipment on the energy consumption of the logistics business will be measurable in 2021.

Production

Mekong Furniture's production business mainly require electricity to power machinery and equipment, to light production lines and, to a lesser extent, for cooling. The site also consumes domestic fuel oil to operate generators in case of a power cut.

It should be noted that production business energy intensity reported in kWh/m^2 is not relevant because energy consumption is not proportional to operational floor space but to production business. Energy intensity is, therefore, recorded in kWh/hour worked.

In 2020, Mekong Furniture's activities generated energy consumption of 5,076,884 kWh, stable compared to that of 2019.

ENERGY CONSUMPTION OF BUILDINGS – PRODUCTION

Scope: Mekong

			Total			
Energy in kWh	**Electricity**	**Domestic fuel oil**	**2020**	**2019**	**2018**	**2017**
Mekong factories	4,905,400	171,484	5,076,884	5 066 054	4 229 919	3 140 280
Energy intensity (kWh/hour worked)			2.6	2,5	2,5	1,9

In order to further efforts to reduce energy consumption, the following actions were undertaken in 2020:

- as part of the replacement of air-blown drying systems for the paint areas of the factories, LED technology furnaces were installed. At constant parameters, these furnaces allow an estimated energy saving of between 25 and 30%; 3.3 megawatt (C.), will be able to cover more than 60% of the electricity needs of the production unit. Mekong will be able to start purchasing this green energy from mid-January 2021;
- following a study carried out in 2019, photovoltaic solar panels were installed on the roofs of the buildings of the Mekong 3 factories. The installations, with a capacity of lastly, an MPIC (Maintenance/Planning/Inventory/Control) position was created at the end of 2020 to monitor and organise more precisely all machine and equipment maintenance actions. This monitoring will indirectly contribute to reducing energy consumption.

Vehicle fuel consumption

VEHICLE FUEL CONSUMPTION BY ACTIVITY

Scope: Group excluding Rhinov, Modani and MdM US

(litres of diesel or petrol)	**2020**	**2019**	**2018**	**2017**
Network – company vehicles	108,605	158,904	132,523	135,491
Short-term lease vehicles (network and logistics)	25,270	71,062	71,712	66,824
Logistics – fleet of trucks and company vehicles	547,250	628,305	908,750	1,166,117
Production – factory vehicles	10,675	9,440	8,310	4,645
GROUP TOTAL	**666,530**	**867,710**	**1,121,295**	**1,373,077**

Network & Administrative premises

Maisons du Monde has a fleet of company vehicles in Europe, used mainly to meet the needs of the network teams. Fuel consumption in 2020 is estimated at 108,605 litres compared with 158,904 in 2019. This reduction in consumption is linked to the partial or total closures of stores in 2020 and travel restrictions linked to the Covid-19 pandemic.

Despite the health situation, the Group is continuing its efforts to reduce vehicle-related pollution. Accordingly, the Group decided to systematically replace its diesel vehicles with petrol engines, whatever the anticipated duration/distance pair.

To reduce its environmental footprint, the Group's goal is to optimise this fleet and to reduce its average level of CO_2 emissions, whilst improving its accessibility through the incorporation of sustainable transport tools. Three electric car-sharing vehicles were incorporated into the fleet in 2017 for employees working at administrative premises in Nantes and car-sharing parking spaces have been made available for head office employees, with the aim of limiting the use of private cars. The addition of a new electric car-sharing vehicle is planned for 2021.

Also, in order to promote soft modes of transport telecommuting, a mobility plan was also signed in 2015 with Nantes Métropole. Events to encourage carpooling, cycling or public transport are organised twice a year.

In addition to its company vehicles, the Group also uses short-term lease cars for Maisons du Monde and Distrimag employee travel. In 2020, this type of travel accounted for the consumption of an estimated 25,270 litres of fuel. Greenhouse Gas emissions associated with this fuel consumption are recognised under "Scope 3" GHG emissions relating to employee business travel.

Logistics

The logistics business of Distri-Traction significantly contributes to the Group's fuel consumption. In 2020, this consumption amounted to 547,250 litres. The reduction of 13% in consumption compared to 2019 is mainly related to the impact of the Covid-19 pandemic on Distrimag's business and does not allow to quantify the impact of the efforts made. Greenhouse gas emissions associated with the transportation of products from warehouses to stores or to the Group's customers are recognised under "Scope 3" emissions.

To reduce the fuel consumption and environmental impact of the Distri-Traction fleet, 100% of drivers have completed mandatory continuing safety training (training and eco-driving module) and 100% of the truck fleet had been fitted with driver monitoring systems with a view to optimising and streamlining driving practices.

The fleet of traction vehicles has been entirely renewed to generalise the Euro 6 standard and reduce emissions of polluting gases still further. Almost all of the fleet of light vehicles (company vehicles and inter-site vehicles), which accounts for around 5% of logistics business fuel consumption, was replaced by hybrid and electric vehicles in 2019.

Production

Factory vehicles are the main source of fuel consumption in Mekong Furniture factory production activities (fuel consumption by factory forklifts is recognised as energy consumption for production business).

Fuel consumption for the vehicles belonging to Mekong Furniture stood at 10,675 litres for 2020. The increase in this consumption compared to 2019 is attributable to the fact that, in the context of the Covid-19 pandemic and cost reduction, the Company has reduced external transport services (taxi and car rental) and used company cars to transport employees between sites.

Refrigerants

Network

In addition to energy consumption, refrigerant emissions, particularly those associated with leaking air from conditioning units, are a major challenge for Technical and Maintenance teams. The work of all maintenance service providers is monitored to quantify the amounts of gas injected into the installations, the amounts recovered for recycling and thus the emissions into the air.

REFRIGERANT EMISSIONS – NETWORK AND LOGISTICS

Scope: MdM and Distrimag

kg of refrigerant emitted	2020	2019	2018	2017
Network – R407C	5	58	81	101
Network – R410A	41.4	201.4	301	170
Logistics – R410A	-	26	52	13
Logistics – R32	-	1.3	-	-

Leaks were mainly associated with network equipment and were measured during maintenance operations. The reduction in leaks measured in 2020 is linked to the decrease in maintenance operations due to the partial or total closure of stores.

3.4.3 GREENHOUSE GAS EMISSIONS

Risk/Opportunity	2020 Objectives	2020 Performance
Environmental impact of the activity, the transport of products and the fight against climate change	30% reduction in our carbon intensity on our direct activities (kgCO_2/m^2)	**90%** reduction in the carbon intensity of stores and warehouses

As well as reducing energy consumption, the Maisons du Monde Group is committed to reducing its carbon footprint throughout the life-cycle of products, from the selection of raw materials to the treatment of furniture and decoration items at the end of their lives.

Our climate commitment

Between 2017 and 2020, the Group rolled out a first "climate" road map out to 2020, incorporating an assessment of the Group's Scopes 1, 2 and 3 CO_2 emissions, a map of key risks and opportunities arising from climate change and a first target for 2020 of reducing the carbon intensity (in kgCO_2eq./m^2) of buildings and distribution and logistics business (Maisons du Monde and Distrimag) by 30%, compared with 2016.

Maisons du Monde's strategy to fight climate change is therefore based on an evaluation of the associated risks. A review of 31 CSR risks was jointly conducted by the CSR Department and the Internal Control Department. As discussed in the "Internal control and risk management" section of this report, the following climate change-related risks have been identified.

Risk identified	Type
Extreme climate event impacting buildings belonging to the Group or suppliers (flooding, storms, etc.)	Physical risk
Scarcity of raw materials: climate change in supply area, regulatory changes (CITES), etc.	Physical risk
Rises in energy prices	Economic risk
Strengthening the energy performance obligations of buildings and reducing GHG emissions	Regulatory risk
Environmental product labelling requirement	Regulatory risk
Increase in customer demand for more responsible products	Economic risk

To deepen the commitment of the Group and include all emissions items in the strategy to fight climate change, the reduction of the Group's greenhouse gas emissions is a priority in the strategic plan for 2024. To include indirect emissions, referred to as Scope 3 emissions, a target reduction of 20% in downstream product transport emissions by 2024 has been set. As indicated on page 11 of this Universal Registration Document, the Group has announced the update of its strategic plan in light of the Covid-19 pandemic and its impacts. The Maisons du Monde Group's overall carbon footprint reduction targets will be announced in this update in the autumn of 2021.

2020-2024 Plan	2020 Performance
Reduce CO_2 emissions per parcel transported by 20% by 2024	38,940 tCO_2eq linked to product transportation in 2020

Scopes 1 & 2 related to energy consumption

In terms of activities directly operated by the Maisons du Monde Group (scopes 1 and 2 associated with energy consumption) the main sources of greenhouse gas emissions (GHG) are linked to the electricity consumption of buildings, particularly across the store network.

SCOPES 1 & 2 GHG EMISSIONS – GROUP

Scope: Group excluding Rhinov

Emissions *($tCO_2eq.$)*	2020	2019	2018	2017	2016
Scope 1 emissions	2,041	2,897	3,729	4,142	4,622
Scope 2 emissions (*market-based*)	4,168	3,873	4,468	9,997	12,043
Scope 2 emissions (location-based)	*13,595*	*13,595*			
TOTAL SCOPES 1 & 2 EMISSIONS (MARKET BASED)	**6,209**	**6,770**	**8,197**	**14,139**	**16,665**

Scope 1 emissions are mainly associated with vehicle fuel consumption, particularly the Distri-Traction truck fleet. It should be noted that Scope 1 emissions also include emissions from Company or service vehicles, long-term lease, considered as under the management of the Maisons du Monde Group. The continuous drop in these emissions over the last few years is mainly related to the disposal of the activities of Distri-Meubles in 2018 and to the impact from Covid-19 in 2020 on the business travel of the Group's teams.

Scope 2 emissions, generated by electricity consumption, are mainly associated with lighting and HVAC equipment (heating, ventilation and air conditioning) in buildings. The reduction in these emissions is therefore directly related to actions to reduce the energy consumption of our sites, and notably:

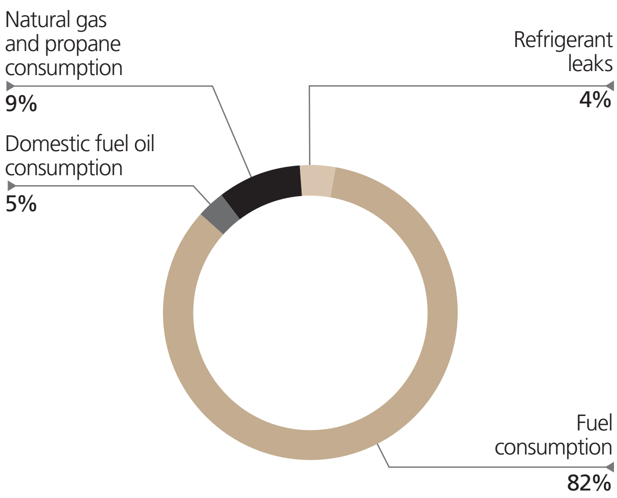
- a plan to replace in-store lighting with LEDs *via* the systematic installation of LED lighting when new stores are opened and a plan to replace lighting in existing stores;
- actions to raise the awareness of employees concerning eco-friendly and energy-saving practices, relayed in particular by the network of CSR contacts in the stores;
- the purchase of electricity from renewable sources, which currently concerns 97% of Maisons du Monde stores and all Distrimag and administrative sites.

The presentation of location-based emissions does not include the effect from the purchase of renewable electricity on greenhouse gas emissions associated with energy consumption. The reduction of these location-based emissions thus makes it possible to measure the contribution of actions to reduce energy consumption in reducing the Group's carbon footprint.

At the same time, the recognition of market-based Scope 2 emissions includes the purchase of renewable electricity and records this consumption with a zero emission factor.

Since 2016, developments to the Group's business, efforts in energy-saving and the purchase of electricity from renewable sources has therefore significantly reduced direct emissions (Scopes 1 and 2) of the Group's GHG. These dropped by 63% as an absolute value since 2016 and 90% as a relative value, beyond the objective fixed out to 2020.

BREAKDOWN OF SCOPE 1 GHG EMISSIONS BY SOURCE



CARBON INTENSITY OF BUILDINGS – SCOPES 1 & 2

Scope: Group excluding Rhinov

Carbon intensity *(kgCO$_2$eq./m^2)*	2020	2019	2018	2017	2016
Network (stores and administrative premises)	2,01	4.22	7	21	29.3
Logistics (buildings)	0.4	0.6	0.6	0.6	2.3
GROUP (NON-PRODUCTION)	**1.3**	**2.6**	**4.3**	**10**	**14**

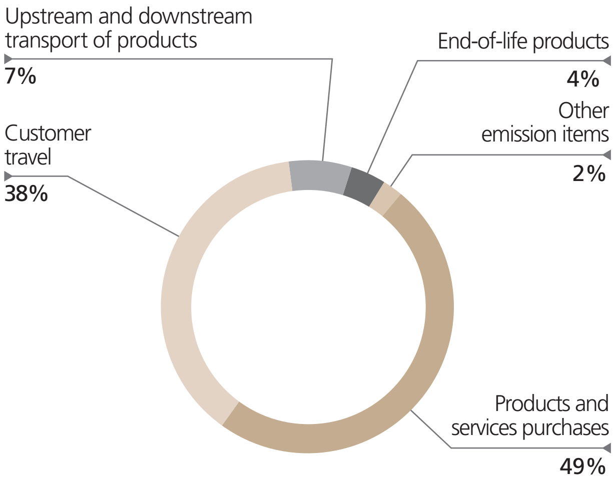
Main Scope 3 emissions

MAIN INDIRECT EMISSION ITEMS – SCOPE 3

Scope: Group excluding Rhinov, Modani and MdM US

Emissions *(tCO$_2$eq.)*	2020	2019
Products and services purchases	260,000	280,000
Upstream energy	500	600
Waste processing	3,200	2,300
Upstream transport of products (sea or air)	26,000	28,000
Downstream transport of products (by road or rail)	13,000	13,700
Employee travel (home/work)	5,500	9,900
Employee travel (flights and short-term lease vehicles)	632	2,000
Customer travel	210,000	260,000
End-of-life products	20,000	19,500
TOTAL MAIN SCOPE 3 ITEMS	**> 538,000**	**> 600,000**

BREAKDOWN OF THE SCOPE 3 EMISSIONS



Products and services purchases

The manufacturing stages of the products distributed by the Group, from the extraction of raw materials to manufacture in suppliers' plants, are the main source of the Group's greenhouse gas emissions. This item is assessed annually on the basis of products' sales figures and information on their composition. For Maisons du Monde, reducing these emissions involves an ambitious ecodesign programme in order to redesign products, choose raw materials that constantly reduce impact and notably to include recycled materials. The carbon footprint of products is therefore at the core of the Group's GHG emission reduction strategy out to 2024, then 2030. While the volumes of products sold in 2020 remained stable compared to 2019 (-1%), the drop in emissions of 6% was mainly due to the change in product composition.

Customer travel

Customer travel to the Group's stores represent the second item in Scope 3 emissions. Maisons du Monde has included these emissions in the calculation of the Group's carbon footprint since 2018. This assessment highlighted the significance of this item in the Group's Scope 3 "indirect emissions". These emissions are calculated from numerous visits to stores, the distances travelled by customers to reach their Maisons du Monde store and mobility scenarios by type of store (city centre, shopping centre or business zone). The Group has decided to build these emissions into the calculation of Scope 3 in order to obtain visibility concerning the potential impact of the choice of store locations on the actions to reduce greenhouse gas emissions. The decrease in emissions compared to 2019 is directly related to store closures due to the health crisis and therefore to the reduction in the number of visits.

Transportation of products

At the core of the Maisons du Monde distribution model, the supply of the brand's stores and customers also represents an important source of greenhouse gas emissions. All products, furniture and decoration items transit via the warehouses of the Distrimag subsidiary, in Fos-sur-Mer and Saint-Martin-de-Crau (Bouches-du-Rhône). The upstream transportation of products from the production sites is almost 100% by boat and this stage accounts for a substantial proportion of the Group's indirect GHG emissions. In 2020 this upstream transportation accounted for 25,892 tonnes of CO2 equivalent compared with 28,449 tonnes of CO2 equivalent in 2019.

The products are then delivered to the stores or end-customers by Maisons du Monde's carrier service-providers. In 2020, emissions from the transportation by road of products to the Group's stores or customers accounted for 13,049 tonnes of CO2 equivalent, compared with 13,741 tonnes of CO2 equivalent in 2019.

The reduction in emissions related to product transport is therefore essential to achieve the ambitions of the Group's "climate" strategy. For this, Maisons du Monde works with its service providers to find transport solutions that generate fewer emissions. In particular, the Group is working on:

- the optimisation of logistical flows, to reduce the distances travelled by transported packages;
- the systematic monitoring of greenhouse gas emissions by carriers, through the integration of regular performance reviews of service providers and by encouraging carriers to use more efficient vehicles and to train drivers in eco-driving;
- the choice of transport solutions alternative to roads: rail transport, electric vehicles, etc. Over 90% (by weight transported) of deliveries to the Paris region are carried out by rail.

Employee business travel

Employee air travel accounts for a significant share of the Group's indirect greenhouse gas emissions. In 2020, this type of travel was dramatically reduced due to travel restrictions linked to the Covid-19 pandemic. Emissions from this travel therefore decreased by 70% compared to 2019 and represented in 2020 only 632 tonnes of CO_2eq.

In addition to temporary travel restrictions, the Group is working to limit travel between the administrative sites in Nantes, Paris and Saint-Martin-de-Crau. To this end, the Group rolled out the Microsoft Teams collaborative solution in 2020.

3.4.4 GENERAL PURCHASING

Risk/Opportunity	2020 Objectives	2020 Performance
Environmental impact of operations and waste management	Optimise our packaging, from suppliers to customers	100% of publications are covered by an environmental certification **87%** of packaging used at check-outs and **100%** of packaging used at logistics sites are recyclable

The Group's non-marketable purchases, notably purchases of packaging or related catalogue distribution also represent a significant portion of Maisons du Monde's environmental footprint.

The integration of environmental criteria in the choice of products (choice of materials, recyclability, eco-labels, etc.) and societal criteria in service provision is an integral part of the purchasing process, from the sourcing stage to final product and solution selection.

While efforts to optimise packaging have been carried out since 2016, the Group has set the following targets for 2024:

2020-2024 Plan	2020 Performance
100% recyclable packaging	**87%** of packaging used at check-outs and **100%** of packaging used at logistics sites are recyclable
"Zero print" customer experience	Digitisation programme underway

Packaging and paper consumed

Packaging used at check-outs

PURCHASES OF PACKAGING USED AT CHECK-OUTS

Scope: MdM

tonnes of packaging	2020	2019	2018	2017
Till roll	17	32	42	47
Packaging used at check-outs	1,090	1,398	1,539	1,555
of which check-out bags	555	735		
TOTAL TILL ROLLS AND PACKAGING USED AT CHECK-OUTS	1,108	1,430	1,581	1,602
Percentage of recyclable packaging	87%			

1,108 tonnes of packaging used at check-outs (check-out bags, receipts, protective paper) were distributed in 2020. While the quantity of packaging has decreased compared to 2019 due to the closure of stores in connection with the Covid-19 pandemic, efforts have continued to reduce the environmental impact of these non-marketable products:

- the gift wrapping paper made available to customers has been modified to switch to recycled kraft paper (*versus* pure pulp) while keeping resistance properties unchanged. A new graphic design was also rolled out to reduce ink consumption;
- the kraft bags distributed to customers were also redesigned to use as little ink as possible and the handles are now plain and no longer use ink in their manufacture.

Lastly, to reduce the quantities of packaging distributed, a study was conducted on a panel of the brand's stores regarding the discontinuation of the distribution of check-out bags free of charge and their sale. This measure would make it possible to involve customers in the approach to reducing packaging. The sale of check-out bags will be rolled out throughout the network in 2021 to significantly reduce the quantities of bags distributed.

Catalogues, commercial publications and paper

PURCHASES OF PAPER, CATALOGUES AND COMMERCIAL PUBLICATIONS

Scope: MdM and Distrimag

tonnes of paper	2020	2019	2018
Catalogues	3,596	7,174	7,066
Other commercial publications (flyers, brochures, leaflets)	44	94	291
Office paper	54	92	87
TOTAL PURCHASES	3,695	7,361	7,444
Percentage of publications covered by environmental labelling	100%	100%	100%

The three Maisons du Monde catalogues ("Indoor", "Outdoor" and "Junior") account for the majority of the Group's paper consumption. Efforts are being made to reduce the quantities distributed, in particular by further optimising the quantities of prints to be as close as possible to our customers' demand.

In 2020, the Covid-19 health crisis and the closure of our stores led to a sharp decline in our ability to distribute catalogues to customers. Thus, the 2nd printing of our "Indoor" catalogue initially planned for September was not carried out and the "Junior" catalogue for 2020 was not printed.

In line with the catalogue target for 2024, efforts to reduce the number of pages and optimise formats will continue for the next 2021 editions.

Packaging purchases – logistics business

CARDBOARD AND PLASTIC PACKAGING PURCHASES – LOGISTICS

Scope: Distrimag

tonnes of paper and cardboard	2020	2019	2018	2017
Cardboard packaging for delivery	1,142	1,015	706	694
Kraft filling paper	8	0	221	167
Plastic packaging for delivery	185	152	38	-
Other cardboard	706	579	294	700
TOTAL CARDBOARD AND PLASTIC PACKAGING – DISTRIMAG	**2,042**	**1,746**	**1,259**	**1,561**
Percentage of recyclable packaging	**90%**			

Reducing waste produced by the Group and optimising its reuse involves work on the quantities and materials used for such packaging. With this in mind, the logistics subsidiary has opted for fully recycled fibre in its cardboard. This packaging is FSC certified for the e-commerce portion. To facilitate the proper recycling of boxes once they are in the hands of customers, Distrimag has affixed specific sorting instructions.

These efforts have enabled the increase in the amount of cardboard used in logistics, induced by the strong development in the Group's e-commerce business, to be managed. This contributes significantly to the tonnage of cardboard used for individual deliveries. Thus, in 2020, packaging volumes increased compared to 2019 (+17%) despite store closures due to the boom in e-commerce business.

Purchases from the protected sector

Use of the adapted and/or protected sector is another critical enabler in the social action of the Group. Since 2020, the disability team, within the HR Department, centralises the entire purchasing policy with the sheltered sector and works on the development of these services.

The Group works with the protected sector for purchases of services for the maintenance of green spaces, print production and, since 2019, for waste management from certain stores.

In 2020, more than €170,000 in purchases were made through the sheltered sector, representing in particular 78% purchases of maintenance services for green areas.

AMOUNT OF PURCHASES FROM THE PROTECTED SECTOR

Scope: MdM

	2020	2019
Total amount of purchases from the sheltered sector	**€170,557**	**€151,949**
Percentage of green area maintenance service purchases	78%	38%
Percentage of printing service purchases	3%	-
Percentage of waste collection service purchases	7%	4%

Implementation of a tool for non-marketable purchases

Our commitment to responsible purchasing also includes respecting our suppliers' payment terms. In order to improve the Group's practices regarding compliance with such terms, an "expenditure initiation" process was rolled out in 2019. The implementation of this new purchasing management tool should help improve invoice processing time and meet the payment terms of our suppliers.

3

3.4.5 PRESERVATION OF BIODIVERSITY

Aware of the risks that its activities may have for biodiversity, the Group seeks to cover the entire impact of its value chain. So, at each stage of the life-cycle of products, the Group adopts a commitment in proportion to the impact:

- the use of raw materials of natural origin in product design, such as wood, leather or textile fibres, is one of the major issues for Maisons du Monde. Control of supply chains is therefore essential to make sure that resources are managed in a sustainable manner and that their exploitation does not lead to natural habitat destruction. The Group's responsible purchasing policy (described in Section 3.2.1) directly contributes to the traceability of supply chains and the responsible management of resources. Concerning wood, the geographies most exposed to deforestation are excluded from the Group's supplies and the offering of products certified FSC® and PEFC™ is increasing each year in the brand's catalogues. Simultaneously, work has begun to develop GOTS certification of cotton products and to reduce the environmental impact of cotton growing, and to identify risks related to supplies of leather and ensure complete traceability of the supply chain. The details of the policy and undertakings of the Group are provided in Section 3.2.1;
- the manufacture of products also causes risks of pollution, which may have an impact on local biodiversity. The identification of these risks and their control by a policy on checking and supporting suppliers is included in Maisons du Monde's commitment to supplement its social audit policy by including environmental issues. The production networks identified as being at high risk are subject to environmental audits intended to guarantee the application of best environmental practices. The details of these commitments are presented in Section 3.2.2 of this chapter;

- the control of the Group's greenhouse gas emissions also contributes to Maisons du Monde's commitment to preserve biodiversity. This is because climate change strongly affects worldwide biodiversity. Maisons du Monde's actions to reduce CO_2 emissions are presented in Section 3.4.3;
- the direct activities of Maisons du Monde, through the construction of stores and warehouses, also have an impact on biodiversity, notably through the creation of the artificial ground surfaces necessary to build the sites. The Group therefore seeks to avoid and reduce these impacts when constructing its main sites. The implementation of Distrimag's logistics platforms in Saint-Martin-de-Crau was subject to a preliminary impact assessment for sites likely to be affected. This study demonstrated the compatibility of the project with Natura 2000 standards, including the commune of La Crau, which supports species that are rare in France and Europe. For stores, the Maisons du Monde Technical Department is working on the formalisation of "green specifications" which will describe all the measures to reduce the impact of the establishment of a store on local biodiversity before it opens. In the event that the measures cannot be applied, the Group has also undertaken to systematise a "biodiversity contribution" to finance actions to preserve local biodiversity;
- waste management is one of the keys to reducing the impact of Maisons du Monde on biodiversity. The teams are committed to reducing, at source, the volumes of packaging distributed, guaranteeing their recyclability and sorting waste in stores. The actions to reduce waste produced by the Group's business are included from the ecodesign of products to the information provided to customers on the networks for waste management at the end of product life. Most of the actions put in place by the teams at Maisons du Monde are given in Section 3.4.1 of the report.

Lastly, as well as reducing the impact on biodiversity caused by the Group's business, Maisons du Monde supports positive actions to preserve biodiversity. Each year, the Maisons du Monde Foundation supports projects to preserve forests and to encourage the public to protect biodiversity. 25 projects on the ground are supported by the Maisons du Monde Foundation and co-financed by customers of the brand *via* ROUNDING-UP at check-outs. The actions of the Foundation are described in Section 3.6. Furthermore, to encourage broad action by the Group's teams, various events are organised during the year to raise awareness of employees on the challenges of protecting biodiversity and improving the working environment. Two kitchen gardens are cultivated at the two Vertou sites and welcome employees once a week. Bees have also been introduced at the Portereau site and, since 2018, this same site has kept sheep for eco-grazing.

In 2020, Maisons du Monde updated its commitments as part of the Act4Nature international initiative and formalised SMART objectives for 2024.

3.4.6 OTHER ENVIRONMENTAL ISSUES

Water consumption

The water consumption of stores and administrative premises is confined to domestic consumption from piped water systems. As such, other than control of the risk of leaks during maintenance operations, domestic water consumption is not considered a significant environmental challenge. Water consumption is therefore not monitored on this scope.

However, water consumption is monitored on the logistics sites and represented 8,590.45m^3 in 2020.

Classified facilities (ICPE)

All warehouses of the Group's logistics subsidiary are facilities classified for environmental protection and must accordingly obtain a permit. Distrimag's General Services team ensures compliance with this regulation.

Beyond compliance with regulatory requirements in relation to facilities classified for environmental protection, no specific framework for the prevention of environmental risks and pollution, including emissions as well as noise pollution, into the air, water and soil, has been laid down due to the non-material nature of these risks. The activity conducted in stores means that wastewater discharged from these sites is not responsible for major pollution.

Moreover, the Group has not to date recognised any provisions or guarantees for environmental risks.

3.4.7 ACCESSIBILITY OF STORES

The accessibility of points of sale and the reception of disabled people in our stores is a major challenge to which the Group is committed through two main initiatives: team training and the adaptation of buildings.

Training action

Since 2016, Maisons du Monde has undertaken two major training programmes to raise the awareness of all employees about the reception of people with disabilities and regulations regarding establishments open to the public.

In the first instance, managers of Merchandising, Installation, Maintenance, Safety/Security and Technical Design teams initially received a day's training devoted to the prevailing regulations on accessibility. At the same time, an e-learning course dedicated to accessibility has been devised by the Maisons du Monde Group's training service. This e-learning course, intended for all Store Managers and their employees, has been provided since 2017.

Accessibility work on stores

In 2015, Maisons du Monde undertook to achieve the full compliance of the French fleet of directly-owned stores by the end of 2021, by officially adopting a Government-sponsored action plan known as *Agenda d'accessibilité programmée* (Ad'Ap). While all store openings and renovation programmes have ensured the compliance of stores since 1 January 2007, an inventory conducted between 2009 and 2012 has helped draw up a list of sites in need of upgrades.

All of the work is set out in the Ad'Ap plan, staggered between 2016 and 2021 and updated each year. At the end of 2020, 93% of French stores were compliant.

3.4.8 BUSINESS ETHICS AND THE FIGHT AGAINST CORRUPTION

To respond to the challenges of corruption, influence-peddling and the requirements of the Sapin 2 law, since 2017, Maisons du Monde has had a series of procedures and practices to identify and control the risks specific to the Group's business. These procedures and the Group's actions are based on:

- an anticorruption risk map, compiled as a result of twenty or so interviews with the Group's key functions, conducted by an external firm of consultants. This map identifies and orders the Company's risks of exposure to corruption and enables proportionate internal procedures. This risk map was reviewed in 2020 to make sure that there were no changes to the risks in line with the development of the Group's business;
- the Maisons du Monde professional Code of Conduct aims to formalise the ethical and legal frame of reference within which Maisons du Monde and its employees perform their day-to-day professional activities;
- a whistle-blower's charter and an ethics hotline enable any situation that contravenes the Code of Conduct to be reported confidentially by telephone or email.

To ensure compliance with these procedures, the Group introduced training for employees most exposed to the risks of corruption and for all service managers. This classroom-based training focused on:

- a general introduction to issues of corruption, its forms and the sanctions incurred;
- behaviours to adopt, as well as the roles and responsibilities of individuals when faced with a situation which might involve acts of corruption;
- presentation of the anticorruption mechanism in place within the Group.

This system is renewed periodically to train new hires and employees who work in more at-risk positions.

In addition, the awareness of those less exposed to the risks of corruption was raised by filtering information down through the ranks of line management.

Tax evasion policy

Maisons du Monde groups tax evasion into two categories covered by procedures deployed and audited at Group level:

- in-store, the Group complies with the cash payment thresholds in force in the various countries where it operates to counter money laundering;
- at Group level, the Finance Department is responsible for the fiscal policy which applies to all Group entities. This policy incorporates transfer pricing procedures and compliance with the Base Erosion and Profit Shifting (BEPS) regulation. Maisons du Monde is also subject to the Country by Country Reporting (CbCR) regulation and makes a declaration to the authorities listing sales generated in each country in which it operates, taxes due and settled as well as the Group's workforce in each of these countries.

3.5 Commit like enthusiasts – so many commitments under a single roof

3.5.1 MAISONS DU MONDE'S HR POLICY

Maisons du Monde has been supporting its customers at every step of their lives for 25 years: sprinkling some magic in a child's room, changing a table into a dream, creating stunning universes… or just enhancing their homes.

Every employee draws on what he or she is to give the best; and deliver a unique customer experience. What unites the Group's employees is to be driven by the same values and to act responsibly for a better world.

Being an employee of Maisons du Monde means being part of a company where everyone matters, feeling necessary for each other, building together a company that reflects its teams and brings them together, it means having the freedom to be oneself and the genuine feeling in to be in the right place, means being true to oneself, giving a little of oneself every day and receiving a lot from others, it means being proud to be a global employee.

To bring this exceptional spirit to life, Maisons du Monde's HR policy combines an HR offering adapted to each key stage in the employee's career path and strong social commitments. The Group's managers are central to this policy, they are the ones who bring it to life, locally and with passion for all employees.

The brand was further expanded in 2020 and plans to continue to grow in the coming years. Thus, recruiting, onboarding, training and developing teams will be central to the HR priorities. Maisons du Monde aims to create a training school and become a learning company for all those who share the values of the brand and who are passionate, motivated and committed to making Maisons du Monde the decoration partner of our customers.

The Group will continue to support changes in business lines to enable the employability of all.

Lastly, Maisons du Monde wishes to be a preferred employer thanks to its strong responsible commitments. An ambition for 2024 was formalised in terms of well-being, inclusion of people with disabilities and young people, gender equality and social dialogue.

It is from these people-oriented challenges that the Group has built its CSR ambitions out to 2024.

Risk/Opportunity	2020 Objectives	2020 Performance
Promote diversity and inclusion	4% of employees with disabilities in France	**1.54%** in 2020
	Multiply the number of work-study students by two (as of 31/12)	**165** work-study students in France
	A gender equality index of at least 83/100	**83/100**
Recruit, integrate, train, promote	65% of our Store Managers come from internal promotions	**55%** in 2020
	Multiply by four the number of applications for positions on permanent contracts at the head office	**14 CVs per job**
	100% of managers trained in management	**66%** of managers trained
	90% of employees of the network benefiting from a training program (permanent contracts)	**64.8%**

In 2020, as part of this roadmap, Maisons du Monde signed an ambitious disability agreement with its representative unions and signed the diversity charter in January 2021. Before the signing of this agreement, a diagnostic was carried out with Management, managers and employees. The approval of this agreement is in progress with the Management and, if approved, will make it possible to roll-out an action plan to implement this ambition.

In addition, the Human Resources Department changed its organisation by creating two new departments to address these challenges: a Talent Management Department and a Retail Training Department. These two new departments are aimed at achieving this ambition.

Risk/Opportunity	2020 Ambitions	2020 Performance
Well-being at work, training and the health and safety of employees	100% of our managers trained in local management	**66%** of managers trained in local management
	100% of new managers participate in a personalised training programme	
	100% of our managers aware of, and sign, the Maisons du Monde Management Charter	The Management Charter was shared with **100%** of managers
	65% of Store Managers and logistics managers in post as a result of internal promotion	**61%** of Store Managers and logistics managers in post as a result of internal promotion

Workforce management and job creation

Employees

At 31 December 2020, the Group had 8,577 employees (7,514 full-time equivalents), down 0.6% compared to 2019.

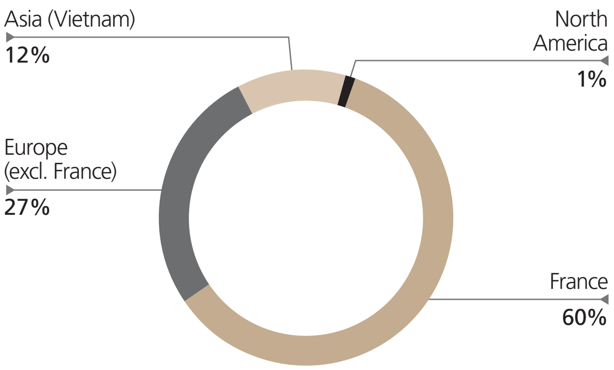
GROUP WORKFORCE BY GEOGRAPHICAL AREA

Scope: Group

	31/12/2020	31/12/2019	31/12/2018
France	5,115	5,020	4,496
Europe	2,318	2,413	2,138
Asia	1,031	1,026	896
North America	113	169	118
TOTAL	**8,577**	**8,628**	**7,648**

Most employees work in France. Overall, the number of employees decreased very slightly (-0.6%) due to the health situation and the closure of Maisons du Monde stores in the United Kingdom and the United States. The Mekong production factory in Vietnam accounts for 12% of the Group's employees.

BREAKDOWN OF WORKFORCE BY GEOGRAPHICAL AREA (31/12/2020)



BREAKDOWN OF WORKFORCE BY CONTRACT TYPE

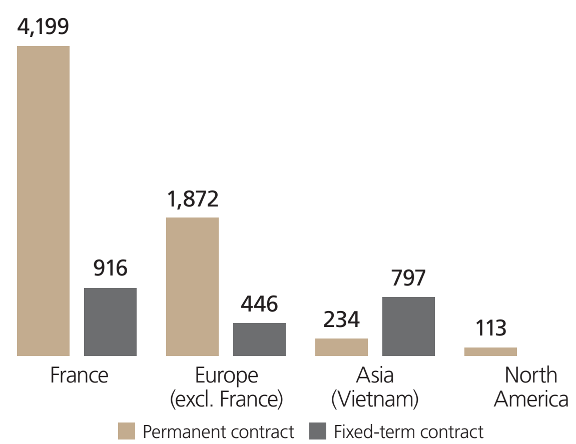
Scope: Group

	31/12/2020	31/12/2019	31/12/2018
Permanent contract	6,418	6,456	5,942
Fixed-term contract	2,159	2,172	1,706
TOTAL	**8,577**	**8,628**	**7,648**

Over 75% of employees have permanent contracts. The average length of service of employees on permanent contracts is 4.51 years.

- permanent contracts are prioritised in the network and the logistics business. Fixed-term contracts are primarily used to cover absence and spikes in business associated with the Christmas holidays and the sales;
- as regards production in Vietnam, the number of fixed-term contracts is due to the fact that workers are primarily hired under fixed-term contracts, as is the local custom, but then their contracts are made permanent after three years.

BREAKDOWN OF WORKFORCE BY CONTRACT TYPE AND BY GEOGRAPHICAL AREA (31/12/2020)



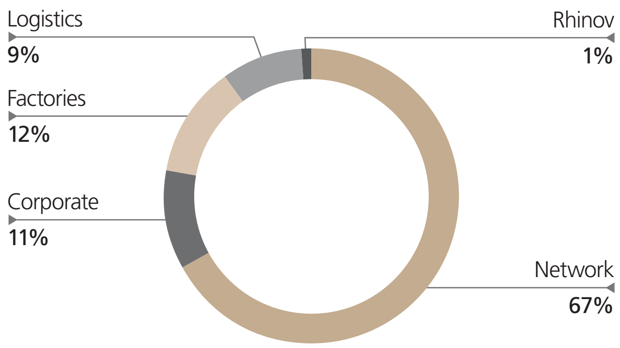
GROUP WORKFORCE BY BUSINESS

Scope: Group

	31/12/2020	31/12/2019	31/12/2018
Network	5,735	5,823	5,175
Logistics	780	722	667
Production	1,031	1,026	896
Corporate	934	993	910
Rhinov	97	64	
TOTAL	**8,577**	**8,628**	**7,648**

Two-thirds of employees work in stores that are part of the Maisons du Monde or Modani network (sales teams, cashiers, display teams and supervisors).

BREAKDOWN OF WORKFORCE BY BUSINESS



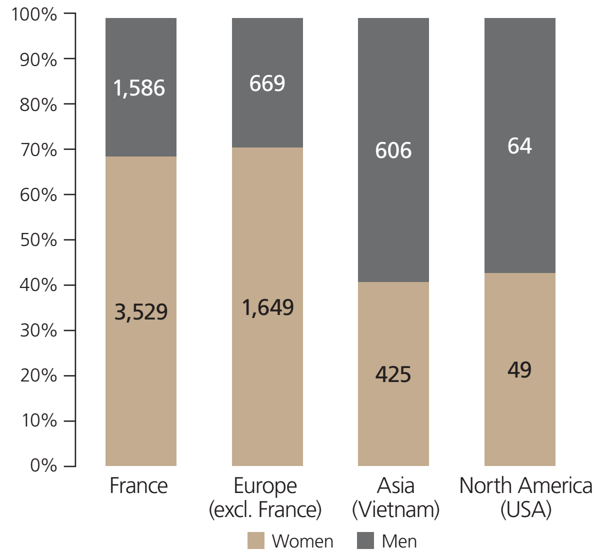
WORKFORCE BY GENDER

Scope: Group

	31/12/2020	31/12/2019	31/12/2018
Women	5,652	5,663	4,984
Men	2,925	2,965	2,664
TOTAL	**8,577**	**8,628**	**7,648**

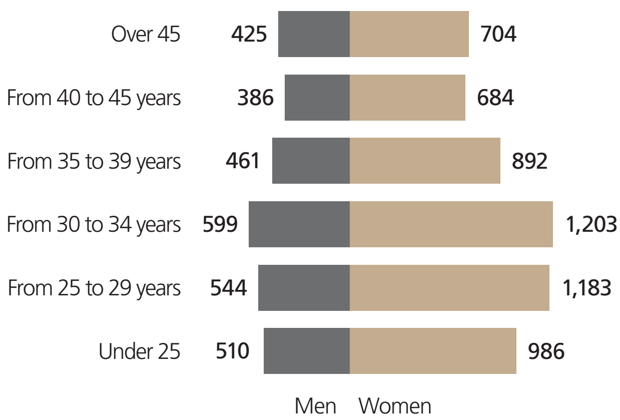
As of 31 December 2020, women represented 66% of the total workforce, as in 2019.

BREAKDOWN OF EMPLOYEES BY GENDER



BREAKDOWN OF WORKFORCE BY AGE (31/12/2020)

The average age of employees was 34 (33 years in 2019).



Hiring, departures and local economic impact

Growth in the Group's business is reflected in the creation of jobs in stores. For example, the new stores that opened in Europe in 2020 had 103 employees on permanent contracts at 31 December.

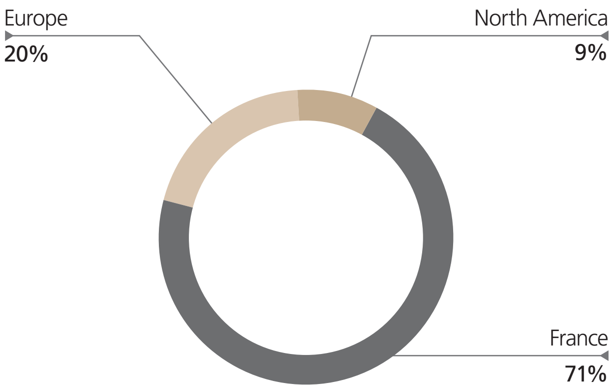
Maisons du Monde's aim is still to recruit on the basis of life skills, prioritising individuals' wealth of experience. To improve the experience of candidates and better inform them, the dedicated recruitment website is regularly enhanced with new multimedia content conveying the Group's values and presenting jobs, HR commitments and HR news. In addition, Maisons du Monde has chosen to communicate on its recruitment actions through the social networks, particularly LinkedIn, on a bi-weekly basis.

To improve attractiveness, particularly for young talent, the multimedia content of our institutional HR and corporate websites was updated in 2019 with video content being added. Lastly, the programme for onboarding employees in the head office was developed and the appointment arrangements were organised and regulated for jobs there.

BREAKDOWN OF HIRES UNDER PERMANENT CONTRACTS BY GEOGRAPHICAL AREA

Scope: Group

	2020	2019	2018
France	557	1,085	992
Europe	154	270	268
Asia	-	-	-
North America	75	145	66
TOTAL	**786**	**1,500**	**1,326**



In 2020, 786 employees were hired under permanent contracts (1,500 in 2019). For each store opening, Maisons du Monde favours hiring on permanent contracts and internal mobility. It should be noted that for Mekong Furniture, all employees are previously hired on fixed-term contracts and their contracts become permanent after three years.

BREAKDOWN OF DEPARTURES OF STAFF EMPLOYED UNDER PERMANENT CONTRACTS BY GEOGRAPHICAL AREA

Scope: Group

	2020	2019	2018
France	865	1,272	1,148
Europe	179	245	286
Asia	52	79	30
North America	127	92	48
TOTAL	**1,223**	**1,688**	**1,512**

There were 291 terminations in 2020 (323 in 2019). The average length of service of departing employees on permanent contracts is 3.08 years.

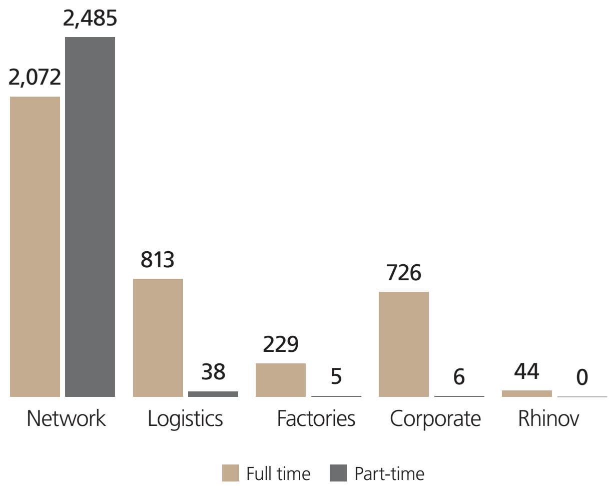
Working hours

Contractual working hours (permanent employees)

More than 97% of logistics, production factory and head office employees are full-time. Nearly four-fifths of employees in the store network have a contractual work schedule representing at least 70% of statutory working hours under local law.

3

BREAKDOWN OF EMPLOYEES UNDER FULL-TIME/PART-TIME PERMANENT CONTRACTS (31/12/2020)



Temporary

As a result of its activities, the Group may use temporary staff to meet more specific demands identified, such as reinforcements when setting up new stores. As for logistics, the number of employees on temporary contracts may be higher, due to the specific nature of the activity.

Compensation policy

Maisons du Monde is scrupulous about setting fair and equitable compensation for all employees. For most employees, compensation is above the agreed minimum (France and Europe). The development in personnel expenses follows the increase in the Group's workforce and growth, going from €234.9 million in 2019 to €228.7 million in 2020.

Maisons du Monde seeks to promote collective performance. 100% of employees (not including Mekong production workers) are eligible for variable compensation based on the collective achievement of qualitative and quantitative objectives, recognising the commitment and achievement of all employees in the performance of their duties. Compensation is consistent for all employees of the store network, logistics and the Mekong production factory.

The Group has introduced a two-part incentive plan to complement its compensation policy and enable employees to benefit collectively from a share in the profits made:

- annual plan: a system of incentives was introduced for all Group employees (non-production) linked to hitting annual targets. Thus, employees receive an additional bonus, either in the form of an incentive payment (France – excl. Rhinov, Italy and Belgium), or in the form of a salary bonus (other European countries);
- medium/long-term plan: a free-share award plan was introduced for some employees. Acquisition will be dependent on performance, which will be measured every two or three fiscal years depending on the criteria, and on working for the Group for a period of three years. The free shares should be granted at regular intervals, based on decisions by the Board of Directors.

3.5.2 WELL-BEING AT WORK

In 2020, the year was marked by the health crisis caused by Covid-19, which obliged the Group to fundamentally rethink working methods, in particular because of the massive use of partial work and teleworking. Well-being at work and above all, work-life balance, have become even greater focus areas for Maisons du Monde.

Support in the implementation of wide-spread teleworking

In mid-March 2020, all of Maisons du Monde's eligible support functions were asked to work from home. In order to best support this rapid and sudden transition, all the teams were equipped with all the IT equipment necessary for teleworking and within 48 hours, remote access tools were deployed on all IT workstations. This fast response made it possible to offer employees an effective working tool.

Extensive and regular communication with employees

In order to provide maximum visibility to employees who are either working from home or under a partial employment scheme, the Group sought to regularly distribute an FAQ including HR topics to provide employees with answers to as many foreseeable questions as possible before these arose.

In addition, weekly newsletters were sent to all European employees to provide them with latest Maisons du Monde news updates but also give them advice on well-being at home.

For some, this very special lockdown period and imposed teleworking was a difficult experience. Maisons du Monde thus opened a hotline at the European level with the PSYA organization. Anonymous support from psychologists was offered to employees who felt the need. The Group chose to keep this hotline open after the first lockdown period.

Managerial training support to get familiar with remote management

In order to provide employees with quality management support, a series of measures were taken quickly. Its deployment was monitored and supported by the team of HR generalists.

A managerial support guide was also distributed to provide a non-exhaustive list of best practices in remote management. This enabled to ensure managerial continuity with remote working teams but also to guarantee a fair balance between personal and work life.

In addition, in order to maintain a strong relationship with employees placed under a partial employment scheme, "Teams coffee breaks" were organized on a weekly basis. Managers invited their employees, on a voluntary basis, to connect for a virtual coffee break *via* Teams, our collaborative tool. The aim was to ensure the well-being of employees and to freely discuss how they felt about this unprecedented situation.

Lastly, weekly meetings were held between HR teams and managers to ensure the implementation of these new rituals and identify employees who may have required enhanced support from Human Resources.

Strengthening local management in support of well-being at work

Fostering employee well-being is key to Maisons du Monde's HR commitment. As a result, the Group decided to incorporate HR targets, on strengthening local management and improving working conditions for teams, into its CSR roadmap. This action plan was supplemented by employee feedback collected during the employee survey carried out in September 2019 and repeated every two years.

Local management is key to providing more career-based support for Group employees and to conveying Maisons du Monde's HR policy and values to all the teams. To this end, manager training is essential in disseminating the HR policy and commitments of the Group. Every year, a training plan, specially designed for administrative and network managers, is rolled out through training modules designed by the Training Academy on the basis of consultation with the Group's teams and Executive Committee. In particular, this training highlights the importance of managerial or sales routines in terms of disseminating information and mobilising the teams. In 2021, the "Let's manage" programme will be enhanced and will be based on two gradual levels to anchor rituals, managerial requirements and responsible management over time.

Improving working conditions and the employee survey

The continuous improvement of working conditions is the second part of the Maisons du Monde well-being at work policy. Related action plans are updated on a regular basis, according to context and the results of the employee satisfaction survey.

To ensure that measures to improve working conditions are really in line with employee expectations, an employee survey is conducted once every two years. This survey is intended to:

- give employees a voice and assess their level of satisfaction;
- analyse feedback and draw up action plans;
- listen to employees and measure the effectiveness of actions implemented.

In 2019, over 78% of employees responded to the survey. The survey confirmed the strong feeling of pride amongst employees and their desire to see the Company flourish. The level of well-being of employees is 7.63/10, higher than the benchmark.

Absenteeism

Maisons du Monde is attentive to absenteeism, monitoring trends and taking appropriate measures to reduce the number of staff off work. Annual appraisals are an opportunity to share specific situations. Systematic oversight of these appraisals and the implementation of action plans are means of reducing absenteeism. As an example, the Operational Human Resources Managers in the logistical centres interview all employees having expressed a need for this during their annual interview, to better understand the needs explained and to provide targeted solutions.

Distrimag's Human Resources service also keeps in contact with absent employees to encourage their return to work and conducts a return-to-work interview after all absences of more than 15 days.

To promote the well-being of teams, opportunities for discussion are promoted; each manager is encouraged to develop connections and proximity with the teams. In this regard, procedures for communication and discussion are written into the managerial and HR standards.

With a concern for proximity, the teams are of a "human" size; this organisation increases the number of local managers to ensure better knowledge of teams and improvement of the quality of working relationships.

3

RATES OF ABSENTEEISM DUE TO ILLNESS

Scope: Group excluding Modani and MdM US

	2020 (3)	2019 (2)	2018 (1)
France	4.69%	4.51%	4.10%
Europe	6.56%	6.78%	5.05%
TOTAL (EXCLUDING ASIA)	**5.35%**	**5.23%**	**4.32%**
Asia	1.12%		
TOTAL	**4.60%**		

(1) The data for the "Europe" scope do not include employee absences at German, Spanish and UK stores.

(2) The data for the "Europe" scope do not include the absences of employees in the Swiss, Portuguese and UK stores or of Rhinov employees.

(3) The data for the "Europe" scope do not include the absences of employees in the Portuguese and UK stores.

3.5.3 SOCIAL DIALOGUE

Maisons du Monde strives to ensure a peaceful labour relations climate fostering exchange and dialogue with staff representatives and employees.

NUMBER OF MEETINGS WITH STAFF REPRESENTATIVES

Scope: MdM, Distrimag and Rhinov

	2020	2019	2018
MDM France	27	19	19
Logistics	44	34	39
MDM Belgium	31	23	23
MDM Luxembourg	6	2	-
Rhinov	11		
TOTAL	**119**	**78**	**81**

Network & Administrative premises

In France, the employees of Maisons du Monde are represented by two trade unions and within the Economic and Social Committee (ESC). 2020 saw the arrival of a third trade union which started to operate within the Company in January. The ESC has all prerogatives in economic matters as well as in health, safety and working conditions. For this reason, this body was convened several times between March and May 2020 corresponding to the first lockdown in a period of economic uncertainty for the Company. In addition, other commissions are in place or were set up to address specific topics more accurately. This was particularly true for the health, safety and working conditions commission, the disability commission or the social fund commission set up in 2020 to provide exceptional financial aid to employees in need.

In Spain, there are 11 permanent or substitute staff representatives in seven stores. They do not hold monthly meetings.

In Italy, staff representatives are present in nine stores. There are nine RSAs (union representatives) and seven RLS (safety union representatives).

In Belgium, employees are represented on two bodies, the Works Council and the Committee for prevention and protection in the workplace. It should be noted that the closure of the stores due to the Covid-19 crisis resulted in the postponement of the social elections initially planned for May 2020 until 15 January 2021.

In Luxembourg, employees are represented by three staff representatives who meet twice a month.

Discussions with staff representatives were reflected in the following agreements in 2020:

- profit-sharing agreement (Maisons du Monde France and Maisons du Monde Italy);
- mandatory annual negotiations on compensation, working time and professional equality (Maisons du Monde France);
- agreement on remote working to deal with exceptional situations such as the crisis linked to the spread of Covid-19 (Maisons du Monde France);
- agreement to promote the professional inclusion and job retention of workers with disabilities (Maisons du Monde France);
- agreement on non-current benefits related to results (Maisons du Monde Belgium);
- agreement on social elections (Maisons du Monde Belgium);
- agreement on the postponement of social elections (Maisons du Monde Belgium);
- agreement on the donation of leave days (Maisons du Monde Italy);
- agreement on the introduction of temporary lay-off (Maisons du Monde Italy).

Finally, it should be noted that Maisons du Monde France introduced a teleworking charter.

Logistics

2020 saw much dialogue and negotiation at the logistical level, as firstly, several agreements were signed:

- an agreement on the introduction of an exceptional purchasing power bonus to reward operational teams for their adaptability during Covid-19;
- an agreement on the mandatory annual negotiations;
- a new amendment to the profit-sharing agreement.

In the specific context of this year, many meetings were organized with employee representatives, systematically involving them in our decision-making. As such, all the opinions received were favourable during this unprecedented period, demonstrating the quality of the relationships.

Other than in the staff representative bodies, social dialogue was improved with three logistical centres being set up, with a constant concern for proximity and management autonomy.

Created two years ago, logistics divisions proved efficient during this period, which was particularly rich in decision-making in terms of health and safety and intensive communication with the teams.

Daily meetings are now organised between division manager, logistics manager and the Human Resources Department in order to make rapid decisions and improve communication.

These daily meetings are also organised between the division managers and their operational committee made up of Operational HR, Operations Managers and Site Quality and Safety Managers.

This communication and decision-making scheme was one of the keys drivers for success this year.

In addition to these topics, HR basics were further rolled-out by Operational HR as close as possible to the field; these topics aim to ensure close relationships and quality feedback.

Concerning events, all actions encouraging dialogue were continued in 2020:

- daily briefs from operational managers;
- quarterly meetings organised by the operational managers;
- quarterly Directors' Reports to Employees;
- quarterly meeting on variable compensation, annual grade reviews for employees receiving promotion;
- annual interview.

Lastly, dialogue and information feedback were encouraged through the introduction of new projects. In 2020, 150 new employees took part in improvement projects, these projects being the perfect occasion for discussions between the operational teams and managers.

Mekong factory

In Vietnam, social dialogue is organised in close collaboration with union representatives. The Mekong Furniture trade union team is currently composed of 11 members, divided between the three sites of the factory.

The union representatives are consulted on all issues liable to contribute to improving employees' working conditions and environment. The union representatives are free to exercise their duties pursuant to rules laid down and set by local law. They meet regularly to discuss questions of health at work, changes to compensation and the salary policy, stability of the workforce and training.

In 2016, Mekong Furniture signed an agreement on the benefits granted by the Company to employees. This agreement with the staff representatives includes bonuses, allowances and additional benefits not determined by Vietnamese law. Following the last meeting with employee representatives in April 2020, the negotiated benefits were maintained. Only the annual outing was cancelled due to Covid-19.

In addition to dialogue with the trade union, the HR Department and the Management team also communicate weekly on all topics liable to help employees better understand their rights and duties, in accordance with the labour law and the Company's internal regulations.

Rhinov

The Social and Economic Committee was set up in January 2020. During this first year in office, the objective was to develop the skills of the elected members (the four members had never held office before). All members sere trained on health, safety and working conditions in July 2020. Dialogue is fully transparent and the ESC is involved in all decisions that have an impact on employees and the Company.

3.5.4 OCCUPATIONAL HEALTH AND SAFETY

Maisons du Monde is aware that its CSR challenges, particularly in terms of well-being at work, mean that professional risk management must play a role at all decision-making levels and on all sites. No agreement has been signed with the trade unions on occupational health and safety, but all departments are committed to gradually implementing an appropriate and realistic preventive approach in each of its activities. In the network and logistics scope, there was a reduction in workplace accidents with stoppages.

NUMBER OF WORKPLACE ACCIDENTS WITH STOPPAGES (1)

Scope: Group excluding Modani and MdM US

	2020	2019	2018
Network	167	218	232
Corporate	6	6	11
Logistics	44	54	71
Production	40	39	
TOTAL	**257**	**317**	**314**

(1) Workplace accidents with stoppages excluding the United States and the United Kingdom.

FREQUENCY RATE OF WORKPLACE ACCIDENTS (1)

Scope: Group excluding Modani and MdM US

	2020	2019	2018
Network	26.2	39.3	42.7
Corporate	3.8	4.5	8.2
Logistics	37.8	45.3	59.6
TOTAL EXCLUDING PRODUCTION	**23.5**	**34.4**	**39.4**
Production	19.3		
TOTAL	**22.7**		

(1) Number of workplace accidents with stoppages/hours worked x 1,000,000.

	2020	2019	2018

SEVERITY RATE OF WORKPLACE ACCIDENTS (1)

Scope: Group excluding Modani and MdM US

	2020	2019	2018
Network	0.80	1.73	1.44
Corporate	0.15	0.03	0.12
Logistics	2.84	3.39	3.03
TOTAL EXCLUDING PRODUCTION	**0.94**	**1.69**	**1.45**
Production	0.28		
TOTAL	**0.81**		

(1) Number of days lost due to temporary incapacity/hours worked x 1,000.

Lastly, 6 people were off work in 2020 due to occupational illnesses recognised by Social Security services (France).

In 2020, in addition to the preventive measures put in place, the decrease in the number of workplace accidents stoppages of network employees is due to the partial closure of stores.

Network and administrative premises

Maisons du Monde is committed to continuing its effort to ensure the health and safety of its employees, in line with its previous years' commitments. The process of collaboration and dialogue between the store network and the accident-prevention service has provided better understanding of the professional risks present and the expectations of employees in the matter. This process is now organised according to three areas which have enabled the following actions to be implemented over 2020:

Participatory area:

- the gradual roll-out of the Relais Prévention in France and internationally. The aim remains to provide sufficient knowledge to organise and support the preventive approach at a local scale. This project, originally based on an adaptation of the Physical Activity Risk Prevention approach (promotion of the fight against musculoskeletal disorders) to cover all of the professional risks present in the Company, is now a means of organising participatory events in health and safety within the store network.

Technical area:

- the finalisation of the "shelf-stocking tower" project with the creation of a new model bringing together all the feedback from the various parties involved in the tests. A first order of 1,000 units was placed and will be shipped to stores at the start of 2021;
- monitoring and implementing protocols against the spread of Covid-19 in order to prevent the Company from experiencing the emergence of internal clusters and to limit the internal spread;
- the deployment on a case-by-case basis of mechanical handling equipment to help stores experiencing specific situations.

Area of presentation/instruction:

- in-house training for 14 employees as Lifeguard-Rescuers at Work and on recycling for seven employees;
- the deployment throughout the network of a "In case of" quick response procedure including the action/communication instructions to be followed in the event of a given situation.

Faced with the Covid-19 health crisis, Maisons du Monde has put in place preparatory, support and monitoring actions to ensure the health and safety of its customers and employees:

- study and analysis of the regulations relating to the obligations associated with health and safety measures to combat the epidemic at European level (stores and head offices);
- provision of protective equipment and material (masks, face shields, alcohol-based sanitizer gel, gloves, cleaning and disinfection products, signage, floor marking);
- preparation of a business recovery guide for employees in stores and head offices, including all instructions and information to ensure the safety of employees and customers during authorised opening periods;
- head office employees: implementation of a graduated response policy for teleworking adapted to the evolution of the epidemic and the obligations set by health authorities;
- development of an e-learning course and quiz for head office employees informing them of on-site working conditions when authorised;
- distribution of regular prevention flashes to employees to remind them of the instructions to be followed and to inform them of changes in regulations;
- support in the organisation and preparation of internal or external events;
- creation of a dedicated unit and a main address Covid-19@maisonsdumonde.com for all employees to provide a single point of contact for all questions relating to the epidemic;
- systematic reporting of employees who test positive to ensure a systematic record by the Prevention Department: analysis of the situation, definition of the actions to be taken, information for employees;
- implementation of a hotline for psychological assistance with the PSYA firm to support employees (available every day 24/7).

Logistics

Protecting our employees' health is also a priority for Distrimag. In 2020, the Management continued investments related to safety and continued actions in favour of safety: analysis of accidents and establishment of preventive and corrective actions, training of new managers on the basics of safety, presentations of HR tools, training new employees on safety, etc.

In this unprecedented context, the position of Quality and Safety Manager was of utmost importance. It enabled us to remain active as closely as possible with the field and manage strict health measures.

Production

Since 2020, Mekong Furniture has a second HSE manager in charge of health, hygiene, safety and environment issues. The constant developments in subjects relative to the environment, the adaptation of working areas and health and safety within the production sites require particular attention and Mekong's factories endeavour to ensure total transparency and compliance with local and international prerequisites and requirements.

The objective of ISO 14001:2015 certification with the implementation of an environmental management system will be set up in 2021. Training for HSE teams on this topic began in 2020.

During 2020, Mekong Furniture continued to improve the organisation of production lines and actions for accident-prevention:

- educating employees concerning health, safety and hygiene at work using a team of approved trainers;
- display of workplace accident information by factory (number, severity, workstation and photos), action plans and procedures to be followed in case of an emergency;
- monitoring of "5S" in all production sections and weekly team assessments to maintain and guarantee a clean and orderly environment for employees;
- Lastly, the Company also invested in the installation of a sprinkler system on all the MK1 and MK2 factories for fire prevention.

In 2020, measures were put in place for three months to manage social distancing in the Company to prevent Covid-19-related risks, in accordance with the request of local authorities. Mekong Furniture had no cases of Covid-19.

Rhinov

Occupational risk management is based on a prevention approach involving ESC members and managers from each department.

3.5.5 TRAINING AND EMPLOYABILITY

The commitment made on access to training shows that Maisons du Monde continues to commit to developing the skills of its employees.

2020 was marked by the health context, which did not allow Maisons du Monde to implement all the training actions that were planned.

Despite this context, the brand decided to maintain a majority of its employee safety training courses. Thus, 6,245 employees were trained in 2020.

The Growth Curriculum was maintained and adapted in remote format to meet health constraints.

Against this backdrop and during the period of partial activity, Maisons du Monde made available to its French employees a catalogue of State-funded training courses to help them develop their professional skills. Accordingly, 252 employees were able to benefit from this scheme in 2020, including 127 from the network and 125 from the head office.

Careers and employability

The recruitment philosophy of Maisons du Monde favours interpersonal skills and the extent of individuals' experience. A dedicated recruitment site promotes the professions, values and HR commitments and presents job offers.

Maisons du Monde strongly wishes to promote internal transfers. In addition to the internal digital area, exclusive offers are made to employees, providing them with real opportunities. Each request for an internal transfer results in discussions with the recruitment service, which enables employees to take advantage of HR support and assess their skills and know-how.

To help employees of the network to progress beyond their current posts, in 2018, the Training Academy also highlighted opportunities to move between network careers and jobs using a "Careers Booklet". Employees can therefore proactively study, from their current jobs, gateways which exist towards other jobs within the Group, either in their own business line or in the other business lines of the Company. In this way, Maisons du Monde offers professional opportunities that enable each employee to take the initiative and contribute to their personal development and the performance of the Company. This procedure was distributed to 100% of employees and updated in 2019.

In 2020, 244 people were promoted internally. The internal digital area dedicated to geographical and functional transfers continues to be regularly promoted in internal communications, to provide each employee with regular information on requests for transfers.

In 2020, 580 mobility applications were received *via* this space, and 53% were approved.

NUMBER OF INTERNAL PROMOTIONS

Scope: Group excluding Modani and MdM US

	2020	2019	2018
Network	215	250	247
Logistics	36	94	72
Factories	92	102	102
Corporate	69	101	100
Rhinov	21	10	-
TOTAL	**433**	**557**	**521**

The mobility programme makes a direct contribution to the 2020 target of having 65% of Store Managers and logistics managers in post as a result of internal promotion. By the end of 2020, this percentage was 61%. This type of mobility is facilitated by a policy that encourages internal skills development as well as geographical mobility.

PERCENTAGE OF STORE MANAGERS AND LOGISTICS MANAGERS IN POST AS A RESULT OF INTERNAL PROMOTION

Scope: MdM and Distrimag

	2020	2019	2018
Store Managers	55%	192	348
Logistics managers	95%	59	62
TOTAL	**61%**	**251**	**410**

The Human Resources Department routinely contacts each employee who requests mobility so that they can receive support with their application and, more generally, with their career plans.

Employee training

As it is highly committed to the development of its employees, every year, Maisons du Monde reaffirms its aim of enabling all employees to take full control of their own career paths and skills development. The Training and Skills Department intends to continue to consolidate the training actions put in place, capitalise on its human potential, facilitate access to training and skills development and, lastly, support the brand development strategy.

PERCENTAGE OF PERMANENT EMPLOYEES TRAINED BY ACTIVITY [(1)]

Scope: Group excluding Modani and MdM US

	Trained	Not trained	Training rate
Network	2,888	1,568	64.8%
Logistics	351	381	48.0%
Production	220	14	94.0%
Administrative premises	745	94	88.8%
Rhinov	5	39	11.4%
TOTAL	**4,209**	**2,096**	**67%**

(1) *Permanent workforce in post at 31/12/2020.*

In 2020, Maisons du Monde allocated a budget of 1.80% of its payroll to training its employees based in Europe (2.32% in 2019).

TRAINING PROGRAMME

Scope: Group excluding Modani and MdM US

	2020	2019	2018
France	0.94%	2.2%	2.42%
Europe	0.72%	2.8%	2.54%
Asia	0.22%	0.17%	0.11%
TOTAL	**0.86%**	**2.32%**	**2.40%**

NUMBER OF HOURS OF TRAINING

Scope: Group excluding Modani and MdM US

	2020	2019	2018
France	24,702	42,429	53,989
Europe	7,590	14,412	27,545
Asia	8,825	19,473	10,308
TOTAL	**41,117**	**76,377**	**91,791**

In 2020, 41,117 hours of employee training were delivered, 6,495 of which were safety training. 4,209 permanent employees had followed at least one training course during the year at 31 December 2020. The health context did not allow for the training of the same number of employees than in previous years.

Permanent workforce in post at 31/12	2020	2019	2018
Percentage of women trained	69%	69%	67%
Average no. of hours of training per employee	6h04	16h36	15h30

Maisons du Monde wishes to give employees the means to develop their skills. For this reason, the Training Academy is continuing its ambition to increase the range of training courses to enable all individuals to progress in their jobs.

To strengthen the skills of the network's employees and develop a customer relationship that meets Maisons du Monde's ambitions and core business, two strategic training programs have been rolled out since 2019, *i.e.* 2,975 employees trained (1,238 in 2019 and 1,737 in 2020):

- "Customer Priority" for all teams in the stores to provide a differentiating customer experience;
- "Manage the Customer Priority", intended to teach Store Managers and Deputies how to focus their teams on an objective, that of customer relationship.

In 2020, the health crisis brought of the deployment of these training courses to a halt, but they will be continued in 2021 by adapting the methods to new health constraints.

Network and administrative premises

To reach its ambitions and the objectives set in the CSR road map, the programmes put in place were continued and enhanced.

PERCENTAGE OF MANAGERS TRAINED IN LOCAL MANAGEMENT

Scope: MdM

% of managers working on 31/12	31/12/2020	31/12/2019	31/12/2018
Local management training	66%	64%	58%

Local management training includes the "Let's manage" and "Chef d'orchestre" schemes, as well as training on "Conducting individual interviews" and "Managing and organising your point of sale". Given the health context, most of the management training courses planned for 2020 were postponed to 2021. The target of training 100% managers was therefore not achieved.

Identifying and supporting talented individuals

Maisons du Monde is continuing with its aim of improving the identification, management and monitoring of talent in the network and head office. Talent is identified during the annual interview, during which the employee and manager assess the elapsed year and fix future objectives. To support line managers in doing so, 100% of new managers receive training dedicated to the conduct of this interview in France. At the end of the campaign, all data are consolidated and analysed by HR to serve as the basis for discussions at talent reviews organised with the manager of each service. Meaningful actions to develop skills can then be developed and applied in a shared action plan.

Support to employees involves the implementation of various skills development curricula. The Training Academy endeavours to prepare its internal talent pools. In 2020, Maisons du Monde launched three new Growth Curriculum classes. This development programme has been specifically tailored to the brand and the reality of life in stores, to offer deputies ways of working towards becoming managers, *via* the *Manager d'unité marchande* certification, recognised by the Government and by the world of retail. Out of the talent pool formed since 2018, 29% are already managers.

Logistics

Distrimag's ambition in 2020 was to continue to provide managerial support through training focused on posture and problem-solving to enable employees trained to gain autonomy. For operational teams, the aim was to continue to roll out the procedure for Recognition of Prior Learning and to set up training courses in French as a foreign language.

Faced with the health crisis, mandatory and non-mandatory safety training courses stopped as of March.

Mandatory safety training resumed on 11 May.

The 2020 ambitions were added to the 2021 plan.

Production

Faced with the specifics of the local jobs market and the lack of qualified personnel, Mekong Furniture is investing in training to enable employees and workers, during their careers, to acquire new technical or managerial skills that match their responsibilities.

In-house peer training is the main way in which the Company tailors employees' skills to their work. It is also a vital tool for conveying know-how to support the Company's business growth. Internal training courses are given for new entrants so that they can quickly and efficiently adapt to the use of the machines and equipment installed on the production lines.

Training was provided for older workers who had been promoted to a new post requiring a specific technical skill. In 2020 the Company has also trained new employees in high-tech digital machinery of the CNC type thanks to new investments made on the three sites (training provided by the suppliers of the machines).

To cope with the changes in Vietnamese regulations in 2020, the managers of the various departments were trained on the various subjects with the local authorities (Vietnamese labour regulations/electronic invoicing declarations for accounting/training on REX declarations for our product exports and tax benefits).

In 2020, the Company also employed external trainers for some of our key employees (on environmental issues with the ISO 14001 training for the HSE team/communication for managers and supervisors/English courses/inventory management training). These training courses provide employees with updated knowledge to better understand and manage their day-to-day tasks.

Rhinov

The major challenges for Rhinov, with a fast-growing team that has an average length of service of 2.3 years, are to support new employees and retain teams that have been in post for more than two years.

To ensure the implementation of the Company's development strategy, an onboarding and training programme was formalised to secure the arrival of new employees.

In 2020, this involved 3,000 hours of training related to taking up a position.

To support new employees, enablers (trainers) have been identified. These enablers, who master their position, set an example and convey the Company's values.

3.5.6 COMMITMENT IN FAVOUR OF DIVERSITY AND THE DISABLED

Respecting diversity, Maisons du Monde puts the skills of its employees first. The Human Resources Department guarantees non-discrimination in hiring, employment and access to training.

Because Maisons du Monde is convinced that talent is to be found in each of us and that diversity is a strength, the Group is committed to the principle of non-discrimination in all its forms and practices an inclusive recruitment policy. This applies not only to equal pay and equal opportunities for men and women but also to a desire to hire across the generations so that knowledge can be passed on.

Because disablement should not be an obstacle to professional development, in 2020, Maisons du Monde signed a disability agreement with the French trade unions.

Equal opportunities

Maisons du Monde managers endeavour to convey the values of the Group and the HR policy to their teams. The Maisons du Monde Group make every effort to ensure that diversity and gender equality is respected at every level of the Company.

BREAKDOWN BY GENDER, MEMBERS OF THE EXECUTIVE COMMITTEE AND N-1

Scope: MdM and Distrimag

	2020	2019	2018
Women	29	31	42
Men	26	34	34
TOTAL	**55**	**65**	**76**
Proportion of female employees	**53%**	**48%**	**55%**

BREAKDOWN OF STORE MANAGERS BY GENDER

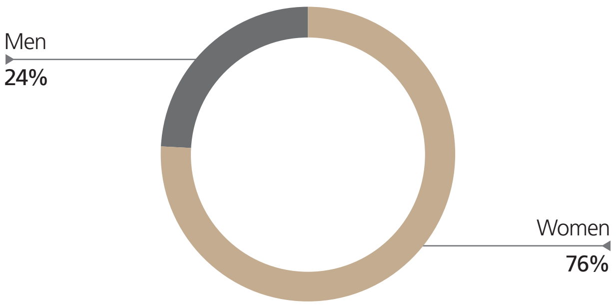
Scope: MdM

	2020	2019	2018
Women	264	264	248
Men	84	87	78
TOTAL	**348**	**351**	**326**
Proportion of female employees	**76%**	**75%**	**76%**

It should be noted that the data for 2019 have been restated to exclude the regional directors who had been included in the indicator in 2019.

It should be noted that the data relating to the number of Store Managers have been restated (adjustments related to the workforce taken into account).

PROPORTION OF FEMALE STORE MANAGERS



People with disabilities

Since 2010, Maisons du Monde has paid particular attention to employees recognised as workers with disabilities. Since 2013, a disablement commission has been defining and monitoring the actions to be carried out for these workers. The Group supports employees with disabilities on an individual basis *via* adapted workstations, training, help with approaching external organisations (AGEFIPH and SAMETH) and even funding for medical equipment. Maisons du Monde also takes part in local events (recruitment fairs, network memberships, etc.).

Maisons du Monde continued its actions in 2020. So, the third disablement and diversity week was organised for personnel in the head office and the network. In view of the health context, awareness-raising campaigns were carried out among employees in digital format.

Also, Maisons du Monde joined the network of disablement contacts for the Pays de la Loire and Île-de-France. Lastly, since June 2018, the CSR contacts in the stores have been including disability issues in their duties and distributing news about the Company's disability policy to their teams.

Our activities to raise awareness and support disabled persons also involve partnerships. Thus, Distrimag is working with the vocational rehabilitation centre Les Abeilles on the repair of furniture from customer returns. Also, over the last two years, the Group has taken part in the Duo Day event, in partnership with vocational rehabilitation centres. In principle, a disabled person spends a day shadowing a volunteer employee. The programme includes participation in the employee's usual tasks and/or observation of their work. Lastly, for the publication of our internal newspaper, we work with the Company HandiPrint.

Combined work-study programmes

In 2020, 165 (140 at MDM, 13 in logistics and 12 at Rhinov) young people benefited from a work-study contract in France (apprenticeship contract or professional training contract). Maisons du Monde contributes to the employability of such people by enabling them to obtain a recognised diploma and a rewarding experience.

Combined work-study programmes give everyone a chance and integrate different skills that are not derived from traditional training courses.

Personalised support for young people on work-study programmes (guidance, regular interviews and HR contact) helps ensure that they have every chance of success in their studies. The tutor, meanwhile, is assisted in passing on his or her skills and developing relational and teaching skills. 28% of work-study students ending their contracts in 2020 were hired by Maisons du Monde Group either on work-study contracts, on a fixed-term contracts or permanent contracts (compared with 30% in 2019).

3.6 Maisons du Monde's philanthropic ambitions

3.6.1 THE MAISONS DU MONDE FOUNDATION

Risk/Opportunity	2020 Objectives	2020 Performance	
Foundation & Philanthropy	10 million customer donations through the ROUNDING UP at check-outs to help charities supported by the Maisons du Monde Foundation	13,234,502 donations since 2016	

Active since 2016, the Maisons du Monde Foundation is placed under the aegis of the Fondation Nicolas Hulot pour la Nature et l'Homme (FNH). FNH guarantees that funds are used wisely whilst the Maisons du Monde Foundation is responsible for operations, in accordance with the environmental and social values and commitments shared by the two organisations.

The aim of the Maisons du Monde Foundation is to help promote the preservation of forests and timber resources by, and for, humankind. As a result, the Foundation only funds projects led by general-interest non-profits located in the European Union or South-East Asia (including India) with the purpose of:

- preserving forests and their biodiversity primarily in countries in the southern hemisphere;
- reusing timber in European Union countries (recycling, ecodesign, upcycling, etc.) to promote the circular economy, reuse and socio-professional integration;
- mobilising all its stakeholders (employees, customers, partners and citizens) for the environment. This last pillar covers programmes and partnerships raising the awareness of the brand's employees (*via* the "Solidaritrips" programme), customers (*via* the system of "ROUNDING-UP" at check-outs) and citizens in general (*via* "1% for the Planet" and the "I Act for Nature" programme coordinated by the FNH and lastly, *via* the *Aux Arbres!* programme).

In 2020, the Foundation supported 25 associations in 12 countries. Two-thirds are financed from its own funds thanks to the donation of a percentage of the Company's annual revenue to the Foundation. The remaining third is financed through the ROUNDING-UP at check-outs collection initiative.

Governance of the Foundation

The Maisons du Monde Foundation is a distinct structure from the company Maisons du Monde and is legally dependent on the Fondation Nicolas Hulot. It is run by a committee which has five members:

- Julie Walbaum, Chief Executive Officer of Maisons du Monde since July 2018, and Chair of the Maisons du Monde Foundation, replacing Gilles Petit since June 2020;
- Catherine Filoche, Maisons du Monde's Secretary;
- Cécile Ostria, Chief Executive Officer of the Fondation Nicolas Hulot pour la Nature et l'Homme;
- Stéphane Rivain, Associate Director of Oréade-Brèche, an environmental and development consultancy;
- Charles-Édouard Vincent, founder of Emmaüs Défi and Lulu dans ma rue.

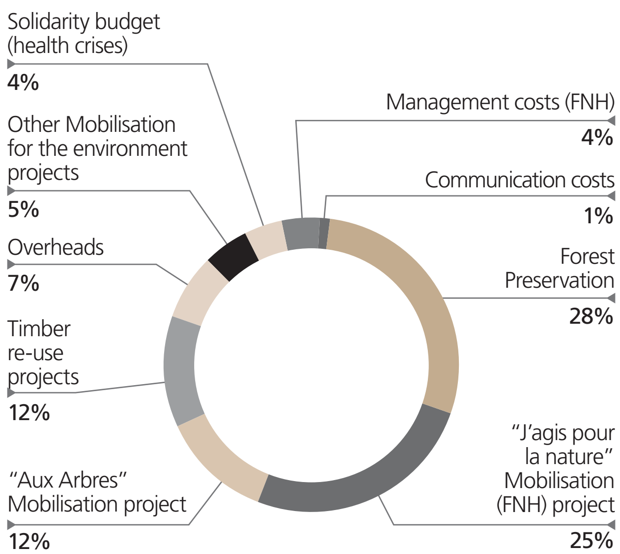
Two committees meet at least each year, bringing together the members of the committee and partner guests according to the subjects addressed. These committees are for the selection of projects and renewal of partnerships and/or committees for strategic studies.

Breakdown of the Foundation's budget

The Maisons du Monde Foundation's operating budget represents 0.08% of the Group's pre-tax customer sales, as reported in the consolidated financial statements for the previous year. In 2020, the Maisons du Monde Foundation's operating budget should have been €980,320.

Due to the health and economic crisis, the Board of Directors of the MDM Foundation decided, on a proposal from the structure's Senior Management, not to use the entire amount so that Maisons du Monde could allocate funds for donations to hospitals. The Foundation's endowment was thus remeasured at €780,320, plus the balance for 2019, *i.e.* a total amount of €785,164.

BREAKDOWN OF THE FOUNDATION'S BUDGET IN 2020



In 2020, the Maisons du Monde Foundation transferred allocations for 26 forestry preservation projects in the southern hemisphere (two-thirds of the projects) or to wood reuse projects in France and Europe (one-third of projects). The Maisons du Monde Foundation has made the fundamental choice of financing, through multi-annual partnerships of up to three years, projects run by non-profit general-interest associations in order to have significant societal impact: funding ranges between €20,000 and €65,000 annually and is awarded *via* two complementary funding mechanisms – own funds and "ROUNDING-UP" at check-outs.

In 2020, the Foundation diversified its partnership arrangements by launching tailor-made partnerships with non-profit organisations, outside of any call for projects, in order to increase its impact while meeting the challenges of its new strategy for sponsorship. This year, the Foundation extended its support to projects for the preservation and maintenance of trees outside forests in all regions (rural, urban, peri-urban), in France and internationally. Accordingly, a partnership was launched with the association and head of network Afac-Agroforesteries, as part of a multi-stakeholder partnership also bringing together the Yves Rocher and Nature & Découvertes Foundations among others. A "Trees & Forests for Biodiversity" call for projects was also launched at the end of the year in order to identify projects that meet these challenges, for partnerships starting in 2021.

Therefore, in light of the new sponsorship strategy refocused on trees, it was decided to no longer launch new partnerships associated with timber recycling and socio-professional reintegration. In the same vein, the Maisons du Monde Foundation did not renew its support for the Trophées Emmaüs du Réemploi awards, launched in 2018 with Emmaüs France.

Lastly, the "Mobilising for the environment" aspect brings together multi-stakeholder awareness programmes or programmes operated by the Maisons du Monde Foundation and represented 17% of the budget in 2020. Due to the health and economic crisis, the 2020 editions of the "Aux Arbres" awareness-raising event and the Solidaritrips programme were cancelled. Likewise, "Aux Arbres les Enfants" was not renewed. As part of the partnership with the Fondation Nicolas Hulot, 20% of the Maisons du Monde Foundation's annual budget was allocated to the "I Act for Nature" public awareness programme. This year and due to the complex economic context, the management of the MDM Foundation decided not to use its entire annual grant. However, it was decided to maintain the allocation initially planned for the "I Act for Nature" programme to support the FNH during this period of crisis, resulting in an allocation representing 25% of the Foundation's annual budget.

In this context, which undermines the non-profit sector, the Foundation also released funding for its partners in order to maintain the development of ongoing projects in the field, where possible. These amounts represented 3% of the annual budget.

In five years, the Foundation supported 37 projects in 14 countries and donated more than €4 million to associations. The target of 10 million donations made *via* the ROUNDING-UP at cash-outs was exceeded at the end of December 2019. With the aim of reinforcing its sponsorship strategy refocused on trees (in and outside forests), which is more internationally-oriented, and more inclusive and collaborative, the Maisons du Monde Foundation will be dissolved as of 31 December 2020. It will be replaced by an endowment fund called the "Maisons du Monde Foundation".

The Foundation's website presents its goals as well as the charitable projects it has supported: Fondation.maisonsdumonde.com. An annual business report is also published each year and can be accessed in electronic format on the Foundation's website.

"Rounding-up" at check-outs

Since 2016, Maisons du Monde has given the possibility to its customers, at each check-out in a French store, to round up their purchase amount to the nearest euro. This microdonation will be paid to a non-profit organization pre-selected by the Maisons du Monde Foundation. The associations supported by their own funds, as is the case through the ROUNDING-UP at check-outs, are associations for the preservation of tropical forests or the preservation of forests in France or Europe.

Since 2016, this scheme has raised nearly €1.5 million through more than 13 million donations. In 2020, €333,898.05 were raised thanks to 3,173,345 customer donations. In 2020, six associations were able to benefit from it:

- Handicap Travail Solidarité: with a collection from November 2019 to 5 January 2020;
- The Jane Goodall Institute Spain: from 6 January to 6 February 2020;
- Planète Urgence: from 7 February to 7 June 2020;
- Le Gret: from 8 June to 23 August 2020;

- Le Fonds pour l'Arbre: from 24 August to 27 November 2020;
- The Jane Goodall Institute France: from 28 November 2020 to 22 February 2021.

It should be noted that employees were invited to vote for their favourite project, which would automatically be subject to the ROUNDING-UP at check-outs initiative. Out of the 1,243 votes, the project of the Le Gret association received the most votes.

The other projects under the ROUNDING-UP at check-outs are selected by the Maisons du Monde Foundation jury.

The average participation was 41.07% in 2020.

Other philanthropic projects supported

In addition to Maisons du Monde Foundation programmes, the brand supports philanthropic commitments centred around the Group's business. This financial support or these product donations for non-profits are aimed at helping two main causes:

- help for disadvantaged children and parents. For several years now, the brand has supported this cause in association with the Maisons du Monde Junior activities, in particular by donating products. This commitment has involved a partnership with the French Red Cross. It resulted in new furniture from the Group's warehouses being donated each year to five Enfance-Famille network centres as part of refurbishment programmes. This partnership meets a very real need on the part of these establishments and helps to create a warm and welcoming atmosphere for their beneficiaries;
- donations of furnishings and decorations. To reduce the number of substandard products being thrown away and to support reuse networks and the social and solidarity economy, Maisons du Monde has entered various partnerships so that products which are out of the sales circuit can be donated. These products are collected from the warehouse or from stores by the brand's partner to stock their charity shops or for their reuse activities. These donations enable these partner charities' beneficiaries to obtain Maisons du Monde products at a social price. As part of this programme, the Group partners with different structures, such as Emmaüs network, Croix Rouge Insertion association or the Secours Populaire Français (see paragraph 3.3.2).

In 2020, during this time of health crisis, Maisons du Monde also wanted to help disadvantaged people. As a result, the Group was able to donate furniture and decoration products to several French hospitals and nursing homes. In total, 34 institutions received donations of new Maisons du Monde products to furnish and decorate their social premises.

The Fondation des Femmes also received new Maisons du Monde products to furnish their visitor centre in Paris, which opened in March 2020.

3.6.2 FOSTER EMPLOYEE COMMITMENT

Risk/Opportunity	2020 Objectives	2020 Performance
Employee commitment	1,000 employees took part in a solidarity action	481

The Maisons du Monde "Solidariteam" solidarity programme

Since 2011, Maisons du Monde has been developing and enriching a *Solidarity Programme* which allows every employee to take part in a solidarity action in line with the Company's commitment. This programme was called "Solidariteam" and includes various schemes: Solidaritrips (formerly "Solidarity Leave") and Solidaridays.

These programmes enable employees to learn more about an association that is a partner of the Foundation or the Company, its activity and the general interest cause it defends. Employees are currently invited to take part in solidarity activities on their own time.

Solidaritrips

The Solidaritrips allow eight volunteer employees, representative of the Group's workforce (head office, France network, international network and Distrimag), to be chosen at random and come and discover an association for the preservation of tropical forests. Each year, two associations are selected to host a group of eight employees.

In 2020, the associations Ishpingo in Ecuador and Geres in Cambodia were chosen to welcome employees. These associations benefited from the ROUNDING-UP at check-outs in 2018 and 2019.

The health context did not allow these Solidaritrips to be held in 2020. Accordingly they are currently postponed until September 2021.

Solidaridays

In order to open up access to solidarity to a greater number of employees, the Solidaridays system was introduced. The aim is still to offer employees who wish to participate in solidarity actions with associations and on their own time, but this time more locally and over a shorter period (one day, in France or in Europe).

This is why in 2020, for the second year running, Maisons du Monde is joining forces with World Clean Up Day by inviting all employees across Europe who so wish to take part in clean-up actions, for nature or their city, on the same day. In 2020, 32 employees from the head office and Maisons du Monde stores took part in a cleaning operation near their homes. This scheme enabled employees in France, Italy and Belgium to take part in a Company solidarity scheme.

In addition to these Solidaridays organised on their own time, Maisons du Monde also wishes to enable employees to take part in solidarity actions during their working time. The organisation of "solidarity teambuilding" has therefore been launched since 2019.

In 2020, two solidarity teambuildings were supposed be organised for a total of 100 employees with the Office National des Forêts (ONF) and the Loire-Océane Centre Permanent d'Initiatives pour l'Environnement (CPIE). These two days, scheduled for March and April 2020 had to be cancelled due to the national lockdown.

NUMBER OF EMPLOYEES THAT PARTICIPATED IN THE SOLIDARITY PROGRAMME

Scope: MdM and Distrimag

Participants in Solidariteam (cumulative)	**2020**	**2019**	**2018**
Solidaridays	282	250*	141
Solidarity leave®	23	23	16
Solidaritrips	176	176	160
TOTAL NUMBER OF EMPLOYEES THAT PARTICIPATED IN THE SOLIDARITY PROGRAMME	**481**	**449***	**317**

* *Updated data to include a solidarity teambuilding organised with the ONF.*

3.7 Non-financial reporting methodology

This Chapter 3 on "Corporate responsibility" can be taken as a non-financial performance statement in accordance with Article L. 2 25-102-1 of the French Commercial Code.

The following information, mentioned in Article L. 2 25-102-1 of the French Commercial Code, is not shown in this chapter because it is not considered to apply to Maisons du Monde Group's business:

- fight food waste. The Group's business does not generate food waste beyond employee meals;
- fight against food insecurity. The Group's activities do not impact on consumers' access to food;
- respect for responsible, fairly traded and sustainable food.

The information mentioned in Article L. 225-102-4 relating to the vigilance plan is shown in Section 3.1.1 of the chapter.

In light of the materiality matrix presented in 3.1.1, it can be seen that the "social impact in production countries" issue is not the subject of a dedicated paragraph. Indeed, the actions put in place by the Group are limited to the financial partnerships and supplier social support (presented in Section 3.2.2) and the programmes of the Maisons du Monde Foundation in the Group's production.

Scope and reporting period

The CSR indicators are reported for the entire Group, i.e. the Maisons du Monde stores (network), administrative premises, Distrimag sites (logistics) and the Mekong Furniture sites (production plant in Vietnam). The Group's reporting Scope does not include franchise operations. As for Modani, consolidated on 1 July 2018, only workforce indicators (recruitment and departures) and consumption of energy are shown in this document. For other indicators, from which Modani is excluded, the reporting Scope covers 99% of the Group headcount. Any other eventual exclusion from the scope of consolidation is specified in the body of the text and is set out below.

The data is reported for the period 1 January to 31 December.

3

3.7.1 ENVIRONMENTAL INDICATORS

Reporting tool

The information contained in the report was collected from various contributors from different parts of the Group's activities using data collection files specifically adapted for each contributor. The files were consolidated at Group level by the CSR Department.

Key methodological specificities

As regards the store network's reporting of waste, it should be noted that data have been extrapolated for stores for which data from service providers are not available for at least six months, or for which waste is not managed by Maisons du Monde (some out-of-town or shopping centre stores). This data was extrapolated on the basis of a ratio of tonnes of waste per euro of revenue made, calculated by country. The extrapolation represents 45% of the stores in the network (in % of revenue). Moreover, the tonnage of waste generated at administrative premises is limited to amounts monitored by service providers.

Packaging monitoring includes packaging distributed at check-out and product packaging purchased by Distrimag for order preparation. Packaging purchased by Maisons du Monde suppliers is not included in the report.

For reasons of data availability, the quantities of timber reported for Mekong Furniture plant production activities are estimates based on the number of trucks emptied.

Energy consumption (electricity, gas, fuel oil and thermal network for heating) are monitored on the basis of billing for the period from 1 January to 31 December 2020 and do not necessarily reflect exact consumption for the reporting period due to discrepancies in invoicing. In terms of electricity consumption, when invoicing is not available, consumption is estimated on the basis of average intensity in kWh/m^2 per country. These estimations represent approximately 6% of consumption in 2020.

The fuel consumption of vehicles under long-term lease at Maisons du Monde is estimated on the basis of average consumption in litres per 100 kilometres (maker's data) for each of the vehicle types used and quarterly monitoring of kilometres travelled reported by users. Short-term lease vehicle consumption is estimated on the basis of km travelled with an average consumption of 6L/100km.

The scope 1 & 2 CO_2 emissions related to energy and fuel consumption are calculated on the basis of the emission factors provided by the French environmental agency ADEME, but only for the "combustion" part.

When it comes to recognising CO_2 emissions, long-term lease vehicles (leasing) are recognised as direct "scope 1" emissions, short-term lease vehicles are recognised as indirect "scope 3" emissions relating to employee travel.

The data communicated for the item "Products and services purchases" is calculated from information on the composition and weight of products and emission factors from the ADEME (impact basis). The breakdown of the product weighting between the different materials is calculated on the basis of a ratio between the materials used to make the product.

GHG emissions from the transportation of suppliers' products to the brand's stores or customers (scope 3) are calculated based on the quantities transported in tonnes/km and ADEME's emissions factors.

Lastly, the greenhouse gas emissions generated by customer travel are calculated on the basis of the type of store and its location (urban, intermediary or peri-urban), assumptions of distances covered and means of transport (car, public transport or soft transport) and the total number of store visits recorded. A customer is considered to visit on average two stores during his/her trip, and so half of the total emissions for customer trips are allocated to Maisons du Monde.

3.7.2 HR INDICATORS

Perimeter

The social reporting scope includes all consolidated legal entities in accordance with the requirements of financial consolidation. Modani's indicators are limited to headcount data as of 31 December 2019 and movements (hires and departures).

Note that for reasons of information availability, the indicators collected do not always cover the Group's entire scope. In a process of continuous improvement, the Group is working to expand the collection scope of HR data so as to disclose the most comprehensive information possible. Scope specificities are provided throughout the report.

Reporting tools

The indicators are derived from the payroll tool (Business Object), external payroll companies responsible for managing payroll in some countries as well as the ERP of Mekong Furniture in Vietnam.

Social indicators were collected through a network of contributors identified at Maisons du Monde, Distrimag, Modani and Mekong on the basis of their business line expertise. The HR reporting managers run this network of contributors from France. The aim is to improve the quality of data and establish common definitions.

Key methodological specificities

Social data correspond exclusively to people with an employment contract with a Group entity. People on temporary contracts, external providers and franchises, as well as trainees and people on probation (Vietnam) are excluded from these data. However, people on combined work-study contracts (apprenticeship or professional qualification contracts) are included in the scope.

The monitoring of hirings and dismissals presented in the report is limited, as of now, to permanent staff.

The monitoring of illness absenteeism and health and safety indicators does not include information on Group employees in the United States, Portugal or the United Kingdom (around 2% of the Group's headcount).

The illness absenteeism rate is calculated on the basis of theoretical working hours. When sick leave is monitored in days, it is converted into hours on the basis of the legal weekly working time.

Concerning training indicators, the training of employees undergoing induction into the store network is included in the calculation of training hours and costs. The proportion of employees trained is calculated on the basis of the number of employees present at 31 December. For e-learning training, the number of hours completed is calculated on the basis of the theoretical duration of training. Lastly, the Group's headcount in the United States is excluded from the training indicators (1% of the Group's workforce).

Lastly, information on work-study contracts is only monitored for employees in France.

3.8 Report by the Statutory Auditor, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's 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 standards applicable in France.

For the year ended 31 December 2020

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2020 (hereinafter the "Statement"), included in the entity's Management Report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Management Board's is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the statutory auditors appointed as independent third party,

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[2]:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation set out in article L. 22-10-36, paragraph 2;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr
(2) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information

- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk[1], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[2];
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities[2] and covers between 24% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of four people between December 2020 and April 2021 and took a total of three weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on April 21, 2021

KPMG S.A.

Anne Garans	Gwenaël Chedaleux
Partner Sustainability Services	Partner

(1) Employee engagement; Social Dialogue; Climate change and GHG emissions; Social impact of production; Environmental impact of production; Chemicals; Traceability of raw materials; Social impact in production countries; Governance, ethics & corruption; Foundation & Philanthropy; Water consumption; Second lease of life for products and circular economy; Ecodesign; Responsible offer promotion; Store accessibility; Local economic impact of stores.

(2) Maisons du Monde Headquarters, Distrimag, Modani, Mekong.

Appendix

Qualitative information (actions and results) considered most important
Communication and training plans for employees on health and safety and well-being at work
Action plans and results in favour of internal mobility
Employee engagement programs and results
Mechanisms and results of social dialogue with employees
Deployment of a roadmap in favour of diversity
Policies and associated results to limit the environmental impact of the Group's activities
Measures implemented to improve waste management
Action plans and associated results to improve resource management
Participation to programs to promote the second life of products
Policies and action plans in favour of responsible purchasing
Measures taken to measure and monitor risks related to corruption
Support for associations by the Maisons du Monde Foundation
Actions and results to promote accessibility to Maisons du Monde sales outlets
Policies and related results to promote a responsible product offering

Key performance indicators and other quantitative results considered most important
Workforce and breakdown by gender and by contract type
Total number of permanent hires
Total number of departures under permanent - of which dismissals under permanent contracts
Frequency rate of workplace accidents
Severity rate of workplace accidents
Absenteeism rate
Average number of hours of training per employee
Number of employees that participated in the solidarity programme
Energy consumption of buildings and Energy consumption per square meter (energy intensity)
Vehicle fuel consumption
Scope 1 GHG Emissions
Scope 2 GHG Emissions
Scope 3 GHG Emissions (Products and services purchases)
Volume of waste produced
Share of waste sorted for recycling
Purchases of paper and packaging
Percentage of strategic suppliers audited in the last two years
Percentage of textiles articles and furniture coverings made of responsible textile
Percentage of our suppliers that are signatories of the "Substances" specifications
Rating of ICS audits at Maisons du Monde suppliers in 2020

Governance

4

The Corporate Governance Report is prepared in accordance with the provisions of article L. 225-37 of the French Commercial Code with the assistance of the Company's Finance and Legal Departments. It was approved by the Board of Directors at its meeting of 25 March 2021, after having been reviewed by the Nomination and Compensation Committee.

Maisons du Monde refers to the AFEP-MEDEF Corporate Governance Code, available on the MEDEF (www.medef.fr) and AFEP (www.afep.com) websites.

The Company complies with this Code, subject to the reservations shown in this report, where applicable.

4.1 Governance organisation and practices

4.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

4.1.1.1 Overview of the Board

At the date of publication of this Universal Registration Document, the Board of Directors comprises eight members, of which seven were appointed by shareholders, two were appointed and one represents the employees.

	Personal information				Experience	Position on the Board				Service on the Board's Committees
	Age	Gender	Nationality	Number of shares	Offices in listed companies	Indepen-dence	First appointed or co-opted	Expiry of term of office	Length of service on the Board	
Executive Directors/Directors										
Peter Child Chairman of the Board of Directors	63 years	M	British	88,500	2 offices, 1 of which is abroad	Yes	10/03/20	AGM 2023	1 year	Member of the Nomination and Compensation Committee and the Strategy Committee
Julie Walbaum Chief Executive Officer	44 years	F	French	158,265*	1 office	No	03/06/19	AGM 2023	2 years	Member of the Strategy Committee
Directors										
Thierry Falque-Pierrotin	62 years	M	French	4,000	1 office	Yes	12/06/20	AGM 2024	< 1 an	Chairman of the Strategy Committee
Sophie Guieysse	58 years	F	French	1,100	1 office	Yes	29/04/16	AGM 2022	5 years	
Laure Hauseux	62 years	F	French	1,000	2 offices	Yes	12/06/20	AGM 2023	< 1 an	Member of the Audit Committee
Marie-Christine Levet	54 years	F	French	1,000	3 offices, 1 of which is abroad	Yes	29/04/16	AGM 2022	5 years	Chairwoman of the Nomination and Compensation Committee and member of the Audit Committee
Michel-Alain Proch Vice-Chairman of the Board	51 years	M	French	10,000	2 offices	Yes	10/03/20	AGM 2024	1 year	Chairman of the Audit Committee and member of the Nomination and Compensation Committee
Directors representing the employees										
Mustapha Oulkhouir	36 years	M	French	N/A	1 office	No	01/06/18	31/05/22	3 years	Member of the Nomination and Compensation Committee
Directors representing employee shareholders										
N/A	N/A				N/A	N/A	N/A	N/A	N/A	N/A

* *Julie Walbaum's shareholding amounted to 191,321 shares on 31 December 2019 and not 285,136, due to the fact that 93,815 shares were recorded twice by mistake when converted into registered form.*

4.1.1.2 Changes in the composition of the Board of Directors

Changes in 2020

	Departure	Appointment	Reappointment
Board of Directors	**Sir Ian Cheshire** **Marie Schott** (Resignation on 10/03/20) **Gilles Petit** **Nicolas Woussen** (End of term of office and resignation on 12/06/20)	**Peter Child** **Michel-Alain Proch** (Cooptation on 10/03/20) **Laure Hauseux** **Thierry Falque-Pierrotin** (Appointed on 12/06/20)	**Marie-Christine Levet** **Peter Child** **Michel-Alain Proch** (Reappointment on 12/06/2020)
Audit Committee	**Sir Ian Cheshire** (Resignation on 10/03/20) **Nicolas Woussen** (Resignation on 12/06/20)	**Michel-Alain Proch** (Appointment on 10/03/2020) **Laure Hauseux** (Appointed on 12/06/20)	**Marie-Christine Levet** **Michel-Alain Proch** (Reappointment on 12/06/2020)
Nomination and Compensation Committee	**Sir Ian Cheshire** (Resignation on 10/03/20) **Gilles Petit** (Resignation on 12/06/20) **Sophie Guieysse** (Resignation on 17/07/20)	**Peter Child** **Michel-Alain Proch** (Appointment on 10/03/2020) **Marie-Christine Levet** **Mustapha Oulkhouir** (Appointment on 17/07/20)	**Peter Child** **Michel-Alain Proch** (Reappointment on 12/06/2020)
Strategy Committee	-	**Peter Child** **Thierry Falque-Pierrotin** **Julie Walbaum** (Appointed on 12/06/20)	-

4

Changes since the beginning of fiscal year 2021

There were no changes within the Board of Directors or any of its Committees since the beginning of the current fiscal year.

4.1.1.3 Organisation of the Board

In 2016, the Company's Board of Directors chose to separate the functions of Chairman and Chief Executive Officer. This separation enables a clear distinction between the respective missions of the Chairman and the Chief Executive Officer.

The Chairman of the Board of Directors:

- organises and directs its work, on which it reports to the Shareholders' Meeting,
- ensures that Company bodies are running smoothly and, in particular, that directors are able to perform their duties,
- ensures the relationship between the Board of Directors and the shareholders.

The Chief Executive Officer:

- participates in the development of the strategy in collaboration with the Board's Strategy Committee,
- oversees the implementation of the decisions adopted.

4.1.1.4 Balanced representation of the Board

At the date of this Universal Registration Document, the Board of Directors complies with the proportion of 40% of directors of the same gender decreed by Article L. 22-10-3 of the French Commercial Code.

The Board is made up of four female members and three male members, excluding the Director representing the employees, who is excluded from the threshold for calculating representation.

4.1.1.5 Diversity policy and representation of skills on the Board

Diversity policy

In response to the Group's strategic issues, and to encourage high-quality internal debate, the Board of Directors seeks to establish, and maintain, a balance between the different directors' profiles so that they complement one another.

The Board is keen to prioritise diverse career paths and skills when appointing, or reappointing, its members. It relies on its Nomination and Compensation Committee to obtain a long-term gender balance, a high number of independent directors and directors with the skills deemed to be necessary for the Board.

Representation of skills on the Board

Diversity of skills is sought within the Board of Directors. The Company has already identified six skills represented in the table below.

	Peter Child	Julie Walbaum	Thierry Falque-Pierrotin	Sophie Guieysse	Laure Hauseux	Marie-Christine Levet	Michel-Alain Proch	Mustapha Oulkhouir
Knowledge of retail business lines	✓	✓	✓	✓	✓			✓
Knowledge of web businesses		✓				✓	✓	
Senior Management of an international group	✓	✓	✓	✓	✓	✓	✓	
Human resources and Social relations	✓		✓	✓				✓
Finance, risk management and control	✓				✓	✓	✓	
Societal and environmental challenges		✓						

4.1.1.6 Succession plan for Executive Directors

The issue of the succession of the executive corporate officers, namely the Chairman of the Board of Directors and the Chief Executive Officer is a subject that mobilised the Nomination and Compensation Committee and is the focus of the Board's attention.

For this purpose, the Committee prepares the selection criteria that will be submitted to the Board. During its meetings to this issue, the Board dedicates several moments supported by internal work and, if applicable, work by external consultants. This plan separates unplanned successions and medium and long term planned successions.

During the past fiscal year, the Committee reviewed this plan and deemed it appropriate in view of the Company's characteristics. As part of this review, the succession plan was updated in view of the proposal to renew the term of office of the Chief Executive Officer.

Moreover, the Specialised Committee provides information to the Board on the management and steering policy for successions to the Group's key positions.

4.1.1.7 Independence of Board members

The Nomination and Compensation Committee, then the Board of Directors reviews the situation of each director in relation to the eight independence criteria defined by the AFEP-MEDEF Code every year.

Criterion 1: Employee corporate officer during the last five years

Is not nor has been over the last five years:

- an employee or Executive Director of the Company;
- an employee, Executive Director or director of a company consolidated by the Company;
- an employee, Executive Director or director of the parent company of the Company or a company consolidated by this parent company.

Criterion 2: Overlapping positions

Is not an Executive Director of a company in which the Company directly or indirectly holds an office as director or in which an employee appointed as such or an Executive Director of the Company (current or within less than five years) holds an office as director.

Criterion 3: Significant business relations

Is not a significant customer, supplier, investment banker, financing banker, consultant:

- of the Company or its Group; or
- for which the Company or its Group represents a significant share of the business.

The assessment of the significant nature of the relations with the Company or its Group is discussed by the Board and the quantitative and qualitative criteria leading to this assessment (continuity, economic dependency, exclusivity, etc.) are explained in the Corporate Governance Report.

Criterion 4: Family ties

Does not have any close family ties with a corporate officer.

Criterion 5: Statutory auditors

Has not been a statutory auditor of the Company in the last five years.

Criterion 6: Directorship of over 12 years

Has not been a director of the Company for over 12 years. The loss of the status of independent director occurs on the date on which the 12-year period is reached.

Criterion 7: Non-Executive Director status

A non-Executive Director may not be considered to be independent if he/she receives variable compensation in cash or securities or any compensation linked to the performance of the Company or the Group.

Criterion 8: Major shareholder status

Directors representing significant shareholders of the Company or its parent company may be considered to be independent if the shareholders do not participate in the control of the Company. However, beyond a threshold of 10% of the share capital and voting rights, the Board, following the Report by the Nomination Committee, systematically questions the independent status taking into account the Company's share capital structure and the existence of a potential conflict of interest.

Summary table by director regarding the criteria set out in the AFEP-MEDEF Code

Situation as at 25 March 2021

	Peter Child	Julie Walbaum	Thierry Falque-Pierrotin	Sophie Guieysse	Laure Hauseux	Marie-Christine Levet	Michel-Alain Proch	Mustapha Oulkhouir
Criterion 1: Employee corporate officer during the last five years	✓	NO	✓	✓	✓	✓	✓	NO
Criterion 2: Overlapping positions	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 3: Significant business relations	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 4: Family ties	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 5: Statutory auditors	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 6: Directorship of over 12 years	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 7: Non-Executive Director status	✓	✓	✓	✓	✓	✓	✓	✓
Criterion 8: Major shareholder status	✓	✓	✓	✓	✓	✓	✓	✓

In this table, ✓ represents an independence criterion that has been met and NO represents an independence criterion not met.

At the meeting of 25 March 2021, the Board of Directors reviewed the situation of each director relation to the independence criteria defined by the AFEP-MEDEF Code.

Following the recommendation of the Nominations and Compensation Committee, the Board confirmed the independent status of Sophie Guieysse, Laure Hauseux, Marie-Christine Levet, Peter Child, Thierry Falque-Pierrotin and Michel-Alain Proch.

Conversely, Julie Walbaum, currently Chief Executive Officer of the Group, and Mustapha Oulkhouir, an employee of Maisons du Monde France, could not be classified as independent members in relation to criterion No. 1 above.

4.1.1.8 Representation of employees and employee shareholders

Director representing the employees

In accordance with the provisions of Article L. 22-10-7 of the French Commercial Code, the Board of Directors has one Director representing the employees among its members.

Mustapha OULKHOUIR was appointed by the trade union organisation having obtained the most votes during the first round of professional elections of Maisons du Monde and its subsidiaries whose registered offices are located in France, and was appointed by the Board for a term of four years on 1 June 2018.

Director representing employee shareholders

If the Board of Directors' Annual Report shows that the employees of the Company and its associated companies represent over 3% of the Company's share capital, a director representing employee shareholders is appointed by the Ordinary Shareholders' Meeting, in accordance with the methods set by the regulations in force and by the bylaws, where applicable, provided that the Board of Directors does not already include one or several directors appointed from among the members of the Supervisory Boards of the Company mutual funds representing the employees.

At 31 December 2020, Group employees represented less than 3% of the Company's share capital. Furthermore, the Company has not established any Company Savings Plans for Group employees.

4.1.1.9 Lead independent director and non-voting member

Lead independent director

Because the positions of Chairman of the Board and Chief Executive Officer are separate, the Company has not yet appointed a lead independent director. The Chairman of the Board is therefore responsible for relations with the shareholders directly.

Non-voting member

The Board does not currently have any non-voting member.

4.1.1.10 Detailed presentation of the members of the Board of Directors

PETER CHILD

Business address: Le Portereau 44120 Vertou France

Positions held in the Company

Independent director

Other positions

Chairman of the Board of Directors
Member of the Nomi
nation and Compensation Committee Member of the Strategy Committee

Biography

Date of birth

25 March 1958

Nationality

British

Date of 1st appointment

10 March 2020

End of term of office

2023 Shareholder's Meeting

Number of Maisons du Monde shares held

88,500

Peter Child spent 35 years with McKinsey & Co, where he supported many major brands in their development strategy, especially in the retail sector. Based in Paris, he was a leader in the retail & mass consumption sector for France, then for Europe, then world leader in the retail sector.

In 2005, he was appointed a member of the McKinsey & Co Shareholders' Council, serving on the Knowledge Committee (the McKinsey committee tasked with global intellectual capital development). In 2015, Peter Child joined the Hong Kong office to lead the retail & mass consumption sector in Asia. As a director, he supported the development of the start-up Atelier Cologne before its sale to the L'Oréal group.

He currently serves as an independent director on the Board of Directors of Aeon, the leading Japanese and Asian retail group, where he gives support to strategy and governance.

Peter Child holds an MSc in Engineering (Cambridge) and an MBA from INSEAD Business School.

Main offices held in the last five years

Current terms of office:

French companies:

- Director and Chairman of the Board of Directors of Maisons du Monde S.A.

Foreign companies:

- Director of Aeon group

Terms of office that have expired in the last five years:

French companies:

- None

Foreign companies:

- None

JULIE WALBAUM

Business address: Le Portereau 44120 Vertou France

Date of birth

30 November 1977

Nationality

French

Date of 1st appointment

3 June 2019

End of term of office

2023 Shareholder's Meeting

Number of Maisons du Monde shares held

158,265

Positions held in the Company

Director

Other positions

Chief Executive Officer
Member of the Strategy Committee

Biography

Julie Walbaum is Chief Executive Officer of Maisons du Monde since 1 July 2018.

She was previously Executive Director in charge of Digital, Customer Marketing, Customer Care and Shipping services, in charge of all Maisons du Monde's web shops, marketing activities for the web and stores, before and after sales customer relationships and store and customer shipping. Julie Walbaum joined the Company in 2014.

She previously worked for two years at the Rocket Internet e-commerce incubator, where she developed and managed the French subsidiary of Westwing, an online shopping club specialising in home and living. She also has 11 years of experience in management consulting, having spent two years at Deloitte Consulting, then nine years at McKinsey & Company, at their Paris and London offices, specialising in retail. Julie Walbaum began her career at a start-up offering online market surveys, developing its initiatives in France and in Spain.

Julie Walbaum is a graduate of ESSEC and holds an MBA from INSEAD Business School.

Main offices held in the last five years

Current terms of office:

French companies:
- Chief Executive Officer of Maisons du Monde S.A.

Foreign companies:
- None

Terms of office that have expired in the last five years:

French companies:
None

Foreign companies:
- None

THIERRY FALQUE-PIERROTIN

Business address: Le Portereau 44120 Vertou France

Position held in the Company

Independent director

Other positions

Chairman of the Strategy Committee

Date of birth

1 November 1959

Nationality

French

Date of 1st appointment

12 June 2020

End of term of office

2024 Shareholders' Meeting

Number of Maisons du Monde shares held

4,000

Biography

Thierry Falque-Pierrotin has more than 20 years of experience in retail, having served as Chief Executive Officer and Chairman in numerous leading companies in the retail and consumer industries.

Thierry Falque-Pierrotin is currently Partner and Chief Executive Officer of Vulcain, an independent, pan-European investment bank specialising in mergers and acquisitions.

Thierry Falque-Pierrotin previously held several management positions at Pinault-Printemps Redoute (currently Kering) from 1990 to 2008. He began his career with the group as Director of Strategy and Development, where he managed several brands including Prisunic and Pinault Bois & Matériaux, before being appointed Chairman and CEO of the Redcats group (formerly La Redoute group), a leading player in the digital multi-brand fashion and home retail, of which he supported the omnichannel development and continued international expansion.

Before joining Vulcain, Thierry Falque-Pierrotin was Chief Executive Officer of Kesa Electricals (currently Darty), one of the leading European appliance distributors.

Thierry Falque-Pierrotin is a graduate of the ESSEC Business School and the Institut d'études politiques de Paris.

Main offices held in the last five years

Current terms of office:

French companies:
- Director of Maisons du Monde S.A.
- Chairman and CEO of Vulcain
- Director of Absara

Foreign companies:
- none

Terms of office that have expired in the last five years:

French companies:
- None

Foreign companies:
- None

SOPHIE GUIEYSSE

Business address: Le Portereau 44120 Vertou France

Date of birth

19 February 1963

Nationality

French

Date of 1st appointment

29 April 2016

End of term of office

2022 Shareholders' Meeting

Number of Maisons du Monde shares held

1,100

Position held in the Company

Independent director

Biography

Sophie Guieysse started her career in 1988 at the French Ministry of Equipment where she held different engineer positions in the field of urban development, housing, transportation and public infrastructures until 1997.

Sophie Guieysse joined the LVMH group in 1997 to source international high potential talents to serve the fast growth of all divisions and was successively promoted as human resources executive Vice-President of LVMH Watches & Jewellery, Sephora Europe and of the global LVMH group.

From 2005 to 2015, she was human resources executive Vice-President and a member of the Executive Committee of the CANAL+ group. She was advisor to the Chairman of Dior from 2016 to 2017. From 2017 to 2020, she was Human Resources Director of the Richemont group and a member of the Board.

Sophie Guieysse holds an MBA from the Collège des Ingénieurs and undergraduate and master's degrees in engineering from the École polytechnique and the École nationale des ponts et chaussées.

Main offices held in the last five years

Current terms of office:

French companies:
- Director of Maisons du Monde S.A.
- Member of the Paris 2024 Olympic Organising Committee's Compensation Committee
- Member of the 2023 Rugby World Cup Organisation Committee's Compensation Committee

Foreign companies:
- None

Terms of office that have expired in the last five years:

French companies:
- Member of the Supervisory Board of group Rallye
- Director of GO SPORT

Foreign companies:
- Director of Compagnie Financière Richemont SA
- Director of the TVN group in Poland

LAURE HAUSEUX

Business address: Le Portereau 44120 Vertou France

Position held in the Company

Independent director

Other positions

Member of the Audit Committee

Date of birth

14 August 1962

Nationality

French

Date of 1st appointment

12 June 2020

End of term of office

2023 Shareholder's meeting

Number of Maisons du Monde shares held

1,000

Biography

Laure Hauseux began her career as Financial Controller, then CFO at Control Data France, before joining the company Gérard Pasquier in 1995 as CFO. From 1997, she successively held the positions of Group Financial Controller, then Store Manager at FNAC. After that she became CFO of Printemps, and in 2007 Deputy CEO at Conforama Italy, then Vice-President Finance and Information Systems and Services at Inergy Automotive Systems.

From 2010 to 2012, Laure Hauseux continued her career at Virgin Stores as Deputy General Manager, then in 2014 became CEO of GAC group, an international audit and consulting firm, a position she held until June 2017. From 2011 to 2018, Laure Hauseux also served as a director at Zodiac Aerospace, and she currently sits on the Boards of OGF, Casino group, European Camping group and Pomona group.

Laure Hauseux holds an MBA from ESCP Europe, with a specialisation in finance, a degree from the French-German Chamber of Commerce, a DESS in financial control from the University of Paris IX Dauphine and an MBA from Kering's executive programme in INSEAD.

Main offices held in the last five years

Current terms of office:

French companies:
- Director of Maisons du Monde S.A.
- Director of Casino Guichard Perrachon SA
- Director of ECG Holding SAS
- Director of Obol France 1 SAS
- Director of Pomona
- Manager of SCI Le Nid
- Chairwoman of JURAMANI SASU

Foreign companies:
- None

Terms of office that have expired in the last five years:

French companies:
- Chairwoman of the Audit Committee of PHM France Topco 19 and PHM France Holdco 19
- Manager of GA Conseil and Grande Armée Conseil
- Chief Executive Officer of GAC
- Member of the Supervisory Board of Zodiac Aérospace

Foreign companies:
- Director of Grande Armée Conseil Espana and Eidotech Consultores (Spain)

MARIE-CHRISTINE LEVET

Business address: Le Portereau 44120 Vertou France

Positions held in the Company

Independent director

Other positions

Chair of the Nomination and Compensation Committee
Member of the Audit Committee

Biography

Date of birth

28 March 1967

Nationality

French

Date of 1st appointment

29 April 2016

End of term of office

2022 Shareholders' Meeting

Number of Maisons du Monde shares held

1,000

A pioneer of the Internet, Marie-Christine Levet has more than 20 years of experience in the new technologies sector, both as an entrepreneur, where she has created or managed several major French Internet brands (Lycos, Club-Internet, etc.), then as an investor (partner at Jaina Capital, investor in new e-commerce sites such as made.com, La Ruche qui dit oui…).

Marie-Christine Levet is currently the founding Chairwoman of Educapital, the leading European investment fund dedicated to the future of education and work.

Marie-Christine Levet graduated from HEC and holds an MBA from INSEAD.

Main offices held in the last five years

Current terms of office:

French companies:
- Director of Maisons du Monde S.A.
- Director of AFP
- Director of So Local group

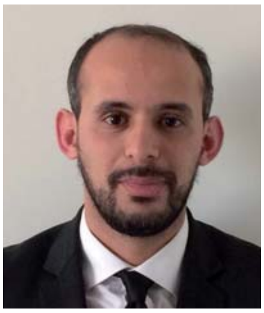
Foreign companies:
- Director of Econocom

Terms of office that have expired in the last five years:

French companies:
- Director of Mercialys
- Manager of Jaina Capital
- Director of FINP
- Director of Hi Pay
- Director of Iliad

Foreign companies:
- None

4



MUSTAPHA OULKHOUIR

Business address: Le Portereau 44120 Vertou France

Position held in the Company

Director representing the employees

Other positions

Deputy Head of Employment and Social Affairs at Maisons du Monde France SAS
Member of the Nomination and Compensation Committee

Biography

Date of birth

14 November 1985

Nationality

French

Date of 1st appointment

1 June 2018

End of term of office

31 May 2022

Number of Maisons du Monde shares held

None

Mustapha Oulkhouir has been Deputy Head of Employment and Social Affairs at Maisons du Monde since April 2016. As Head of Individual and Collective Labour Relations, he supports all Maisons du Monde French and foreign teams.

Mustapha Oulkhouir began his career in 2010 as a lawyer at the Inditex group and has held various legal positions, specialising in employment law. He was responsible for industrial relations at Galeries Lafayette Haussmann and the Bernard Hayot group.

Mustapha Oulkhouir graduated with a Masters 2 in Employment law and industrial relations from the University Paris Ouest Nanterre La Défense.

Mustapha Oulkhouir has also taught on the Masters 2 in Employment law and Human Resources in Île-de-France and Loire-Atlantique.

Main offices held in the last five years

Current terms of office:

French companies:

- Director representing the employees of Maisons du Monde S.A.

Foreign companies:

- None

Terms of office that have expired in the last five years:

French companies:

- None

Foreign companies:

- None

MICHEL-ALAIN PROCH

Business address: Le Portereau 44120 Vertou France

Positions held in the Company

Independent director

Other positions

Vice-Chairman of the Board of Directors
Chairman of the Audit Committee
Member of the Nomination and Compensation Committee

Date of birth

18 April 1970

Nationality

French

Date of 1st appointment

10 March 2020

End of term of office

2024 Shareholders' Meeting

Number of Maisons du Monde shares held

10,000

Biography

Michel-Alain Proch joined Publicis group as Chief Financial Officer in January 2021. Michel-Alain Proch, appointed by the Supervisory Board of Publicis group, is a member of the Management Board of Publicis group.

In March 2020, Michel-Alain Proch was appointed Vice-Chairman of the Board of Directors of Maisons du Monde, Chairman of the Audit Committee and member of the Nomination and Compensation Committee.

In February 2019, Michel-Alain Proch was appointed Chief Financial Officer of Ingenico, until the acquisition of the company by Worldline in November 2020. Since then, he has been advisor to its Chairman and Chief Executive Officer on the consolidation of the two companies. He previously served as Senior Executive Vice-Chairman and Chief Digital Officer of Atos group in 2018 after heading up the group's operations in North America from 2015 to 2017.

As Executive Vice-Chairman and Chief Financial Officer of Atos from 2007 to 2015, Michel-Alain Proch oversaw several major acquisitions and successfully co-managed the IPO of Worldline. He was also named Best Chief Financial Officer (Europe, software and IT services) by Extel for four consecutive years. He was a member of the Worldline Board of Directors until 2016. He previously held management positions at Hermès in France and the United States for eight years. He began his career as a consultant with Deloitte & Touche in France and the United Kingdom.

Michel-Alain Proch is a graduate of the École supérieure de commerce de Toulouse.

Main offices held in the last five years

Current terms of office:

French companies:
- Director of Maisons du Monde S.A.
- Member of the Management Board of Publicis group

Foreign companies:
- None

Terms of office that have expired in the last five years:

French companies:
- Director of Worldline SA
- Chairman of Ingenico Business Support SAS
- Chief Executive Officer of Banks and Acquirers International Holding SAS
- Chief Executive Officer of Ingenico Banks and Acquirers France SAS
- Chief Executive Officer of Retail International Holding SAS

4

Foreign companies:

- Director of Ingenico Holdings Asia II Limited (Hong Kong)
- Director of Ingenico Business Support Americas, S. de R.L. de C.V. (Mexico)
- Director of Ingenico International (Singapore) Pte Ltd. (Singapore)
- Director of Fujian Landi Commercial Equipment Co., Ltd. (China)
- Director of Ingenico Corp. (USA)
- Director of Ingenico Inc. (USA)
- Director of Ingenico Retail Enterprise US Inc. (USA)
- Director of Ingenico Holdings Asia Limited (Hong Kong)
- Member of the Supervisory Board of Global Collect Services BV (Netherlands)
- Director of Stichting Beheer Derdengelden Ingenico Financial Solutions (Netherlands)
- Director of Bambora Top Holding AB (Sweden)

4.1.1.11 Status of the terms of office of the members of the Board of Directors

No director's term of office will expire at the end of the next Shareholders' Meeting.

4.1.1.12 Proposed new appointment to the Board of Directors

During its work on the succession plan for directors (identification of skills requirements, analysis of renewals, identification of potential candidates, meeting with candidates, etc.) and as part of the Board's assessment, the Nomination and Compensation Committee proposed in particular a reinforcement of CSR & governance and human resources.

After considering the appropriate balance of its composition and that of its Committees, particularly in terms of diversity (independence, gender equality, ages, qualifications and professional experience), the Nomination and Compensation Committee , together with a specialised firm, implemented a selective recruitment process for new candidates, under which the candidacy of Cécile Cloarec was selected.

Lastly, the Board qualified Cécile Cloarec as an independent director in accordance with the independence criteria of the AFEP-MEDEF Code. In particular, the Board noted the absence of business relations between Cécile Cloarec and Maisons du Monde.Accordingly, on the recommendation of the Nomination and Compensation Committee, the Board of Directors will propose to the Shareholders' Meeting to appoint as a new independent director, in addition to the members of the Board of Directors currently in office, Cécile Cloarec, for a term of office of four years.

Date of birth

13 May 1970

Nationality

French

Proposed appointment

4 years

End of term of office

2025 Shareholders' Meeting

CÉCILE CLOAREC

Business address: Le Portereau 44120 Vertou France

Main position

Independent Director

Biography

Cécile Cloarec has 25 years of experience in coordinating human resources policies and has also been responsible for the CSR and communication strategies of international B to C and B to B companies for the last ten years.

Cécile Cloarec is Human Resources, Communications and Sustainable Development Director of the FM Logistic Group, where she has been overseeing the growth strategy and transformation towards an omnichannel and sustainable supply chain since 2014.Cécile Cloarec was previously Human Resources, Communication and Sustainable Development Director of Monoprix from 2011 to 2014. From 2004 to 2010, she also completed an international HR career within the Carrefour Group: as HR Director, France from 2004 to 2007, then as Group Human Resources Director from 2007 to 2010.

Cécile Cloarec began her career in 1993 as an economic researcher at the Fédération Nationale des Travaux Publics, then as a compensation management consultant at HayGroup (now Korn Ferry), before joining Groupe Rocher in 2000 as Group Compensation and HR Strategic Projects Director.

Cécile CLOAREC is a graduate of the Institut d'Etudes Politiques de Paris and holds a post-graduate degree in business administration from the IAE in Paris.

Main offices held in the last five years

Terms of office that have expired in the last five years:

- Member of the Board of Directors of the FM Logistic Group (FM Foundation)

4

4.1.2 OPERATION OF THE BOARD OF DIRECTORS

Maisons du Monde adopted internal regulations in line with industry recommendations aiming to guarantee compliance with fundamental principles of corporate governance and, in particular, those referred to in the AFEP-MEDEF Corporate Governance Code for listed companies.

The internal regulations of the Board of Directors can be consulted on the Company's website: corporate.maisonsdumonde.com.

4.1.2.1 Provisions governing the operation of the Board of Directors

Duties and powers of the Board

The Board of Directors of Maisons du Monde is a collegiate body that collectively represents all the shareholders and whose duty is to act in the interest of the Company. It sets guidelines for the Company's business and oversees their implementation. It deals with any issues relating to the smooth operation of the Company and, through its deliberations, takes decisions on related issues.

The Company performs the duties and exercises the powers invested in it by law, by the Company's bylaws and by the Board's internal regulations.

Duties of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board and reports on this to the shareholders' Meeting.

The Chairman ensures that Company bodies are running smoothly and, in particular, that directors are able to perform their duties.

Information for directors

The directors receive the agenda for each Board Meeting and any items for consideration in good time before the meeting, except under exceptional circumstances.

The Chairman updates the directors on a regular basis and, if necessary, between meetings, on any relevant information about the Company. In addition, each director may solicit any explanation or additional information that he/she may deem appropriate.

Directors receive any training they may need in order to successfully perform their duties as a Board member and if appropriate, as a committee member. Such training is provided, or approved by the Company.

Limitation of the Chief Executive Officer's powers

The Board gives its prior approval to strategic decisions that cannot be implemented by the Chief Executive Officer without the express prior approval of the Board.

This relates, in particular, to the approval or amendment of the annual budget, the approval of the annual and consolidated financial statements as well as the approval of any expenditure, the creation, purchase or sale of holdings, decisions relating to the appointment of managers or the settlement of disputes, where the amount exceeds the threshold set and which may not have been budgeted for.

This list is not exhaustive; details of these authorisations appear in Appendix I of the Board's internal regulations.

Ethics of directors of Maisons du Monde

Holding of shares

In accordance with the Maisons du Monde internal regulations, each member of the Board must be a shareholder on a personal basis and must own a relatively significant number of Company shares. If they do not own shares when they take office, directors must use the compensation in respect of their directorship to acquire shares within six (6) months of taking office. It is desirable for each director to directly, or indirectly through a Group mutual fund, where this type of holding is permitted, hold at least one thousand (1,000) Company shares.

Confidentiality

Directors, as well as any person invited to attend meetings of the Board or of its Committees, are bound by a duty of discretion with regard to the confidential information of which they are made aware.

In addition, since Company shares are traded on a regulated market, certain information shared with the Board may be inside information and holders of inside information are, in particular, prohibited:

- from carrying out transactions in relation to Company shares, or having such transactions carried out by third parties, whilst such information is not in the public domain;
- from disclosing such information to third parties outside the normal course of their profession or duties or for purposes other than those for which the information has been received.

With regard to directors who are physical persons, the ban on disclosing inside information also applies within the companies by which they are employed, even if they are shareholders therein.

Prevention and management of conflicts of interest

To the Company's knowledge, there are no family ties between the members of the Company's Board of Directors and Senior Management.

Likewise, over the last five years, no member of the Board has incurred a fraud conviction, been involved in a bankruptcy, court-ordered receivership or liquidation, and no criminal offence and/or official public sanctions have been ordered against one of the aforementioned persons by the statutory or regulatory authorities (including the designated professional bodies). No member of the Board has been prevented by a court from being a member of an administrative, management or supervisory body of an issuing company, or from taking part in the management or leadership of the business of an issuing company.

To the Company's knowledge, there is no potential conflict of interest between the duties of the members of the Board of Directors with regard to the Company and their private interests.

In accordance with the AFEP-MEDEF Code, in the event of conflicts of interest, the director concerned abstains from taking part in the corresponding vote, and from taking part in the discussions.

4.1.2.2 Organisation and work of the Board

The Board meets as often as the interest of the Company requires it.

The Chairman endeavours to ensure that there are at least five calendar days between Board Meetings being convened and held. He also endeavours to consider the constraints imposed by Board members' schedules so as to ensure that as many members as possible are able to attend each meeting.

As a general rule, meetings are organised as required by the Group's business. These meetings must enable the Board to receive a regular flow of relevant information, thus ensuring that conditions are in place for robust corporate governance.

Members of the Maisons du Monde Executive Committee or any other person with a particular skill of relevance to the Board's agenda, may attend all, or part, of a Board Meeting, at the Chairman's request. Likewise, the Company's Statutory Auditors may be invited to attend meetings other than those they are required to attend by law.

Summary of the Board's work in 2020

In 2020, Board's work was strongly affected by the Covid-19 health crisis.

As a result, the Board met twenty times, compared to a dozen meetings on average in previous years.

Furthermore, at the request of the new Chairman of the Board, two strategic days were organised bringing together the Board and the members of the Executive Committee.

As a result of the health crisis, the Board has had to deliberate on decisions relating to:

- the compensation conditions for employees of the network (in France and abroad) due to the closure of all stores during the lockdowns;
- negotiations with landlords regarding lease payments;
- the management of the Group's cash flow and the establishment of an EMP;
- the adjustment of the 2020 budget;
- a reduction in compensation for the members of the Board and Executive Committee;
- the non-payment of a dividend for the 2019 fiscal year;
- the conditions for organising the Annual Shareholders' Meeting held in camera.

The Board's deliberations also focused on the following topics:

- the approval of the budget for fiscal year 2020;
- the closing of the 2019 annual financial statements and the interim financial statements for the current fiscal year;
- the review of quarterly results for the current fiscal year;
- the approval of forward-looking management documents;
- the analysis of the Company's activity during the 2020 fiscal year and the presentation of a draft budget for 2021;
- the review of financial communication drafts;
- the review of the recommendations of the Board's specialised committees;
- the definition of the Group's strategy;
- the main social and environmental challenges of the Group's business.

In terms of governance, the Board reviewed and approved:

- the compensation of the Executive Director and executive corporate officers;
- the annual assessment procedure for Board practices;
- the review of the independence of its members;
- the co-option of two new directors;
- the proposal for the appointment of new directors and the renewal of directorships;
- the appointment and reappointment of directors within its Committees;
- the creation of a new permanent Committee of the Board: the Strategy Committee, as well as the appointment of its members;
- the approval of the draft resolutions and the notice for the 2020 Shareholders' Meeting;
- before the Shareholders' Meeting, the preparation of responses to written questions from a shareholder, as well as the prior appointment of the officers of the Meeting held in camera;
- the updating the Board's internal regulations.

Lastly, the Board:

- granted to the Chief Executive Officer, pursuant to the Board's internal rules, authorisations to (i) negotiate and sign the EMP and (ii) negotiating financing for the development and mechanisation of the Group's new logistics warehouse;
- allocated free performance shares to the employees of the Group and the Chief Executive Officer.

Directors' attendance at meetings in 2020

The lockdown measures, combined with an increased practice of teleworking, significantly modified the organisation of Board Meetings during the year.

In accordance with the provisions of the Order of 25 March 2020 and the Company's bylaws, out of the 20 Board Meetings, 11 were held remotely, *via* the Outlook Teams application.

One meeting was held without the Chief Executive Officer, who did not take part in the deliberations concerning her directly either.

In 2020, the attendance rate of directors at the Board Meetings was 95%:

Directors *	Attendance at Board Meetings	Attendance at Audit Committee Meetings	Attendance at Nomination and Compensation Committee Meetings	Attendance at Strategy Committee Meetings
Sir Ian Cheshire	100%	100%	100%	N/A
Peter Child	100%	N/A	100%	100%
Thierry Falque-Pierrotin	100%	N/A	N/A	100%
Sophie Guieysse	100%	N/A	100%	N/A
Laure Hauseux	100%	100%	N/A	N/A
Marie-Christine Levet	95%	100%	100%	N/A
Mustapha Oulkhouir	85%	N/A	100%	N/A
Gilles Petit	100%	N/A	100%	N/A
Michel-Alain Proch	95%	100%	100%	N/A
Marie Schott	N/A	N/A	N/A	N/A
Nicolas Woussen	77%	100%	N/A	N/A
Julie Walbaum	95%	N/A	N/A	100%
Average attendance	**95%**	**100%**	**100%**	**100%**

* *Information on the changes that took place within the Board during the 2020 fiscal year is provided in section 4.1.1.2.*

Summary of the work of the Chairman of the Board

Appointed in March 2020, the Chairman was responsible for managing the Board's work throughout the year, as well as the Board's relationship with shareholders.

As with the Board, the Chairman's activity was impacted by the health crisis.

As part of the functioning of the Board, the Chairman notably:

- noted and implemented the recommendations resulting from the external assessment of the Board;
- oversaw the integration of two new directors within the Board;
- in conjunction with the Nomination and Compensation Committee, restructured the Board's committees;
- contributed to the establishment of a new Committee within the Board: the Strategy Committee.

As part of the Board's relationship with shareholders, the Chairman:

- worked to re-establish a relationship of trust and dialogue with the Company's main shareholders;
- monitored Investor Relations interactions with proxies.

In the context of the health crisis, the Chairman helped to strengthen the relationship between the Board and management by supporting the operational teams in the following areas:

- monitoring of the Covid plan implemented within the Group;
- cash flow monitoring;
- the revision of budgetary targets.

4.1.2.3 Assessment of Board practices

At least once a year, one item on the agenda is devoted to the evaluation of the Board's operation, an account of which is given in the Corporate governance report, such that shareholders are kept informed, on a yearly basis, of the evaluations performed and, if necessary, any follow-up given.

In December 2019, the Board decided to launch an external assessment with support from a specialist, independent Say-on-Pay consulting firm: a transparent process around a neutrally organised dialogue. In application of the AFEP-MEDEF Code, it is necessary to regularly take stock of the Board's operating modalities, ensure that important issues are correctly prepared and discussed and to measure the effective contribution of each director to the Board's work in line with his/her skills and involvement in the discussions.

The Nomination and Compensation Committee shared with the Board its conviction that the "good functioning and good interaction with management promotes better upstream preparation of decisions and better downstream execution".

This assessment, which was more comprehensive than those conducted during previous years, enabled discussions to be opened on progress and improvement points, as well as the collective preparation of actions to be implemented.

Each director was contacted and involved in two stages:

- the response to an online questionnaire with comment fields possible for each of the questions;
- an individual interview with the consultant in order to generate more in-depth responses to the items identified in the questionnaire in order to collect *verbatim* responses, examples and reformulated impressions.

The aim was to help Board members to improve their interactions by becoming aware of how their work is perceived from a multiple viewpoint based on formal and informal, qualitative and quantitative items, illustrated by *verbatim* responses.

The third stage took place during the second half of 2020 consisted in sharing the detailed results of the assessment to be shared during a dedicated Board Meeting and a plan for the continuous improvement to each persons' contribution for more effective collegiate operations to be prepared.

For example, it was decided to:

- share more operational information and better cover CSR/Risks and HR topics;
- organise more frequent meetings with the Executive Committee in the form of workshops dedicated to each subject;
- create a Strategy Committee;
- provide more spaces to reflect on CSR topics in line with the Company's DNA and strategy;
- favour face-to-face Board meetings, over longer and more comprehensive sessions;
- fine-tune the programme and the division of work between the Board and the Committees;
- better reflect the discussions in the minutes. A shorter-term validation process has also been put in place;
- provide a means through which to collect suggestions when setting the agenda;
- launch a reflection on the possibility of increasing the variability of the compensation of directors attending Committee meetings;
- include the employee representative as a member of the Nomination and Compensation Committee.

4

4.1.3 SPECIALISED COMMITTEES OF THE BOARD

The Board of Directors is supported by three permanent specialised Committees: the Audit Committee, the Nomination and Compensation Committee and the Strategy Committee.

4.1.3.1 The Audit Committee

On the date of this Universal Registration Document, the Audit Committee consists of the following directors:

Chairman	Michel-Alain Proch – Independent director
Members	Laure Hauseux – Independent director
	Marie-Christine Levet – Independent director

The Audit Committee assists the Board of Directors in its mission of approving the statutory and consolidated financial statements and in preparing the information to be delivered to the shareholders and to the market.

The Audit Committee ensures that the internal control systems and the risk management procedures of the Group are effective and efficient. It also monitors questions relating to the preparation and control of the accounts and financial information, as well as the legal control of the accounts.

In this framework, the Audit Committee carries out the following duties:

- monitoring the process of preparing the financial information;
- monitoring the appropriateness and consistency of accounting methods;
- monitoring of the statutory auditors' independence;
- tracking of the amounts paid to the statutory auditors for their work on matters other than those related to the legal audit of the financial statements;
- monitoring and effectiveness of internal control and risk management systems relative to the procedures for the preparation and processing of accounting and financial information.

Summary of the Audit Committee's work in 2020

In 2020, the Committee met four times with an attendance rate of 100% at each meeting.

As part of the implementation of the Finance Department's transformation plan during the last quarter of the year, the Audit Committee decided to conduct, in addition to its quarterly meetings, an interim follow-up on the plan for the fiscal year between each Committee Meeting.

During the year, Audit Committee's work consisted of:

- examining the 2019 annual financial statements and the 2020 interim financial statements, and the control of these financial statements by the statutory auditors;
- review of the control systems set up to strengthen Internal Control:
  - the review of the progress made on the deployment of the EasyBuy tool (Purchase to Pay),
  - the review of the risk factors included in the URD,
  - the review of the conclusions of the audit of process for marketable purchases,
  - the review of the delegations of power and authority;
- review of the progress made on the Finance Department transformation project;
- review of the legal risks, potential litigation and important events that may have a significant impact on the financial position and assets of the Group;
- reviewing the services other than the certification of the accounts provided by the statutory auditors during the fiscal year. In 2020, this work, which was submitted for the prior agreement of the Audit Committee, comprised:
  - the verification of the CSR information by a third party organisation,
  - certifications of the data from the accounts (certifications regarding the revenue per store, covenant certifications, Ecofolio certifications, etc.).

4.1.3.2 The Nomination and Compensation Committee

On the date of this Universal Registration Document, the Nomination and Compensation Committee consists of the following directors:

Chairwoman	Marie-Christine Levet – Independent director
Members	Peter Child – Independent director
	Mustapha Oulkhouir- Director representing the employees
	Michel-Alain Proch – Independent director

The Nomination and Compensation Committee is a specialised committee whose principal duty is to help the Board of Directors in the composition of the management bodies of the Company and the Group and in determining and regularly evaluating the compensation and benefits granted to Group executives (including all deferred benefits and/or compensation for voluntary or involuntary departures from the Group).

In this context, the Nomination and Compensation Committee's duties are to make proposals in relation to the appointment of members of the Board of Directors and of the members of the Management of the Company, as well as the members and the Chairs of each of the other committees and to perform an annual evaluation of the independence of the members of the Board of Directors.

Summary of the Nomination and Compensation Committee's work in 2020

During the 2020 fiscal year, the Nomination and Compensation Committee met seven times, with an attendance rate of 100% at each meeting.

In addition to the annual work resulting from its duties, the Committee had to examine and formulate proposals/recommendations in connection with the health crisis, including in particular:

- a solution to bring the compensation of employees of the international network into line with the French system during the partial layoff period;
- a reduction in the compensation of members of the Board and the Executive Committee (by 25% and 15% respectively to take into account the context of partial unemployment affecting 85% of the brand's workforce).

The Committee also made proposals as part of a new governance plan for the Board and focused on:

- studying profiles and recruiting new members;
- verify the independence of these new members;
- examine the terms of office expiring in 2020 and propose staggered terms of office within the Board;
- issue opinions on submitted appointments and reappointments of directors.

Upstream of the Board of Directors' Meeting of 10 March 2020, the Committee more specifically:

- reviewed the compensation policy for corporate officers;
- proposed the determination of the amounts due to the Chief Executive Officer in variable compensation in respect of the prior fiscal year, and the analysis of the suitability of the criteria used for the coming fiscal year, with regard to the Group strategy;
- examined the compensation of the members of the Executive Committee;
- set the criteria for the variable portion of the Group's corporate officer by ensuring that the criteria are aligned with those applicable to the members of the Group's Executive Committee;
- proposed the implementation of a long-term incentive plan in the form of performance shares in line with previous grants and the Group's compensation policy;
- set the expected performance conditions, the plan conditions and the amounts allocated;
- launched the external assessment of the Board of Directors for 2020.

Upstream of the Board of Directors' Meeting of 25 March 2020, the Committee:

- examined the draft resolutions to be submitted to the 2020 shareholders' Meeting;
- issued an opinion on the situation of all directors, particularly with regard to the independence criteria stipulated by the AFEP-MEDEF Code.

During 2020, the Committee also met to:

- review the holding of the shareholders' Meeting;
- review the Group's diversity policy;
- assist the Board of Directors in the selection and assessment of Executive Directors and examine the preparation of the succession through a succession plan, including in unpredictable vacancy situations;
- obtain information on the plans set up for the Group's other main executives;
- interview the Human Resources Director.

4.1.3.3 The Strategy Committee

The Strategy Committee was created on 12 June 2020 and consists of the following members:

Chairman	Thierry Falque-Pierrotin – Independent director
Members	Peter Child – Independent director
	Julie Walbaum

The main role of the Strategy Committee is to inform the Board of its strategic guidelines as well as in matters of capital expenditure and significant acquisition or disposal projects.

In this respect, the Committee advises the Board on:

- the major strategic guidelines and their economic and financial consequences;
- the Group's development policy;
- the identification of strategically relevant Group operational entities;
- the Group's annual capital expenditure budget and investment allocation strategy;
- the minimum levels of return expected from investments;
- significant acquisition or disposal projects subject to prior authorisation from the Board of Directors pursuant to Appendix 1 of these internal regulations.

Summary of Strategy Committee's work in 2020

Created on 12 June 2020, the Strategy Committee met four times during the second half of the past fiscal year, with an attendance rate of 100% at each meeting.

In particular, it devoted its work to the preparation of two strategic days for the Board, which brought together the directors and Executive Committee members.

The Strategy Committee also issued opinions to the Board of Directors as part of its own duties.

4.1.4 THE MAISONS DU MONDE EXECUTIVE COMMITTEE

4.1.4.1 Composition and diversity

The Group is supported by an experienced management team, led by Julie Walbaum, Chief Executive Officer since July 2018.

The Executive Committee is composed of the following members:

- Guillaume Apostoly - Information Systems Director;
- Éric Bosmans – Chief Financial Officer;
- Marie-Laure Casse – Digital and Marketing Director;
- Yohann Catherine – Operations Director;
- Philippe Chaumais – European Development Director;
- Catherine Filoche – General Secretary – Head of Franchising and B2B;
- Agathe Lacoste – Offering Director;
- Sophie Mouhieddine - Human Resources Director;
- Julien Vigouroux – Supply Chain Director.

The Maisons du Monde Executive Committee has five female members, representing 50% of its members.

4.1.4.2 Action principles

The Executive Committee ensures the smooth running and development of the Group's day-to-day operations, according to the following action principles:

- continued growth;
- omnichannel and international approach;
- unique and inspiring offering;
- customer satisfaction.

4.2 Compensation and benefits of corporate officers

4.2.1 COMPENSATION POLICY

4.2.1.1 General principles

In accordance with the provisions of article L. 225-37-2 I of the French Commercial Code, the Board of Directors has established the compensation policy for corporate officers, with the following general principles:

- the overall amount of Executive Directors' compensation submitted to the Board for approval takes into consideration the general interest of the Company, industry practice and the Executive Directors' performance;
- clearly stated reasons, corresponding to the general interest of the Company, are given for each of the components of their compensation. The appropriateness of the compensation proposed must be assessed within the context of the Company's business and in reference to French and international industry practice;
- the compensation of Company Executive Directors must be set fairly and in line with that of other Group Executive Directors, in view of their responsibilities, skills and personal contributions to the Group's performances and development;

4.2.1.2 Structure of compensation schemes

The overall target compensation consists of three components: a basic salary, a target annual variable compensation, and a long-term incentive.

The basic salary must reflect the executive's responsibilities, level of experience and skills and be in line with market practices.

The variable portion (annual variable compensation and long-term incentive where applicable) of their compensation must be consistent with their annual performance evaluation as well as with the Group strategy.

The performance criteria used to calculate the variable portion of Executive Directors' compensation, whether this relates to a bonus or stock options or performance share grants, must:

- be simple to establish and explain,
- be a satisfactory reflection of the Group's performance and economic development objective,
- allow for transparency with regard to shareholders in the Annual Report and during Shareholders' Meetings and
- correspond to the Company's corporate objectives and standard practices in terms of the compensation of Executive Directors.

The target annual variable compensation is subject to the achievement of financial and non-financial targets that may be exceeded up to the maximum amount provided for in the event of outperformance.

Each criterion is assessed separately, in relation to a target set by the Board. To assess the attainment rate of each criterion, the Board of Directors sets performance thresholds, a target and a ceiling.

Medium/long-term incentives: in the same way as the Group's other senior executives, executives and high potentials, corporate officers may be awarded free performance shares, where applicable.

These awards, when granted, make it possible to better recognise, retain and motivate those who have an impact on results and which the Group needs to grow.

They make it possible to link the interests of the beneficiaries with those of the shareholders and, at the same time, to strengthen the alignment of all around common objectives, in line with the ambitions of Maisons du Monde in the medium and long term, and thus support the Group's profitable growth.

More specifically, the awarding of free performance shares must be subject to the following conditions:

- Presence conditions:

  Unless otherwise provided for by the legislation in force, the allocation of free performance shares becomes definitive only after a vesting period set by the Board of Directors, which may not be less than three years. This is approved subject to the beneficiary being employed by the Company at the end of this vesting period, unless otherwise decided and duly justified by the Board of Directors. In this case, the Board must nevertheless apply at least the "pro rata temporis" rule to the vesting shares and await the evaluation of the share performance to determine the number of shares.

- Performance conditions:

  Any allocation of shares is subject to the achievement of several demanding performance conditions measured over three years, including one TSR type.

  Other elements and benefits in kind: as these other elements of compensation and benefits in kind may be specific to the profile and career of the corporate officer, they will be described in detail and presented at the Shareholders' Meeting each year. In the case of Julie Walbaum, the elements from which she benefits are described in detail in section 4.2.2.1.

4.2.1.3 Implementation of the compensation policy over the last five years (CEO pay ratio)

In accordance with article L. 22-10-9 of the French Commercial average and median compensation of Maisons du Monde in France, over the last five fiscal years are provided below:

	2016	2017	Change %	2018	Change %	2019	Change %	2020	Change %
Compensation of employees in euros									
Average compensation of employees	24,000	23,500	-2%	24,500	4%	25,500	4%	24,000	-6%
Median compensation of employees	22,000	22,500	2%	22,500	0	23,500	4%	22,500	-4%
Compensation of the executive corporate officer (CEO) in euros									
Julie Walbaum	N/A	N/A	N/A	N/A	N/A	1,366,000 *	N/A	1,148,000**	-16%
Gilles Petit	666,000	2,043,000***	207%	919,000****	-55%	N/A	N/A	N/A	N/A
Ratio *vs.* average	27.75	86.94	-	37.51 n/r	-	53.57	-	47.83	-
Ratio *vs.* median	30.27	90.80	-	40.84 n/r	-	58.13	-	51.02	-
Compensation of the Chairman of the Board of Directors in euros									
Peter Child	N/A	N/A	N/A	N/A	N/A	N/A	N/A	143,750**	N/A
Sir Ian Cheshire	92,500	110,000	19%	105,000	-5%	100,000	-5%	N/A	N/A
Ratio *vs.* average	3.85	4.68		4.29		3.92		5.99	-
Ratio *vs.* median	4.20	4.89		4.67		4.26		6.39	-
Maisons du Monde indicators in millions of euros									
Revenue	882	1,010	15%	1,111	10%	1,125	1.26%	1,182	5%
Current operating income	68.5	101.5	48%	108.2	7%	117.0	8%	90.9	-22.3%
Net income	-12	63	N/A	61	-4%	62	2%	-16.1	N/A

* *Increased "theoretical" compensation: the 2018 variable portion paid in 2019 was multiplied by two to take into account the fact that it compensated only six months performance, as the position was taken up during the year. The fixed compensation of €200 thousand for the six months of 2018 is not presented. Furthermore, none of the shares allocated will vest.*

** *Theoretical annual compensation including a reduction of €18.75 thousand for the Chief Executive Officer and €6.25 thousand for the Chairman to preserve cash flow and reduce costs in the wake of the health crisis.*

*** *"Theoretical" compensation at the date of allocation: 1/3 of the performance shares were cancelled when Gilles Petit left his position as Chief Executive Officer.*

**** *Increased "theoretical" compensation: as the fixed compensation for 2018 was only received for six months, the amount was multiplied by two.*

n/r These ratios are not representative as no allocation of performance shares was granted to the corporate officer during the period.

The compensation ratios have been calculated based on the following components:

- the compensation selected for the Executive Directors corresponds to the compensation paid during year N. It comprises the fixed portion including benefits in kind, the variable portion paid during year N in respect of year N-1, performance shares allocated during year N;
- when a compensation component must be considered for a period of less than one year (for example a bonus for 6 months of duties), for transparency purposes, the amount is "recalculated" to correspond to an annual basis;
- for employees in France, the compensation used corresponds to the compensation paid during fiscal year N (excluding benefits in kind). It comprises the full-time equivalent fixed portion, the variable portion paid during fiscal year N in respect of fiscal year N-1, profit sharing paid during fiscal year N in respect of fiscal year N-1.

The decrease in 2020 is explained by the exceptional conditions of the health crisis, including: fewer extended hours (Sundays/public holidays) or additional hours as well as lower premiums paid.

4

4.2.2 DETAILED PRESENTATION OF THE COMPENSATION OF CORPORATE OFFICERS

4.2.2.1 Compensation of the executive corporate officer (Chief Executive Officer)

Summary of compensation paid during the 2020 fiscal year

Julie Walbaum received the following compensation for 2020:

- **Fixed compensation:**

  Julie Walbaum's gross fixed annual compensation was set at €450,000 by the Board of Directors at its meeting on 10 March 2020.

  In the context of the health crisis, when the first quarter sales were published on 13 May 2020, the Company announced a 25% reduction in Julie Walbaum's fixed compensation for the months of April and May 2020, in order to preserve cash flow and reduce costs.

  The fixed compensation of the Chief Executive Officer in respect of the 2020 fiscal year, after this reduction, amounts to a gross sum of €431,250.

  This compensation was approved by the Shareholders' Meeting of 12 June 2020.It should be noted that Julie Walbaum also received a sum of €50,000 in 2020 in respect of the 2019 fiscal year.

- **Variable compensation:**

  Amount received for the 2019 fiscal year:

  In 2020, Julie Walbaum received variable compensation for 2019 totalling €231,000, i.e. an attainment rate of 86% of the target variable compensation and 51.39% of the basic salary. The variable compensation owing to Julie Walbaum for 2019 was approved by the shareholders' Meeting of 12 June 2020.

  Amount due for the 2020 fiscal year:

  For 2020, the Board, at its meeting on 25 March 2021, on the recommendations of the Nomination and Compensation Committee, set variable compensation for Julie Walbaum at the sum of €253,000. It is recalled that the Board had set the terms of this variable compensation during its meeting of 10 March 2020 on the eve of the first lockdown in France, and when Maisons du Monde had already been directly affected by the situation in Italy. The Company had put in place an ambitious policy to deal with the health crisis and its expected impacts on activities.

In this context, the Board set the following terms and conditions for the variable compensation for 2020:

The annual variable compensation has a target value of €270,000, corresponding to 60% of the gross annual fixed compensation. This amount may be between 0 and 150% of the target value, based on performance. The maximum annual variable compensation is 90% of the annual fixed compensation. Entitlement to this variable portion is subject to the achievement of predetermined financial and non-financial targets, structured as follows:

- financial target on the Group's sales: 20% of the target variable portion;
- financial target on the Group's EBIT: 50% of the target variable portion;
- non-financial targets: 30% of the target variable portion assessed on the basis of the following detailed objectives:
  - 10% for the operational management of the Covid-19 crisis: prepare and implement a prevention and business continuity plan for activities worldwide (crisis management governance, policy to protect the brand's employees and customers, safeguarding of supply flows, etc.), define a post-Covid-19 recovery plan,
  - 15% for the preparation, implementation, monitoring and results of the proactive action plan (comprising the Group's entire cost structure) in order to attenuate the impacts of the health crisis on the Group's cash generation,
  - 5% for the implementation and progress on diversity and gender equality indicators within the Company.

These compensation arrangements were approved by the Shareholders' Meeting of 12 June 2020.

Each criterion was assessed separately, in relation to a target. To assess the attainment rate of each criterion, the Board of Directors, on the recommendation of the Nomination and Compensation Committee also set the performance thresholds, with a target and maximum. Attainment of a maximum level of performance for a criterion gives rise to 150% maximum of the target level for this criterion.

The Board of Directors, on the recommendation of the Nomination and Compensation Committee, therefore assessed the overall attainment at 94% of the target performance, with the following attainment rates by criterion:

	Target weighting	Target attainment rate	Attainment rate vs. target variable	Attainment rate vs. fixed compensation
Financial targets				
• Group sales	20%	100%	20%	12%
• Group EBIT	50%	100%	50%	30%
Non-financial targets				
• Operational management of the Covid-19 crisis	10%	75%	8%	5%
• Action plan for cash generation	15%	75%	11%	7%
• Implementation and progress of diversity and gender equality indicators within the Group	5%	100%	5%	3%
Attainment rate/bonus			**94%**	**56%**
• Reference fixed compensation	€450,000			
• Target variable compensation: 60% of fixed compensation %	€270,000			
VARIABLE COMPENSATION TO BE PAID			**€253,000**	

The variable portion for 2020 will therefore be paid, subject to shareholder approval at the Shareholders' Meeting of 4 June 2021, rounded to €253,000, or 56% of the reference fixed compensation for the period.

This amount will be definitively acquired subject to the approval of the Shareholders' Meeting of 4 June 2021.

- **Medium/long-term incentives:**

  At its meeting of 10 March 2020, the Board of Directors, on the recommendations of the Nomination and Compensation Committee, allocated 53,900 free performance shares (or 0.12% of the share capital) to Julie Walbaum. This decision allowed the Chief Executive Officer to take part in the 2020 Plan set up for the 412 Group employees, out of the 352,940 free performance shares (or 0.78% of the share capital).

  The final number of performance shares that Julie Walbaum may obtain at the end of the vesting period, on 10 March 2023, will be dependent on achievement of the internal Group performance conditions measured according to:

  - sales revenue (as defined in the consolidated financial statements) for 2021 (2021 revenue) of the Maisons du Monde Group,
  - cumulative EBITDA (as stated in the consolidated financial statements) for 2020 and 2021 (EBITDA 20+21),
  - the Group's cumulative normative earnings per share over 2020 and 2021 (EPS 20+21).

  The Board of Directors set the target levels expected for each of the performance conditions as follows:

  - 20% of the shares have a 2021 revenue condition,
  - 50% have a 20+21 EBITDA condition,
  - 30% have a 20+21 EPS condition.

  Regarding internal performance conditions involving 2021 revenue, the measurement of the performance set as a condition for the number of shares vested for this performance, and subject to continued presence, is established as follows:

  - the lower limit of the performance (at 95% of the 2021 revenue objective) gives the right to 50% of the shares dependent on this condition,
  - the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition,
  - below this lower limit, no shares are acquired for this performance, and
  - between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

  Regarding the two internal performance conditions (20+21 EBITDA and 20+21 EPS), the performance measurement for each of the conditions, a measurement on which depends the number of shares vested for this performance, and which is subject to continued presence, is established as follows:

  - the lower limit (at 90% of the objective) gives the right to 50% of the shares dependent on this condition,
  - the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition,
  - between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

  In the event that the number of performance shares obtained following the application of the above performance conditions is not a whole number, it will be rounded down to the nearest unit.

  The Chief Executive Officer is required to retain 40% of the allocated shares as registered shares until the end of her term of office, until she holds a quantity of shares representing two years of base salary. Given this holding obligation, the availability of the performance shares is not conditional on the purchase of additional Company shares.

  Lastly, the Board reaffirmed that the Chief Executive Officer may not use hedging products on the Company's shares as well as all related financial instruments, and noted Julie Walbaum's commitment not to use such hedging transactions including on the allocated performance shares.

  NB: Assessment of the performance of the performance share plan awarded in 2019 to the Chief Executive Officer.

The Board of Directors, on the recommendations of the Nomination and Compensation Committee, reviewed the achievement of the performance conditions for the free performance share plan granted in 2019 to the Chief Executive Officer, the conditions of which related to fiscal years 2019 and 2020. Due to the impact of the health crisis and despite the Group's good performance in 2020, the targets of the plan were not achieved. None of the free performance shares allocated to the Chief Executive Officer and which should have become available in 2022 shall vest.

- **Benefits in kind:**

  In 2020, Julie Walbaum received a benefit in kind for a total amount of €20,033.

  This amount corresponds to the use of a vehicle, as well as unemployment social contributions, as the Chief Executive Officer is the beneficiary of an executive social security plan (GSC) giving her 12-month compensation, capped at 70% of her net compensation for the tax year for tranches A and B and 55% for tranche C, as well as the use of a company car.

  With regard to social protection, Julie Walbaum has benefited from the same supplementary social protection cover as all the other Company executives, governed by binding contracts between the Company and its insurers. On this basis, she is covered by the “incapacity – disability – death” scheme and the healthcare scheme applicable within the Company;

- **Commitments made to the Chief Executive Officer:**

  - **pension commitment:**

    As per the legislation applicable to social security old age pensions, Julie Walbaum is a beneficiary of the ARRCO and AGIR supplementary schemes. She does not benefit from any internal defined-c or defined-benefit supplemental pension plan;

  - **non-compete commitment:**

    Julie Walbaum would be subject to a non-compete obligation in the event of the termination of her duties within the Company.

    In exchange for this twelve-month commitment, starting from the termination of her corporate office, Julie Walbaum would receive, once her term of office has been terminated and for the entire duration of this non-compete clause, a special monthly payment of 50% of the average gross monthly compensation received for the last twelve complete months of her activity.

    The Company’s Board of Directors could however waive the non-compete clause when Julie Walbaum’s term of office is terminated. In this case, Julie Walbaum would not receive any special fixed monthly payments.

    The Chief Executive Officer will no longer receive special monthly payments once she exercises her right to retire. In any event, no compensation will be paid after she reaches the age of sixty-five;

  - **commitment in the event of the termination of duties:**

    Julie Walbaum does not benefit from any commitments in the event of termination of her term of office.

Compensation policy for the 2021 fiscal year

As the three-year term of office of the Chief Executive Officer is due to expire on 30 June 2021, the Board of Directors, on a recommendation from the Nomination and Compensation Committee, has decided, firstly, to renew this term of office for another three years from 1 July 2021, and, secondly, to update the terms and conditions of this term of office, by submitting its new terms and conditions to a shareholder vote.

Thus, the Nomination and Compensation Committee conducted two studies on the compensation for a Chief Executive Officer role.

The first, sector-based, carried out by the firm BORACAY, is based on the compensation offered by a dozen listed groups in the retail and digital industry in France and in Europe with similar characteristics to Maisons du Monde in terms of revenue, capitalisation and workforce.

This first benchmark was supplemented by a second compensation study carried out by the firm KORN FERRY, based on the compensation offered by some twenty French mid-caps. The results of these two studies highlighted two points:

- firstly, the significant discrepancy between the level of compensation that had been proposed to the Chief Executive Officer and that observed in the market, and
- secondly, the need to review the compensation structure by increasing the relative weighting of the variable compensation and long-term incentives.

After review, the Board, on the recommendation of the Nomination and Compensation Committee, and in accordance with the AFEP-MEDEF Code, confirmed the relevance and necessity of such a change in the compensation of the Chief Executive Officer, for the following specific reasons:

- the current system was set in 2018, at the time of the first appointment of Julie Walbaum as Chief Executive Officer of the Group, when she was a member of the Company's Executive Committee. At the end of her first term of office, and upon the renewal thereof for a new term of three years, it was deemed appropriate to re-examine the entire compensation system for the Chief Executive Officer;
- the proposed changes to the compensation of the Chief Executive Officer recognise, on the one hand, the strong growth of the Group and its internationalisation since Julie Walbaum took office, and on the other hand, the increase in operational and strategic challenges in a context of greater macroeconomic volatility and increased sector competition. In particular, these changes take into account the specific characteristics of Maisons du Monde, linked to its unique omnichannel model, which recently resulted in the establishment of a marketplace. Accordingly, the target total compensation would now consist of three components of similar importance: fixed compensation, target annual variable compensation and a long-term incentive in the form of free performance shares (the percentage of compensation subject to performance now representing nearly 70% of the total).

- **Fixed compensation:**

  In line with the results of the compensation studies, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, decided to propose an increase in the fixed compensation of the Chief Executive Officer from €450,000 to €500,000 (+11%).

- **Variable compensation:**

  The Board also proposed to change the target variable compensation from 60% to 100% of the fixed compensation, thereby increasing the weighting of this variable portion in the overall target compensation.

  The maximum variable compensation in the event of outperformance is reduced to 125% of the target (versus 150% previously).

  These adjustments would have the effect of positioning the target fixed and variable compensation at an amount approaching the market median (for companies of similar size and with similar challenges).

  For 2021, the Board of Directors, on the recommendation of the Nomination and Compensation Committee, also decided to increase the weighting of financial targets in the variable compensation of the Chief Executive Officer (from 70% to 90%).

  It has also included a new Free Cash Flow target in the annual variable compensation, in order to better take into account the priorities of the Group and its shareholders over the coming years.

  The annual bonus is capped at 90% of the fixed annual compensation. The benefit of the annual variable compensation will thus be subject to the attainment of financial targets.

  Each criterion is assessed separately, in relation to a target set by the Board of Directors. To assess the attainment rate of each criterion, the Board of Directors, on the recommendation of the Nomination and Compensation Committee has set performance thresholds, with a target and ceiling.

  The threshold for financial targets corresponds to the payment of 75% of the target amount; the target corresponds to 100%, and the caps are set as follows:

  - financial targets:
    - on Group sales: 30% of the target variable portion; up to 125% in the event of outperformance;
    - on Group EBIT: 30% of the target variable portion; up to 150% in the event of outperformance;
    - on the Group Free Cash Flow: 30% of the target variable portion, capped at 100%;
  - non-financial targets: Percentage of responsible products in Maisons du Monde's offering:

    10% of the Group's variable portion, up to 125% in the event of outperformance. These pre-established and precisely defined targets, as well as the expected level of achievement of the non-financial criteria, are not made public for reasons of confidentiality but correspond to the budget approved by the Board of Directors and are consistent with market communications.

- **Medium/long-term incentives:**

  Applicable principles:

  The Chief Executive Officer may be awarded free performance shares in the same way as the other senior executives, executives and high potential employees of the Group.

  These awards make it possible to better recognise, retain and motivate those who have an impact on results and which the Group needs to grow.

  They make it possible to link the interests of the beneficiaries with those of the shareholders and, at the same time, to strengthen the alignment of all around common objectives, in line with the ambitions of Maisons du Monde in the medium and long term, and thus support the Group's profitable growth. The allocation of free performance shares must be subject to the following conditions:

  - presence condition:

    Unless otherwise provided for by the legislation in force (such as disability and death of the beneficiary), the allocation of free performance shares will only become definitive after a vesting period set by the Board of Directors. This may not be less than three years and will be approved subject to the beneficiary being employed by the Company at the end of this vesting period (unless otherwise decided and duly justified by the Board of Directors, which must nevertheless apply at least the "pro rata temporis" rule to the vesting shares and await the evaluation of the share performance to determine the number of shares.
  - performance conditions:

    Any allocation of shares will be subject to the achievement of several demanding performance conditions, now measured over three years, compared with two years previously, on:
    - one or more internal indicators including at least one CSR performance condition,
    - an additional condition of stock market performance measured by TSR, compared to a panel or index.

  The Chief Executive Officer must also retain in registered form a percentage of the shares awarded until she reaches an overall Company shareholding equal to 200% of her annual fixed compensation.

  Lastly, the Chief Executive Officer may not use hedging products on Company shares or on any related financial instruments. The annual grant to the Chief Executive Officer must not exceed an amount (valued under IFRS) of 120% of her fixed compensation under the new system.

  Allocation of free performance shares for the 2021 fiscal year

  Under the authorisation conferred by the shareholders' Meeting on 12 June 2020, the Board of Directors decided, on 25 March.

  On 25 March 2021, the Board of Directors, following a proposal from the Nomination and Compensation Committee, allocated 36,360 free performance shares (or 0.12% of the share capital) to the Chief Executive Officer. These are existing

Company shares or shares to be issued by the Company, corresponding to 0.08% of the share capital.

The allocation of these shares is concomitant with an allocation made to nearly 200 employees of the Maisons du Monde Group, representing a total of 0.47% of the share capital.

The definitive allocation of all shares allocated to Julie Walbaum is subject to a continuous three-year presence condition until 25 March 2024, as well as to the performance conditions defined below.

The final number of performance shares that will be allocated to her, will be dependent on achievement of performance conditions measured as follows:

- SALES CAGR: Compound annual growth rate between 2020 and 2023 – Weighting of the criterion: 30%,
- EBIT: Average EBIT/revenue over three fiscal years – Weighting of the criterion: 40%,
- TSR: Total Shareholder Return, three-year rate of return measured against the MidCap 60 index. GR (including dividends) – Weighting of the criterion: 20%,
- Societal and Environmental Responsibility:
- – increase in the proportion of the responsible offering compared to the overall offering between 2020 and 2023 – Weighting of the criterion 5%,
- – employee engagement rate based on the results of the 2021 and 2023 surveys of all Group employees – Weighting of the criterion: 5%.

The Board of Directors, on the recommendation of the Nomination and Compensation Committee, set the target and threshold levels expected for each of the performance conditions:

- the lower limit of the performance gives the right to 50% of the shares dependent on this condition,
- the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition,
- below this lower limit, no shares are acquired for this performance.
- Between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

With regard to the TSR criterion and in accordance with the commitment made to the shareholders, the performance threshold has been set at the achievement of performance at least equivalent to the selected index. At this performance level, 75% of the shares bearing this performance condition may be vested.

- the target allowing the acquisition of 100% of the shares with a TSR condition is set at 105% of the index;
- in the event of outperformance in relation to this TSR target, it is expected that up to a maximum of 125% of the number of shares linked to this criterion may be vested on a straight-line basis up to 110% of the index.

In the event that the number of performance shares obtained following the application of the above performance conditions is greater than the number of shares allocated, the number of shares vested may under no circumstances exceed 100% of the shares allocated; lastly, if the number of shares is not a whole number, it shall be rounded down to the nearest unit.

The Chief Executive Officer will be required to retain 40% of the allocated shares as registered shares until the end of her term of office, until she holds a quantity of shares representing two years of fixed compensation. Given this holding obligation, the availability of the performance shares is not conditional on the purchase of additional Company shares.

Lastly, the Board reaffirmed that the Chief Executive Officer may not use hedging products on the Company's shares as well as all related financial instruments, and noted Julie Walbaum's commitment not to use such hedging transactions including on the allocated performance shares.

NB: Assessment of the performance of the performance share plan awarded in 2019 to the Chief Executive Officer.

The Board of Directors, on the recommendations of the Nomination and Compensation Committee, reviewed the achievement of the performance conditions for the free performance share plan granted in 2019 to the Chief Executive Officer, the conditions of which related to fiscal years 2019 and 2020. Due to the impact of the health crisis and despite the Group's good performance in 2020, the targets of the plan were not achieved. None of the free performance shares allocated to the Chief Executive Officer and which should have become available in 2022 shall vest.

- **Mandatory PER pension scheme (article 83):**

  The Board of Directors, on the recommendation of the Nomination and Compensation Committee, has decided to include the Chief Executive Officer in the defined contribution plan set up for certain objectively defined categories of employees, thus enabling them to build up supplementary pension by capitalisation within the Company, whilst remaining within the social security contribution ceiling, currently 3% of 5 PASS.

- **Non-compete commitment:**

  The Chief Executive Officer remains subject to a non-compete obligation in the event of the termination of her duties within the Company, under the same conditions as those set during her first term of office.

  In exchange for this twelve-month commitment, starting from the termination of her term of office, the Chief Executive Officer would receive, once her term of office has been terminated and for the entire duration of this non-compete clause, a special fixed monthly payment of 50% of her average gross monthly compensation received over the last twelve complete months of her activity.

However, the Board of Directors may waive the application of the non-compete obligation upon the termination of the Chief Executive Officer's term of office. In this case, the special fixed monthly payment would not be made.

The Chief Executive Officer would no longer receive special fixed monthly payments once she exercises her right to retire.

In any event, no compensation will be paid after she reaches the age of sixty-five.

- **Other benefits:**

During her term of office, the Chief Executive Officer will continue to benefit from the various benefits granted under her previous term of office, unchanged, in particular in the areas of personal risk insurance, health expenses, civil liability insurance, unemployment insurance and a company car. The compensation policy applicable to Julie Walbaum was published in detail on the Company's website on 29 March 2021, and is, in any event, subject to its approval by the Shareholders' Meeting to be held on 4 June 2021.

4.2.2.2 Compensation of corporate officers (excluding Chief Executive Officer)

Summary of compensation paid for the 2020 fiscal year

- **Principles of the compensation for directors:**

The Shareholders 'Meeting of 12 June 2020 approved the following compensation policy for the 2020 fiscal year:

	Amounts allocated
Total amount allocated by the Shareholders' Meeting	€600,000
Lump sum allocated to the Chairman of the Board	€150 000
Director Attendance at the five main Board meetings	€8,000/meeting
Director Attendance at additional Board meetings with significant agenda	€5,000/meeting
Chairman of the Audit Committee	€15,000
Chairman of the Nomination and Compensation Committee	€10,000
Chairman of the Strategy Committee	€10,000
Committee member	€5,000
Prorating of sums allocated on appointment/resignation date	

It is specified that:

- the compensation allocated is prorated on the date of appointment/resignation;
- Sir Ian Cheshire, Chairman of the Board of Directors until 10 March 2020, was paid in respect of his office as director and did not receive any other compensation at the time of his departure.
- In the context of the health crisis, when the first quarter sales were published on 13 May 2020, the Company announced a 25% reduction in the compensation of directors for Board meetings held during the months of April and May 2020. This is done with a view to preserving cash flow and reducing costs.
- **Setting of compensation for 2020:**

On the recommendations of the Nomination and Compensation Committee, and taking into account directors' attendance at Board Meetings during the 2020 fiscal year, at its meeting of 25 March 2021, the Board set the following compensation to be paid for each eligible director.

The total amount of compensation paid to directors in respect of their terms of office for the past fiscal year amounted to €524,972. This compensation was paid to the directors at the start of April 2021 following the Board meeting that approved the distribution of the amount allocated by the Shareholders' Meeting.The summary table of the sums paid to each director is provided in section 4.2.3 – Standardised presentation – Table 3 of this chapter.

Compensation policy for the 2021 fiscal year

In a context of renewed governance, based on a benchmark carried out by a specialist independent consultant from the firm Say-on-Pay, the Nomination and Compensation Committee proposed to the Board a new compensation policy for directors in respect of their terms of office, taking into account the new organisation of the Board and the work carried out by its Committees. At its meeting of 25 March 2021, the Board decided to propose to the Shareholders' Meeting to maintain the total amount of compensation allocated to the directors at €600,000 and to set the following new compensation terms and conditions:

	Amount allocated
Chairman of the Board Lump sum allocated for the fiscal year	€150,000
Director • Fixed • Variable	 €15,000 €25,000
Audit Committee • Chairman • Member – Fixed – Variable	 €20,000 €5,000 €2,500/meeting
Nomination and Compensation Committee • Chairman • Member – Fixed – Variable	 €10,000 €5,000 €2,500/meeting
Strategy Committee • Chairman • Member – Fixed – Variable	 €10,000 €5,000 €2,500/meeting

If the total amount due exceeds the allocated budget, then all variable compensation for the Committees and the Board may be adjusted downward in due proportion in order to remain within the budget.

4.2.2.3 Benefits of corporate officers

Regulated agreements

- **agreements entered into over the course of the past fiscal year**

  No agreement referred to in article L. 225-38 of the French Commercial Code was signed during the past fiscal year.

- **agreements entered into previously which continued during the fiscal year ended 31 December 2020**

  Term of office agreement entered into between the Company and Julie Walbaum on the terms and conditions of her term of office as Chief Executive Officer (Board of Directors authorisation of 29 June 2018);

  The essential characteristics and modalities, as well as the interest for the Company of these conventions and commitments are mentioned in the special Report of the statutory auditors appearing in point 4.3 of this Chapter.

Current agreements

In accordance with article L. 222-10-12 of the French Commercial Code, the Board of Directors has implemented a procedure to regularly assess whether current agreements concerning current operations signed under normal terms meet these conditions.

As part of this assessment, the Audit Committee notably reviews the qualification and, if applicable, reclassifies the agreements under regulated agreements, in view of the applicable qualification criteria.

At its meeting of 5 March 2021, the Audit Committee carried out the following tasks:

- the identification of agreements classified as current;
- their annual assessment by conducting an annual survey, and the *ex post* assessment of these agreements in order to check whether they meet the conditions for their qualification as current agreements.

Following this review, the Audit Committee did not carry out any reclassification under related-party agreements.

No person likely to be directly or indirectly concerned by one of these agreements took part in their assessments.

Agreements signed between an executive or significant shareholder and a subsidiary

As at the date of this Universal Registration Document, there are no agreements signed, directly or through a third party, between a corporate officer or a significant shareholder of the Company and a company controlled by Maisons du Monde within the meaning of Article L. 233-3 of the French Commercial Code.

4.2.3 STANDARDISED PRESENTATION OF THE COMPENSATION OF CORPORATE OFFICERS

Summary table of the compensation, options and shares granted to each executive corporate officer (Table 1 – Appendix 2 of the AMF Guide)

Julie Walbaum **Chief Executive Officer** *(in euros)*	**2020**	**2019**
Compensation awarded for the year (*details of which are given in Table 2*)	732,283	709,318
Valuation of multi-year variable compensation awarded during the year	n/a	n/a
Valuation of options granted during the year (*details of which are given in Table 4*)	n/a	n/a
Valuation of free shares granted (*details of which are given in Table 6*)	465,696	668,006
Valuation of other long-term compensation plans	n/a	n/a
TOTAL	**1,197,979**	**1,377,324**

Summary table of the compensation of each Executive Director (Table 2 – Appendix 2 of the AMF Guide)

Julie Walbaum **Chief Executive Officer** *(in euros)*	**2020**		**2019**	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Fixed compensation	450,000	481,250	450,000	400,000
Annual variable compensation	253,000	231,000	231,000	110,000
Exceptional compensation	n/a	n/a	n/a	n/a
Compensation allocated in respect of directorship	n/a	n/a	n/a	n/a
Benefits in kind	20,033	20,033	28,318	28,318
TOTAL	**723,033**	**732,283**	**709,318**	**538,318**

Sir Ian Cheshire **Chairman of the Board of Directors** **(01/01/2020 to 10/03/2020)** *(in euros)*	2020		2019	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Fixed compensation			n/a	n/a
Annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Compensation allocated in respect of directorship	100,000	17,944	100,000	100,000
Benefits in kind	n/a	n/a	n/a	n/a
TOTAL	**100,000**	**17,944**	**100,000**	**100,000**

Peter Child **Chairman of the Board of Directors** **(10/03/2020 to 31/12/2020)** *(in euros)*	2020		2019	
	Amounts awarded	Amounts paid	Amounts awarded	Amounts paid
Fixed compensation	n/a	n/a	n/a	n/a
Annual variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Compensation allocated in respect of directorship	150,000	114,583	n/a	n/a
Benefits in kind	n/a	n/a	n/a	n/a
TOTAL	**150,000**	**114,583**	-	-

Table of compensation awarded in respect of directorships other compensation received by non-executive corporate officers (Table 3 – Appendix 2 of the AMF Guide)

Non-executive corporate officers	2020 Amounts paid	2019 Amounts paid
Thierry Falque-Pierrotin		
Compensation (fixed, variable)	46,528	n/a
Other compensation	n/a	n/a
Sophie Guieysse		
Compensation (fixed, variable)	77,222	60,000
Other compensation	n/a	n/a
Laure Hauseux		
Compensation (fixed, variable)	43,764	n/a
Other compensation	n/a	n/a
Marie-Christine Levet		
Compensation (fixed, variable)	73,333	55,000
Other compensation	n/a	n/a
Mustapha Oulkhouir		
Compensation (fixed, variable)	n/a	n/a
Other compensation	n/a	n/a
Gilles Petit		
Compensation (fixed, variable)	33,000	55,000
Other compensation	n/a	n/a
Michel-Alain Proch		
Compensation (fixed, variable)	76,098	n/a
Other compensation	n/a	n/a
Marie Schott		
Compensation (fixed, variable)	n/a	50,000
Other compensation	n/a	n/a

Non-executive corporate officers	2020 Amounts paid	2019 Amounts paid
Nicolas Woussen		
Compensation (fixed, variable)	42,500	75,000
Other compensation	n/a	n/a

Stock options allocated during the fiscal year to each Executive Director by the issuer or by any Group company (Table 4 – Appendix 2 of the AMF Guide)

No stock options were allocated to the Executive Director during the course of 2020.

Stock options exercised during the fiscal year by each Executive Director (Table 5 – Appendix 2 of the AMF Guide)

No stock options were exercised during the 2020 financial year.

Free shares allocated to each corporate officer (Table 6 – Appendix 2 of the AMF Guide)

Free shares allocated by the shareholders' Meeting during the fiscal year to each corporate officer by the issuer or by any Group company	Plan number and date	Number of shares allocated during the fiscal year	Valuation of shares *	Date of acquisition	Date of availability	Performance conditions
Julie Walbaum	Plan 6 of 10/03/2020	53,900	€465,696	10/03/2023	n/a	20% of the shares involve a 2021 revenue condition, 50% a 20+21 EBITDA condition and 30% a 20+21 EPS condition

* *Depending on the method used for the consolidated financial statements.*

Free shares that have become available during the fiscal year for each Executive Director (Table 7 – Appendix 2 of the AMF Guide)

Free shares that have become available for each corporate officer	Plan number and date	Number of shares that became available during the fiscal year	Performance conditions
Julie Walbaum	Plan 4 of 18/05/2018	6,944	20% of the shares involve a 2019 revenue condition, 50% a 18+19 EBITDA condition and 30% a 18+19 EPS condition Attainment rate: 43.4%

History of stock option allocations (Table 8 – Appendix 2 of the AMF Guide)

Not applicable.

Stock options granted to the top 10 employees who are not corporate officers and options exercised by them (Table 9 – Appendix 2 of the AMF Guide)

Not applicable.

History of free share allocations (Table 10 – Appendix 2 of the AMF Guide)

	Information on free shares				
	2016 Plan	**2017 Plan**	**2018 Plan**	**2019 Plans**	**2020 Plan**
Date of shareholders' Meeting	29/04/2016	19/05/2017	19/05/2017	19/05/2017	19/05/2017
Date of Board of Directors Meeting	16/12/2016	19/05/2017	18/05/2018	09/05/2019 24/06/2019	10/03/2020
Total number of shares allocated	153,250	54,350	146,435	265,344	352,940
of which number allocated to: Julie Walbaum	15,000 *	n/a	16,000 *	43,125	53,900
Vesting date of shares	16/12/2019	19/12/2019	18/12/2020	09/05/2022 24/06/2022	10/03/2023
End-date of holding period	16/12/2020	n/a	n/a	n/a	n/a
Performance conditions	20% of the shares involve a 2018 revenue condition, 50% a 2017+2018 EBITDA condition and 30% a 2017+2018 EPS condition	20% of the shares involve a 2018 revenue condition, 50% a 2017+2018 EBITDA condition and 30% a 2017+2018 EPS condition	20% of the shares involve a 2019 revenue condition, 50% a 2018+2019 EBITDA condition and 19% a 2018+2019 EPS condition	20% of the shares involve a 2020 revenue condition, 50% a 2019+2020 EBITDA condition and 30% a 2019+2020 EPS condition	20% of the shares involve a 2021 revenue condition, 50% a 20+21 EBITDA condition and 30% a 20+21 EPS condition
Number of shares vested	130,757	39,259	57,838	Vesting on-going	Vesting on-going
Julie Walbaum	14,565	n/a	6,944	Vesting on-going**	Vesting on-going
Cumulative number of cancelled or lapsed shares	22,493	15,091	42,734	35,680	11,865
Remaining free shares at the end of the fiscal year	0	0	0	229,664	341,075

* *Allocation made in respect of the Julie Walbaum's position of Digital, Marketing and Customer Relations Director.*

** *Conditions not met for the Executive Committee.*

4

Summary of the commitments made to Executive Directors (Table 11 – Appendix 2 of the AMF Guide)

Executive Director	Employment contract	Supplemental pension plan	Severance payments and benefits due or likely to become due in the event of termination of office	Severance payment in relation to a non-compete clause
Julie Walbaum				
Chief Executive Officer	No	No	No	Yes
Term of office Ends on 30/06/2021				

4.2.4 IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The Company uses the AFEP-MEDEF Corporate Governance Code as its reference, amended in June 2018, with the exception of the following recommendations:

Recommendations of the AFEP-MEDEF Code	Company practices
Date of allocation of performance shares "The Board must ensure that allocations are carried out during the same calendar periods, for example after the publication of the financial statements for the previous fiscal year and preferably every year."	The Board decided to bring forward the annual allocation date of free performance shares to the end of the first quarter (10 March for the 2020 fiscal year and 25 March for the 2021 fiscal year) in order to better meet the requirements of the Code and external observers. Whenever possible, and after the publication of the financial statements for the previous fiscal year, the Board wants to be able to allocate the shares without waiting until May (allocation date for the past three fiscal years). Thus, the performance conditions – which condition the vesting of the shares – which cover several fiscal years will be communicated earlier in the year. This is an improvement as the medium-term expected performance includes the current fiscal year (in line with the budget).

4.3 Reports and verifications by the statutory auditors

4.3.1 SPECIFIC VERIFICATIONS BY THE STATUTORY AUDITORS REGARDING CORPORATE GOVERNANCE

In accordance with the provisions of Article L. 225-235 amended by Order 2017-1162, reference is made to the specific verifications performed by the statutory auditors on the Report of the Board of Directors on corporate governance in their Report on the annual financial statements, which is contained in Section 6.4 of this Universal Registration Document.

4.3.2 SPECIAL REPORT BY THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS

Statutory Auditors' Special Report on regulated agreements

Annual General Meeting held to approve the financial statements for the year ended 31 December 2020

This is a free translation into English of the statutory auditors' special report on regulated agreements issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

In addition, it is our responsibility, where appropriate, to inform you, pursuant to Article R.225-31 of the French Commercial Code (Code de commerce), of the agreements approved by the Annual General Meeting in prior financial years.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French national institute of statutory auditors (CNCC) relating to this engagement. Those standards require that we plan and perform our work to verify that the information provided to us is consistent with the documents from which it was derived.

Agreements submitted for approval to the annual general meeting

Agreements authorized and concluded during the year

In accordance with Article L.225-38 of the French Commercial Code (Code de commerce), we hereby inform you that we were not advised of any agreements authorized during the year that were submitted for approval at the Annual General Meeting.

Agreements previously approved by the annual general meeting

Agreements approved in prior years, which continued to apply during the financial year

In accordance with Article R.225-30 of the French Commercial Code (Code de commerce), we have been informed of the following agreements, which were approved by Annual General Meetings in prior years and continued to apply in the financial year.

Mandate agreement between the Company and Ms Julie Walbaum

Authorisation : Board of Directors meeting on 29 June 2018,

Person concerned : Julie Walbaum, Chief Executive Officer,

Nature and purpose : Set the terms and conditions governing Julie Walbaum's term of office as Chief Executive Officer,

Benefits to the Company : Preservation of the Company's legitimate interests, *Terms and Conditions :*

- fixed annual gross compensation of €450,000 payable over a 12-months period,
- a gross annual variable bonus whose target value is 60 % of variable compensation, subject to performance conditions,
- benefits in kind of €20,033
- supplementary health and retirement benefits, civil liability insurance, unemployment insurance guaranteeing indemnities over a 12-month period,
- in exchange for compliance with a non-compete obligation after termination of her term of office, a flat-rate indemnity equal to 50 % of average gross monthly compensation paid in the 12 months preceding termination of the term of office.

Termination of the agreement : June 30, 2021

Nantes and Saint-Herblain, 21 April 2021

The Statutory Auditors

KPMG SA Gwenaël CHEDALEUX	Deloitte & Associés Alexis LEVASSEUR

Notes to fiscal year 2020

5

5.1 Key highlights

5.1.1 LAUNCH OF THE MAISONS DU MONDE MARKETPLACE

In November 2020, the Group launched its curated marketplace, providing customers with a large, quality offering of socially responsible brands for the entire home, enhanced by an inspiring web design. At 31 December 2020, the marketplace had over 33,000 SKUs offered by some 175 sellers representing close to 300 brands. The marketplace is at the heart of Maisons du Monde's strategic project, accelerating the digitisation of the Group, which already generates 50% of its sales through digital (e-commerce and click-in-store).

5.2 Results of operating activities

5.2.1 KEY METRICS

KEY FINANCIAL INDICATORS FOR THE FULL YEAR 2020

	Year ended 31 December		
(in € millions)	**2020**	**2019**	**% change**
Sales [1]	**1,182.1**	**1,225.4**	**-3.5% [-6.6%]** [2]
of which: Maisons du Monde	1,132.8	1,180.2	-4.0
Modani	46.3	44.1	+4.9%
Rhinov	3.0	1.2	+160.1%
Gross margin [3]	**778.4**	**800.4**	**-2.8%**
As a % of sales	65.8%	65.3%	
EBITDA	**240.6**	**259.2**	**-7.2%**
As a % of sales	20.4%	21.1%	
EBIT	**86.2**	**119.4**	**-27.8%**
As a % of sales	7.3%	9.7%	
NET INCOME	**(16.1)**	**57.8**	**n/a**
Dividend per share (€) [4]	0.30	-	n/a
FREE CASH FLOW	**54.1**	**84.1**	**-35.7%**
NET DEBT [4]	**96.4**	**142.9**	**-32.5%**
Leverage ratio [5] (%)	0.7x	0.9x	-0.1x

(1) *Defined as sales of goods, marketplace commissions, service revenues and commissions less franchise and promotional sales (€4.3 million in 2020 and €5.6 million in 2019).*

(2) *Like-for-like sales growth: the percentage change in sales from the Group's retail stores, website and B2B activities, net of product returns between one fiscal year (n) and the comparable preceding fiscal year (n-1), excluding changes in sales attributable to stores that opened or were closed during either of the comparable periods. Sales attributable to stores that closed temporarily for refurbishment during any of the periods are included.*

(3) *Defined as sales less cost of sales.*

(4) *Proposed to the Shareholders' Meeting of 4 June 2021.*

(5) *Defined under the Group Senior Debt Facility as net debt less finance leases, divided by LTM EBITDA as calculated according to IAS 17 and adjusted for share-based payments (including social security contributions) and post-employment benefits – defined benefit plans.*

Maisons du Monde posted total sales of €1,182.1 million in 2020, down 3.5% compared to 2019. Like-for-like sales declined 6.6% over the period. The Covid-19 pandemic led to two lockdowns in most of the countries where the Group has stores, first from mid-March to mid-May and then from end-October to end-November. During this combined 12 week period, most to all of the Group's global store network was closed to the public. The Group estimates these lockdowns reduced total 2020 sales by approximately €160 million.

During 2020, Maisons du Monde continued to dynamically manage its store network, with 9 gross store openings, including 4 in France and 5 internationally (including one Modani store). During the same period, there were 16 store closures, including 9 in France and 7 abroad (including two Modani stores). At 31 December 2019, the Group operated with 369 (including 17 Modani) stores in nine countries, compared to from 376 at 31 December 2019, with a total retail trading space of 434,600 square metres, an addition of 2,300 square metres year-on-year.

At 31 December 2020, of the Group's 369 stores, 16 were closed to the public by national authorities in relation to Covid-19: 11 in Germany, 3 in Luxembourg and 1 each in Italy and Switzerland. Another 68 stores in Italy and Spain were allowed to open on a restricted basis only (limited number of customer at any given time within the store, closed on holidays, etc.).

A. Sales by geography

In 2020, the Group's sales in France reached 627.9 million, or 53.1% of total sales, down 6.7% compared to 2019, primarily due to the Covid-19 store closures detailed above. The Group's international sales, 46.9% of total sales, were stable at €554.2 million in 2019 (+0.3%) as the negative impact of the lockdowns was partly offset by increased sales generated by the 27 net store openings in 2019. Modani contributed €46.3 million to international sales in 2020 (up 4.9% year-on-year).

B. Sales by distribution channel

Due to 2020 store closures in 2020, store sales declined 14.3% to €791.5 million, and were 67% of total sales. The Group estimates that 2020 store sales were reduced by approximately €190 million due to Covid-19. Online sales, on the other hand, benefitted from the lockdowns, increasing by 29.2% to €390.7 million, representing 33% of the Group's total sales. The Group estimates that 2020 online sales were increased by approximately €30 million due to Covid-19. Rhinov and the Maisons du Monde Marketplace contributed €3.0 million and €0.6 million, respectively, to online sales in 2020.

C. Sales by product category

In 2020, sales of decoration items were €648.6 million, accounting for 54.9% of total sales, down 2.1% compared to 2019, while furniture sales reached €533.5 million, representing 45.1% of total sales, down 5.3% compared to 2019. This performance reflected Covid-19 related lockdowns, logistics bottlenecks for furniture orders sourced in Asia as well as the strong performance of decoration sales in the 2nd half.

5.2.2 ANALYSIS OF SALES

OVERVIEW OF FULL YEAR 2020 SALES

	Year ended 31 December		
(in € millions)	2020	2019	% change
SALES BY GEOGRAPHY			
FRANCE	627.9	672.6	(6.7)%
As a % of total sales	53.1%	54.9%	
INTERNATIONAL	554.2	552.8	+0.3%
As a % of total sales	46.9%	45.1%	
SALES BY DISTRIBUTION CHANNEL			
STORES	791.5	923.0	(14.3)%
As a % of total sales	67.0%	75.3%	
ONLINE	390.7	302.4	+29.2%
As a % of total sales	33.0%	24.7%	
SALES BY PRODUCT CATEGORY			
DECORATION	648.6	662.2	(2.1)%
As a % of total sales	54.9%	54.0%	
FURNITURE	533.5	563.2	(5.3)%
As a % of total sales	45.1%	46.0%	
TOTAL SALES	1,182.1	1,225.4	(3.5)%

5.2.3 EBITDA ANALYSIS

BREAKDOWN OF EBITDA BY GEOGRAPHY

	Year ended 31 December		
(in € millions)	**2020**	**2019**	**% change**
France	174.9	195.1	(10.3)%
International	146.5	139.7	+4.8%
Corporate segment	(80.8)	(75.6)	+6.9%
EBITDA	**240.6**	**259.2**	**(7.2)%**

In 2020, EBITDA amounted to €240.6 million in 2020, down 7.2% compared to 2019, resulting in an EBITDA margin of 20.4% compared to 21.1% in 2019. This change stems mainly from a combination of:

i. reduced sales volume,

ii. an increase in gross margin due to lower promotional activity, a positive impact from the €/$ exchange rate and a small favourable product mix with a slightly larger decrease in furniture sales compared to higher-margin decoration items,

iii. a decrease in the trade margin due to additional logistics costs (mostly in Q1), higher home delivery costs and a lower absorption of fixed costs due to store closures,

iv. Lower store operating and central costs which were down 3.9%.

A. EBITDA in France

In France, EBITDA totalled €174.9 million in 2020, down 10.3% compared to 2019. This change is due mainly to the negative impact of Covid-19 related store closures. There was also a limited scope effect related to permanent store closures over the period. EBITDA benefited from cost reduction measures (placing store personnel on technical unemployment during those closures and negotiating limited store rental deductions). As a percentage of sales in France, the EBITDA margin (excluding the corporate segment) was 27.9% in 2020, i.e. down 110 basis points compared to 2019.

B. International EBITDA

EBITDA generated outside of France was €146.5 million in 2020, up 4.8% compared to 2019. As a percentage of international sales, the EBITDA margin (excluding the corporate segment) was 26.4% in 2020 compared to 25.3% in 2019.

5.2.4 INCOME STATEMENT ANALYSIS

SIMPLIFIED INCOME STATEMENT

	Year ended 31 December	
(in € millions)	2020	2019
Sales	**1,182.1**	**1,225.4**
Other revenue from ordinary activities	45.0	39.4
Revenue	1,227.1	1,263.7
Cost of sales	**(403.7)**	**(425.0)**
Personnel expenses	(228.7)	(235.0)
External expenses	(351.3)	(343.3)
Depreciation, amortisation and allowance for provisions	(154.4)	(139.9)
Fair value - derivative financial instruments	5.2	5.2
Other recurring operating income	4.0	4.1
Other recurring operating expenses	(7.4)	(7.2)
Current operating profit	**90.9**	**122.6**
Other non-recurring operating income and expenses	(50.1)	(8.3)
Operating profit (loss)	**40.7**	**114.2**
Cost of net debt	(7.9)	(6.7)
Cost of lease debt	(12.8)	(12.8)
Finance income	2.5	1.4
Finance expenses	(5.1)	(3.1)
Financial profit (loss)	**(23.3)**	**(21.1)**
Share of profit of equity-accounted subsidiaries	-	-
Profit/(loss) before income tax	**17.4**	**93.1**
Income tax	(33.6)	(35.3)
NET INCOME	**(16.1)**	**57.8**

A. Revenue

In 2020, the Group's **sales** reached €1,182.1 million, down 3.5% compared to 2018 (see analysis of sales in Section 5.2.2).

The contributions from other revenue reached €44.9 million in 2020 compared to €38.1 million in 2019, mainly due to a higher customer delivery fees.

In view of all these elements, the Group's consolidated **revenue** stood at €1,227.1 million in 2020, down by €36.6 million, or -2.9%, compared to 2019.

B. Gross margin

Cost of sales decreased by €21.3 million, or -5.0%, to €403.7 million in 2020, compared to €425.0 million in 2019. As a percentage of sales, the cost of sales was 34.2% in 2020 compared to 34.7% in 2019. This change is due mainly to a positive impact of the €/$ exchange rate, lower promotions and a small favourable product mix.

In 2020, Maisons du Monde posted a **gross margin** of €778.4 million, or 65.8% of sales, compared to €800.4 million, or 65.3% of sales, in 2019.

C. Current operating profit

Personnel expenses decreased by €6.3 million, or -2.7%, to €228.7 million in 2020, compared with €235.0 million in 2019, as the Group placed its store personnel on technical unemployment during the two Covid-19 lockdowns. The average number of full-time equivalent (FTE) employees increased from 6,951 employees at 31 December 2019 to 7,030 at 31 December 2020. The percentage of sales, personnel expenses were 19.3% in 2020, stable in comparison with 2019.

External expenses increased by 8.0 million, or 2.3%, to €351.3 million in 2020 compared to €343.3 million in 2019. Increases in leases and related expenses, transportation costs and local taxes were partially offset by the Group's cost cutting program which achieved lower temporary staff costs as well as reduced travel and meeting expenses. As a percentage of sales, external charges were 29.7% in 2020, compared to 28.0% in 2019.

Depreciation, amortisation, and allowance for provisions increased by €14.5 million, or 10.4%, to €154.4 million in 2020, compared to €139.9 million in 2019, primarily driven by the depreciation of fixed assets related to new store openings in 2019 and 2020. As a percentage of sales, depreciation, amortisation, and allowance for provisions amounted to 13.1% in 2020, compared to 11.4% in 2019.

The **change in the fair value of derivative financial instruments**, which hedge or enable the hedging of all Group purchases of goods and sea freight denominated in US dollars for the Group, amounted to income of €5.2 million in 2020, stable compared to 2019.

Other **recurring operating income and expenses** represented a net expense of €3.4 million in 2020, compared to a net expense of €3.1 million in 2019. This change is due primarily to a decrease in store pre-opening expenses and asset disposals losses that was more than offset by increases in commercial dispute and loss expenses as well as other non-recuring charges.

As a result, the Group posted **current operating profit** of €90.9 million in 2020 compared to €122.6 million in 2019.

D. Operating profit (loss)

Other non-recurring operating income and expenses represented a net expense of €50.1 million in 2020, compared to a net expense of €8.3 million in 2019. This included (i) goodwill and brand depreciation related to Modani in the combined amount of €(54.4) million, (ii) the reversal (€11.7 million) of a provision for a trade dispute the Group believes will no longer involve a cash outlay, and (iii) an increase (€4 million) of a previously recorded provision.

As a result, the Group posted an **operating profit** of €40.7 million in 2020 compared to €114.2 million in 2019.

E. Financial profit (loss)

Financial profit (loss) represented a net expense of €23.3 in 2020, compared to a net expense of €21.1 million in 2019. This included €7.9 million of for cost of net debt and €12.8 million related to the cost of lease debt. The cost of net debt was up €1.1 million as the Group drew down the entirety of its two revolving credit facilities (RCFs) for a 6-month period (March to September) for a combined amount of €150 million. Both RCFs were reimbursed in full in September 2020. A non-cash charge of €4.2 million relating to the convertible bonds (OCEANE) was stable year-on-year.

F. Income tax expense

In 2020, **income tax** represented an expense of €33.6 million, compared to €35.3 million in 2019. This comprised: (i) €35.1 million in current tax due (€37.4 million in 2019), including €6.4 million in the French CVAE tax, the Italian IRAP tax and the German *Gewerbesteuer* tax and (ii) a deferred tax income of €1.6 million (compared with a €2.1 million income in 2019).

G. Net income

In 2020, the Group recorded a loss of €16.1 million, compared to a profit of €57.8 million in 2019.

5.3 Liquidity and capital resources

5.3.1 ANALYSIS OF CASH FLOWS

The table below shows the Group's consolidated free cash flows for the financial years ending 31 December 2019 and 2020.

	Year ended 31 December	
(in € millions)	**2020**	**2019**
EBITDA	240.6	259.2
Change in working capital	17.1	36.1
Change in other operating items	(36.4)	(39.8)
NET CASH GENERTATED BY/(USED IN) OPERATING ACTIVITES	**221.3**	**255.5**
Capital expenditures	(47.5)	(60.9)
Change in net debt on fixed assets	(4.6)	(4.3)
Proceeds from disposal of non-current assets	0.8	0.5
Reduction of lease debt	(103.3)	(96.6)
Interest on lease debt	(12.6)	(10.1)
FREE CASH FLOW	**54.1**	**84.1**

The **change in working capital** had a positive impact on cash flow of €17.1 million in 2020 (compared to a positive impact of €36.1 million in 2019), due to i) a reduction in inventories of €39.3 million (compared with a reduction of €56.9 million in 2019), ii) an increase in client and other receivables for €57.6 million (*versus* a decrease of €11.0 million in 2019, and iii) an increase in prepaid and other expense for €35.8 million.

The **change in other operating items** in the amount of €(36.4) million in 2020 (*versus* €(39.8) million in 2019) includes primarily income and other taxes paid.

Capital expenditures of €47.5 million were down 22% compared to €60.9 million in 2019 and included primarily i) €18.7 million in for store network development and renovation/maintenance, ii) €18.8 million for logistics, primarily €12.8 million for the construction of a new warehouse in the north of France, and iii) €9.5 million for IT systems.

In 2020, the **lease debt repayment and interest rate items** reflect the rent payments (fixed portion) under IFRS 16 and increased to €115.9 million compared to €106.7 million in 2019 due to the store network expansion in 2019.

Free cash flow totalled €54.1 million compared to €84.1 million in 2019.

5.3.2 FINANCIAL RESOURCES

The change in net debt between 31 December 2019 and 31 December 2020 breaks down as follows:

	Year ended 31 December 2020	
(in € millions)	**2020**	**2019**
Convertible bond	186,485	182,075
Term loan	49,949	49,810
Logistics loan	(186)	0
Revolving credit facilities	(88)	(407)
State-guaranteed loan	150,290	0
Other borrowings [(1)]	2,109	1,694
Lease debt	620,067	666,200
Cas and cash equivalents	**(296,735)**	**(94,488)**
TOTAL NET DEBT (IFRS 16)	**711,891**	**804,884**
Less: Lease debt	(620,067)	(666,200)
Plus: IAS 17 lease debt	4,606	4,254
TOTAL NET DEBT [(2)]	**96,430**	**142,938**
LTM EBITDA (IAS 17)	125,721	152,707
Less: Share-based payments (incl. social security costs)	2,509	3,191
Post-employment benefits - Defined benefit plan	1,772	1,394
AJUSTED LTM EBITDA [(2)]	**130,002**	**157,292**
LEVERAGE RATIO [(2)]	**0.724**	**0.909**

(1) Including other borrowings, deposits and guarantees, and bank overdrafts.

(2) Calculated under IAS 17 in accordance with the senior credit facility agreement dated 18 April 2016.

5.4 Covid-19

The Covid-19 pandemic and its associated lockdowns closed most of the Group's stores for 12 weeks which effectively limited or denied public access to those stores during that time. The Group estimates these events combined to reduce full year 2020 sales by approximately €160 million: store sales were down approximately by €190 million (€40 million in the 1st quarter, €90 million in the 2nd quarter and €60 million in the 4th quarter) which was partially compensated by an increase of online sales of around €30 million (€20 million in the 2nd quarter and €10 million in the 4th quarter).

There were two Covid-19 lockdowns in France that impacted the Group in 2020: the first from 17 March to 10 May (in France) and the second from 28 October to 27 November (in France).

To mitigate the impact of the Covid-19 pandemic on its financial results, the Group implemented a stringent cash preservation and cost savings program, including:

- placing over 85% of Maisons du Monde staff on temporary unemployment; for Modani, c. 45% of staff were furloughed, and headcount was reduced by c. 20%;
- recruitment plans and discretionary salary increases were frozen, while reducing temporary labour;
- executive pay was temporarily cut: CEO -25%, Board -25%, Executive Committee -15% (April and May);
- all lease payments were subject to renegotiations with lessors;
- a substantial opex reduction program was implemented, including:
  - cutting external fees,
  - eliminating discretionary expenses,
  - reducing post lockdown staff travel to a strict minimum,
  - rationalizing store maintenance costs, and
  - reducing and reallocating marketing costs;
- working capital was optimized by reducing furniture and decoration inventory orders as well as renegotiating payment terms with suppliers;
- a significant number of capital expenditure projects mainly (store openings and refurbishments, logistics investments, IT projects) were cancelled or postponed;
- the dividend payment for 2019 was cancelled.

In terms of operating and finance costs on a full year basis, the Group spent approximately €2 million related to the implementation of social distancing measures in its stores. The extra charges associated with the precautionary finance steps taken by the Group in response to the Covid-19 (drawdown of the revolving credit lines in the amount of €150 million, as well as the French state guaranteed term loan of €150 million) were €1.8 million in the financial year.

The pandemic also impacted the Group's supply chain:

- in response to the lockdown in Europe and in order to preserve cash in an uncertain environment, the Group froze most supply orders from mid-March to early May. Orders were restarted thereafter. However, due to the large increase in consumer demand for online shopping and better than expected post-lockdown activity, inventories were drawn down to sub-optimal levels;
- Chinese suppliers were essentially closed down for most of the first quarter. Production ramp-up post-lockdown in the 2nd quarter was slow and suppliers had issues dealing with the sudden inflow of orders from their customers, including Maisons du Monde;
- Sea freight capacity was severely limited beginning in the 2nd half of the year, creating bottlenecks and increases in the 4th quarter of 2020 and in 2021.

In terms of cash management as well as to preserve and reinforce its liquidity, the Group:

- drew down immediately post-lockdown the entirety of its two revolving credit facilities in the amount of €150 million in March 2020. These were both fully reimbursed in September 2020;
- successfully negotiated the suspension of its Senior Credit Facility's covenant whereby the Group was required to maintain a net debt leverage ratio (as calculated under IAS 17, net debt divided by the last twelve-month EBITDA level was required to be below 3.75 times). This "covenant holiday" applies to the facility's final two covenant testing dates of 30 June 2020 and 31 December 2020. The Group's leverage ratio at 31 December 2020 was 0.7x LTM EBITDA, compared to 0.9x at the end of 2019;
- successfully arranged a term loan guaranteed by the French state up to 90% in the amount of €150 million at the beginning of June. The Group has announced plans to fully reimburse this loan in the 2nd quarter of 2021.

At 31 December 2020, of the Group's 369 stores, 16 were closed to the public by national authorities in relation to Covid-19: 11 in Germany, 3 in Luxembourg and 1 each in Italy and Switzerland. Another 68 stores in Italy and Spain were allowed to open on a restricted basis only (limited number of customer at any given time within the store, closed on holidays, etc.).

Please refer to Note 1 of this Universal Registration Document for further information.

5.5 Events after the reporting date

On 6 March 2021, the French government announced the closure of all commercial centres of 10,000 square meters or more. Several of the Group's store are located in such centres. As of 8 March 2021, 56 of the Group's stores were fully closed to the public: 38 in France, 10 in Germany, 10 in Italy and 1 in Switzerland. An additional 54 were open with restrictions such as customer allowed to pick up online orders (Click & Collect), closed on holidays, limited number of customers in the store at any given time, etc.

During the week of 8 March 2021, several European governments announced restrictions on public movement in their countries. On 31 March 2021, the French government announced the closure of non-essential businesses in France from 3 April 2021 for a period of four weeks. As a result, as of 19 April 2021, 262 of the Group's stores were closed in Europe: 221 in France (with 17 open as Click & Collect), 4 in Italy, 11 in Germany, 25 in Belgium (with 10 open as Click & Collect), one in Austria and one in Portugal. An additional 86 stores remained open with restrictions.

On 10 March 2021, the Group announced the following:

- plans to propose to pay a dividend of €0.30 per share at the Group's Annual General Meeting scheduled to be held on 4 June 2021. If approved by shareholders, the ex-date would be 5 July and the payment date would be 7 July 2021;
- that it intends to reimburse the French state-guaranteed loan in the amount of €150 million on or before its maturity date of 8 June 2021.

5

5.6 Outlook

Commercial and operational priorities

For 2021, the Group's commercial priorities are to:

- keep strengthening its offering while selectively rebuilding inventories;
- reinforce its brand proposition and customer proximity;
- maintain its efforts towards offer sustainability and social responsibility;
- further enrich its omnichannel proposition by launching the marketplace in the French store network by early 2022 and in a second online market in 2022;
- continue the development of its warehouse in Northern France;
- maintain cost and cash management discipline.

Strategic review of US assets in progress

In the current challenging US retail market amid the Covid-19 pandemic, Maisons du Monde's medium-term business plan for Modani, part of a broader plan to develop the Monde banner in the US, has become less relevant to the Group's overall strategy. It was decided to no longer pursue the Maisons du Monde US banner strategy, in order to focus the Company on European operations. Consequently, the Group is currently considering all strategic options for Modani, whose underlying fundamentals remain sound, and decided to book a €51 million asset impairment as of end 2020.

2021 outlook

32% of the European store network is completely closed (mostly in France, Italy and Germany) while another 11% (mostly Italy) is only open 70% of the time due to Covid-19 restrictions. Beyond these temporary closures, the Group intends to continue to optimize its store network footprint in 2021.

Online activity in the 1st quarter 2021 was significantly above its 2020 level and the marketplace continues to perform well.

Overall, the Group is expecting to post a solid performance in the first half of the year, benefiting from a positive comparable base. As a result, under sanitary conditions as they were on 10 March 2021, the Group is targeting for full-year 2021:

- high single-digit sales growth yoy, with a number of stores that remained fairly steady at the end of 2021;
- an improved EBIT [1] margin, increasing by up to 50 basis points vs 2020;
- free cash flow above its 2020 level.

(1) Under IFRS 16, store rental costs are no longer included in EBITDA which artificially inflate its value and associated margin. As a result, management has decided to use EBIT as an internal metric and for the purpose of market guidance going forward as it better reflects the Group's true financial performance.

Financial Statements

6

6.1 Consolidated financial statements for the year ended 31 December 2020

6.1.1 CONSOLIDATED INCOME STATEMENT

(in € thousands)	Notes	31 December 2020	31 December 2019
Retail sales and commissions related to ordinary activities	5	1,186,371	1,231,017
Other revenue from ordinary activities	5	40,774	32,680
Revenue		**1,227,145**	**1,263,697**
Cost of sales [(1)]		(403,736)	(424,955)
Personnel expenses	6	(228,665)	(234,991)
External expenses	7	(351,255)	(343,292)
Depreciation, amortization and allowance for provisions [(1)]		(154,442)	(139,903)
Fair value – derivative financial instruments	20	5,186	5,164
Other income from operations	8	4,001	4,063
Other expenses from operations	8	(7,360)	(7,197)
Current operating profit before other operating income and expenses		**90,874**	**122,586**
Other operating income and expenses	9	(50,129)	(8,345)
Operating profit (loss)		**40,745**	**114,241**
Cost of net debt		(7,857)	(6,663)
Cost of lease debt		(12,833)	(12,764)
Finance income		2,470	1,445
Finance expenses		(5,085)	(3,136)
Financial profit (loss)	**10**	**(23,305)**	**(21,118)**
Profit (loss) before income tax		**17,440**	**93,123**
Income tax expense	11	(33,572)	(35,285)
PROFIT (LOSS)		**(16,132)**	**57,838**
Attributable to:			
• owners of the Parent		1,469	59,477
• non-controlling interests		(17,601)	(1,639)
Earnings per share attributable to the owners of the parent:			
Basic earnings per share	12	0.03	1.32
Diluted earnings per share	12	0.09	1.26

(1) Reclassification for €0.1 million from the item “Depreciation, amortization and allowance for provisions” to the item “Cost of sales” in 2019.

The accompanying notes are an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in € thousands)	Notes	31 December 2020	31 December 2019
PROFIT (LOSS) FOR THE PERIOD		**(16,132)**	**57,838**
• remeasurements of post employment benefit obligations	23	(725)	(1,307)
• income tax related to items that will not be reclassified	11	168	379
Total items that will not be reclassified to profit or loss		**(557)**	**(928)**
• cash-flow hedge	20	(57,540)	9,244
• currency translation differences		(1,480)	931
• income tax related to items that will be reclassified	11	18,702	(3,183)
Items that will be reclassified subsequently to profit or loss		**(40,318)**	**6,992**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		(40,875)	6,064
TOTAL COMPREHENSIVE INCOME (LOSS)		**(57,007)**	**63,902**
Attributable to:			
• owners of the Parent		(39,814)	65,333
• non-controlling interests		(17,193)	(1,431)

The accompanying notes are an integral part of the consolidated financial statements.

6

6.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in € thousands)	Notes	31 December 2020	31 December 2019
Goodwill	13	327,027	375,202
Other intangible assets	14	243,128	247,068
Property, plant and equipment	15	162,122	165,662
Rights of use	16	628,599	680,090
Other non-current financial assets	17	15,822	15,693
Deferred income tax assets	18	6,309	4,581
Non-current assets		**1,383,007**	**1,488,296**
Inventories	19	171,526	210,837
Trade receivables and other current receivables (1)	19	107,338	50,381
Current income tax assets		9,883	4,450
Derivative financial instruments	20	-	16,858
Cash and cash equivalents		296,735	94,489
Current assets		**585,482**	**377,015**
TOTAL ASSETS		**1,968,489**	**1,865,311**

(1) The data at 31 December 2019 were restated to reflect the reclassification of €13.0 million of advances to suppliers from “Trade and other receivables” to “Trade and other payables”.

Equity and Liabilities

(in € thousands)	Notes	31 December 2020	31 December 2019
Share capital		146,584	146,584
Share premiums		134,283	134,283
Consolidated Reserves		329,214	292,788
Profit (loss) for the period		1,469	59,477
Equity attributable to owners of the Company	**21**	**611,550**	**633,132**
Non-controlling interests		(17,872)	(679)
TOTAL EQUITY		**593,678**	**632,453**
Borrowings	22	1,634	50,891
Convertible bond	22	186,832	182,075
Medium and long term lease liability	16	508,128	554,547
Deferred income tax liabilities	18	41,248	60,319
Post-employment benefits	23	12,933	10,939
Provisions	24	7,459	13,702
Derivative financial instruments	20	17,005	141
Other non-current liabilities	19	6,466	23,150
Non-current liabilities		**781,705**	**895,764**
Current portion of borrowings and convertible bond	22	200,093	216
Short term lease liability	16	111,939	111,653
Trade payables and other current payables [(1)]	19	255,343	219,723
Provisions	24	4,504	3,856
Corporate income tax liabilities		2,595	1,646
Derivative financial instruments	20	18,632	-
Current liabilities		**593,106**	**337,094**
TOTAL LIABILITIES		1,374,811	1,232,858
TOTAL EQUITY AND LIABILITIES		**1,968,489**	**1,865,311**

(1) The data as of 31 December 2019, have been reclassified for €13.0 million related to supplier advances from the "Trade receivables and other current receivables" to "Trade payables and other current payables" item.

The accompanying notes are an integral part of the consolidated financial statements.

6

6.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in € thousands)	Notes	31 December 2020	31 December 2019
Profit (loss) before income tax		**17,440**	**93,123**
Adjustments for:			
• depreciation, amortization and allowance for provisions		201,369	144,500
• net (gain) loss on disposals	8 & 9	3,452	2,066
• change in fair value – derivative financial instruments	20	(5,186)	(5,164)
• share-based payments		2,156	2,560
• other		(15)	(197)
• cost of net debt	10	7,853	6,663
• cost of Lease debt	10	12,833	12,764
Cash flow before cost of net financial debt and taxes		**239,902**	**256,315**
Change in operating working capital	19	17,117	36,086
• (increase)/decrease in inventories		38,214	30,855
• (increase)/decrease in trade and other receivables (1)		(57,605)	11,077
• increase/(decrease) in trade and other payables (1)		36,508	(5,846)
Income tax paid		(35,764)	(36,900)
Net cash flow from/(used in) operating activities		**221,255**	**255,501**
Acquisitions of non-current assets:			
• property, plant and equipment	15	(34,864)	(47,343)
• intangible assets	14	(12,312)	(12,716)
• subsidiaries acquisition, net of cash acquired (2)		-	(10,156)
• other non-current assets		(290)	(796)
Change in debts on fixed assets		(4,613)	(4,312)
Proceeds from sale of non-current assets	8 & 9	807	467
Net cash flow from/(used in) investing activities		**(51,272)**	**(74,856)**
Proceeds from borrowings	22	300,595	318
Borrowings	22	(150,166)	(10,479)
Decrease in lease debt	16	(103,299)	(96,632)
Acquisitions (net) of treasury shares	21	507	(2,880)
Dividends paid	21	-	(21,143)
Interest paid	22	(2,870)	(1,878)
Lease interest paid	16	(12,635)	(10,074)
Net cash flow from/(used in) financing activities		**32,132**	**(142,768)**
Exchange gains/(losses) on cash and cash equivalents		133	36
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**202,248**	**37,913**
Cash and cash equivalents at beginning of period		94,478	56,565
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**296,725**	**94,478**

(in € thousands)	31 December 2020	31 December 2019
Cash and cash equivalents (excluding bank overdrafts)	296,735	94,489
Bank overdrafts	(9)	(11)
CASH AND CASH EQUIVALENTS	**296,726**	**94,478**

(1) The data at 31 December 2019 were restated to reflect the decrease in the change in trade receivables and trade payables in the amount of €8.6 million.

(2) In 2019, the acquisition of Savane Vision (Rhinov) and the payment of the earnout associated with the acquisition of the Modani shares.

The accompanying notes are an integral part of the consolidated financial statements.

6.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent						
(in € thousands)	**Notes**	**Share capital**	**Share premium**	**Consolidated Reserves**	**Currency translation reserves**	**Total**	**Non-controlling interest**	**Total equity**
Balance as of 1 January 2019		**146,584**	**134,283**	**308,641**	**354**	**589,862**	**752**	**590,614**
Variation of non controlling interest [(1)]		-	-	-	-	-	1,776	-
Non-controlling interest put option [(1)]		-	-	-	-	-	(1,776)	-
Non-controlling interest put option [(2)]		-	-	(709)	-	(709)	-	(709)
Dividends				(21,143)		(21,143)	-	(21,143)
Share-based payments	6.2	-	-	(1,766)	-	(1,766)	-	(1,766)
Treasury shares	21.2	-	-	1,555	-	1,555	-	1,555
Profit (loss) for the period		-	-	59,477	-	59,477	(1,639)	57,838
Other comprehensive income for the period		-	-	5,133	723	5,856	208	6,064
BALANCE AS OF 31 DECEMBER 2019		**146,584**	**134,283**	**351,188**	**1,077**	**633,132**	**(679)**	**632,453**
Balance as of 1 January 2020		**146,584**	**134,283**	**351,188**	**1,077**	**633,132**	**(679)**	**632,453**
Non-controlling interest put option [(2)]		-	-	15,592		15,592		15,592
Share-based payments	6.2	-	-	1,224	-	1,224	-	1,224
Treasury shares	21.2	-	-	1,372	-	1,372	-	1,372
Profit (loss) for the period		-	-	1,469	-	1,469	(17,601)	(16,132)
Other comprehensive income for the period		-	-	(39,395)	(1,888)	(41,283)	408	(40,875)
Other changes		-	-	44	-	44	-	44
BALANCE AS OF 31 DECEMBER 2020		**146,584**	**134,283**	**331,494**	**(811)**	**611,550**	**(17,872)**	**593,678**

(1) Acquisition of Savane Vision (Rhinov) in France.

(2) Revaluation of put debt on minority interests as of 31 December, and 2019 (cf. Note 19.4).

The accompanying notes are an integral part of the consolidated financial statements.

Maisons du Monde S.A. is a limited liability company with a Board of Directors, governed by the laws of France. Its registered office is at Le Portereau – 44,120, Vertou. Maisons du Monde's shares are listed on Euronext Paris. The Company's LEI (Legal Entity Identifier) Code is 9695009DV2698O4ZBU71. During the period, there were no changes concerning the identification of the holding company of the consolidated Group.

The following consolidated financial statements, prepared in accordance with IFRS as adopted by the European Union, cover Maisons du Monde S.A. and its subsidiaries and equity interests in affiliated companies (hereafter referred collectively as "the Group" and individually as a "subsidiary" or "joint-venture").

The Group is a fast-growing omnichannel retailer of stylish, affordable furnishings and homeware products through its network of stores and its e-commerce platform, selling to a large, mostly European customer base. Its product range includes a wide variety of styles and categories of furnishings, both in terms of small decorative items, with products including household textiles, tableware and kitchenware, mirrors and picture frames, and large decorative products and furniture, such as large mirrors and lamps, tables, chairs, armchairs and sofas, cupboards, bookshelves and outdoor furniture.

The consolidated financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 25 March 2021 and will be submitted to the Annual Shareholders' Meeting for approval on 4 June 2021. All amounts are expressed in thousands of euros unless otherwise stated.

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL

Note 1 Significant events

1.1 Creation of the Maisons du Monde Marketplace

In November 2020, Maisons du Monde transformed its website maisonsdumonde.com into a marketplace. Initially deployed in France, the Maisons du Monde marketplace was launched with more than 200 brands, corresponding to its DNA in terms of style, affordability, quality and responsibility. It complements its offer in categories such as household linens, cooking accessories and bedding. Drawing on its expertise in the world of the home, Maisons du Monde has selected specialist brands, brands by young designers, made in France brands and responsible brands, in order to offer a broad, high-quality offering for the entire home, enhanced by an inspiring web design.

The marketplace is at the heart of Maisons du Monde's strategic project, accelerating the digitalisation of the Group, which already achieves 50% of its sales through digital (e-commerce and click-in-store), with a site that receives 10 million unique visitors per month. The expansion of the offering proposed by the marketplace will enable Maisons du Monde to increase the traffic on its website and raise its profile.

The interior decorators of Savane Vision (Rhinov), the digital start-up that joined Maisons du Monde in June 2019, will also be adding a selection of products from the marketplace to their decorating Boards, in order to provide solutions that meet customer expectations as closely as possible.

This digital acceleration is part of a vision that remains resolutely omnichannel. In the future, Maisons du Monde plans to deploy its marketplace in stores, thereby accentuating the differentiation of its model in a universe of "pure player" marketplaces.

1.2 Impacts of the Coronavirus Pandemic

The Covid-19 pandemic and the lockdowns it caused led to the closure of most of the Group's stores for 12 weeks, limiting, and in many cases even prohibiting, public access. The Group estimates that these events negatively impacted sales by approximately €160 million: in-store sales decreased by around €190 million (€40 million during the first quarter, €90 million during the second quarter and €60 million during the fourth quarter), a decrease partially offset by an increase in online sales of approximately €30 million (€20 million in the second quarter and €10 million in the fourth quarter). In France, two lockdowns linked to the Covid-19 pandemic impacted the Group in 2020: the first from 17 March to 10 May and the second from 28 October to 27 November. To mitigate the impact of the COVID-19 pandemic on its financial results, the Group implemented a stringent cash preservation and cost savings programme, including:

- placing over 85% of Maisons du Monde staff on temporary unemployment; for Modani, c. 45% of staff were furloughed, and headcount was reduced by c. 20%;
- recruitment plans and discretionary salary increases were frozen, while reducing temporary labour;
- executive pay was temporarily cut: CEO -25%, Board of Directors -25%, Executive Committee -15% (April and May);
- lease payments were subject to renegotiations with lessors;
- a substantial opex reduction program was implemented, including:
  - cutting external fees,
  - eliminating discretionary expenses,
  - reducing post lockdown staff travel to a strict minimum,
  - rationalising store maintenance costs, and
  - reducing and reallocating marketing costs;
- working capital was optimised by reducing furniture and decoration inventory orders as well as renegotiating payment terms with suppliers;
- cancellation or postponement of a significant number of investment projects (mainly store openings and renovations and IT projects);
- the dividend payment for 2019 was cancelled.

Savings in rents recorded in the accounts due to the negotiation of amendments or credits from lessors in connection with store closures amounted to €7.7 million.

The amount paid by the various States in respect of partial unemployment represented a total of €8.6 million received directly in cash at 31 December 2020.

In terms of operational and financial costs on an annual basis, the Group has spent approximately €2 million for the implementation of social distancing measures in its stores. The extra charges associated with the precautionary finance steps taken by the Group in response to the Covid-19 pandemic (drawdown of the revolving credit lines in the amount of €150 million, as well as the French state-guaranteed term loan of €150 million) are estimated to be around €1.8 million for the fiscal year.

The pandemic also impacted the Group's supply chain:

- in response to the lockdown in Europe and in order to preserve cash in an uncertain environment, the Group froze most supply orders from mid-March to early May. Orders were subsequently restarted. However, due to the large increase in consumer demand for online shopping and better than expected post-lockdown activity, inventories were drawn down to sub-optimal levels;
- almost all Chinese suppliers were closed for most of the first quarter. The ramp-up of production after the lockdown in the second quarter was slow and suppliers struggled to cope with the sudden influx of orders from their customers, notably including Maisons du Monde;

- sea freight capacity was severely limited from the second half of the year, creating bottlenecks and rising prices in the fourth quarter of 2020 and in 2021.

In terms of cash management as well as to preserve and reinforce its liquidity, the Group:

- drew down immediately post-lockdown the entirety of its two revolving credit facilities in the amount of €150 million in March 2020. These two credit facilities were fully repaid in September 2020;
- successfully negotiated the suspension of its Senior Credit Facility's covenant whereby the Group was required to maintain a net debt leverage ratio (as calculated under IAS 17, net debt divided by the last twelve-month EBITDA level was required to be below 3.75 times). This "covenant holiday" applies to the facility's final two covenant testing dates of 30 June 2020 and 31 December 2020. The Group's leverage ratio at 31 December 2020 was 0.8x LTM EBITDA, compared to 0.9x at the end of 2019;
- successfully arranged a French state-guaranteed term loan in the amount of €150 million at the beginning of June. The Group has announced that it intends to repay this loan in full in the second quarter of 2021.

As of 31 December 2020, of the Group's 369 stores, 16 remained closed to the public by government authorities due to the Covid-19 pandemic: 11 in Germany, 3 in Luxembourg, 1 in Italy and 1 in Switzerland. A further 68 stores in Italy and Spain were authorised to open under restricted terms (limited number of customers in the store, closure during the holidays, etc.).

Note 2 Accounting policies and consolidation rules

2.1 Basis of preparation

The 2020 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The standards adopted by the European Union are available on the European Commission's website: http://ec.europa.eu/finance/accounting/ias/index.fr.htm.

On the reporting date, there is no difference between the framework used and the standards adopted by the IASB, which are mandatory for the financial year presented.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value or at amortized cost as discussed in the accounting policies below. The main accounting principles applied are unchanged from the prior year, except for the adoption of the standards described in the note 2.2, applicable since 1 January 2020 including those related to the amendment to IFRS 16 – Rental Concessions Covid-19 and the interpretation of IFRS IC relating to IFRS 16 – Duration of Leases.

Financial data is presented in €thousands. Amounts are rounded to the nearest thousands unless otherwise stated. The amounts stated in the consolidated financial statements and notes to the consolidated financial statements are rounded to the nearest unit. As a result, there may be immaterial differences between the sum of the rounded amounts and the total reported.

2.2 New standards, amendments and interpretations

a) New standards, amendments to existing standards and interpretations whose application is mandatory as of 1 January 2020

Adopted by the European Union:

- amendments to IFRS 3 – Business Combinations: this amendment concerns the definition of a business;
- amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures".

  These amendments aim to provide useful financial information during the period of uncertainty related to the reform of the reference interest rates (IBOR). They amend certain hedge accounting provisions. The Group is paying increased attention to the arrangements defined in the context of the new financing. IBOR rates continue to be used as reference rates in the financial markets and are used for the valuation of financial instruments whose maturity dates exceeds the expected end date of these rates;
- changes to the references of the conceptual framework in IFRS;
- amendment to IAS 1 and IAS 8 – Refine the definition of material.

  These amendments, which define the term materiality, give an indication of the information to be included in the financial statements, depending on its importance;
- amendment to IFRS 16 Leases Covid-19-Related Rent Concessions:

  this amendment admits the following provisions:
  - grant the lessee an optional exemption to assess whether a lease concession related to the Covid-19 outbreak is an amendment to the lease agreement,
  - require lessees applying the exemption to consider Covid-19 related rent concessions as if they were not amendments to the lease agreement,
  - recognize the impact of the rent reduction on the result for the period.

  This exemption applies to rent relief related to Covid-19 that meets the following conditions:
  - the modification gives rise to a revision of the consideration of the contract which is substantially the same, or lower, than the consideration immediately before the modification,
  - the rents must be initially due no later than 30 June 2021,
  - there must be no substantial change in the other terms and conditions of the contract;
- IFRS IC interpretation relating to IFRS 16 – Duration of leases;

  The Group has considered the decision of the IFRS IC Committee of December 2019 specifying that it is not possible to use only the legal approach to determine the execution period of a contract, the duration of which cannot be firmly determined at the origin of the contract. The committee considers that a rental contract remains enforceable if the tenant, or the lessor, would have to suffer a loss or a more than insignificant penalty in the event of termination of the contract. To determine the enforceable duration of the rental contract, all the economic aspects of the contract must be considered and not just the compensation for contractual terminations.

  On the date of preparation of the annual consolidated accounts for 31 December 2019, the Group had adopted, according to the accounting positions and the implementation methods concerning the assessment of the duration of contracts, a legal approach for rental contracts without terms determined with less than 12 months' notice for which the Group has applied the short-term exemption.

  The work carried out by the Group on this subject has led to the conclusion that the impact is not significant on the financial statements.

  The work carried out by the Group in this area in 2020 resulted in an extension of the term of the lease initially agreed and led to a revision of the lease liability and the right of use relating to the leases in question (see note 16).

Not yet adopted by the European Union: none.

b) New standards, amendments to existing standards and interpretations applicable in future years, not early adopted by the Group

Adopted by the European Union: None.

Not yet adopted by the European Union:

- IFRS 17 – Insurance contract including Amendments to IFRS 17;
- amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current;
- amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Comparative Interest Rate Analysis Reform – Phase 2;
- several amendments to IFRS 3 – Business Combinations, IAS 16 – Tangible Capital Assets, IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018–2020;
- amendments to IFRS 4 – Insurance Contracts – Extension of the Temporary Exemption from the Application of IFRS 9.

c) New standards, amendments to existing standards and interpretations applicable in future years, adopted by the Group

Adopted by the European Union: none.

Not yet adopted by the European Union: none.

2.3 Consolidation method

a) Business combination

Business combinations are recognised according to the acquisition method. Identifiable assets acquired and assumed liabilities are measured at fair value on the date control was obtained.

On the acquisition date, goodwill is measured as the difference between:

- the fair value of the consideration transferred, plus the amount of any non-controlling interest, and where relevant, the acquisition-date fair value of the acquirer's previously held equity interest; and
- the fair value of the identifiable assets acquired, and the liabilities assumed.

Non-controlling interests are measured either at fair value, or at the non-controlling interest's proportionate share of net assets of the entity acquired. This option is available on a case-by-case basis for each acquisition.

Negative goodwill is immediately recognised in profit or (loss).

Acquisition expenses are immediately recognised in expenses as they are incurred unless they relate to equity instruments.

b) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when its relationship with the entity exposes it to or gives it rights to variable returns and it could affect those returns through its power it exercises over the entity. Power over the investor is assessed based on the actual rights that give it the ability to direct the relevant activities (the activities that significantly affect the investor's returns). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All intercompany transactions, balances and realised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, subsidiaries' accounting methods have been adjusted to conform with the Group's accounting policies.

2.4 Foreign currency translation method

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges, *via*:

- the operating profit for the transactions related to operational activities;
- the financial profit for the transactions related to financing activities.

c) Group companies

The results and financial position of all the Group's companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities, including goodwill and fair value adjustments, for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at weighted-average annual exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.5 Segment reporting

In accordance with IFRS 8 Operating Segments, segment information is reported based on internal Management Reports used by the Board of Directors – the Group's main decision-making body – to analyse performance and decide on the allocation of resources.

As a result, an operating segment is a separate component that engages in business activities from which the Group may earn revenues and incur expenses. Each operating segment is monitored individually and the operating profit from each segment is reviewed by the Board with a view to assessing performance in making decisions on resource allocation.

Operating segment information is disclosed in note 4 of this section.

2.6 Revenue

Revenues from sales of goods and services are assessed based on the counterpart that is planned to be transferred to the client in the contract and does not include amounts collected for third parties.

The Group mainly generates its revenues from the sale of furniture and decorative items in stores or on its website. It also delivers transport services for goods delivery to clients as well as for supply chain services for third parties. It also derives its income through services and commissions related to its marketplace.

a) Sales of goods in stores or on Website

The Group recognizes revenue when the control of goods is transferred to the client. This is supposed to arise at the very moment of the delivery when the client accepts and takes physical possession of the asset. Then, he bears the risks and benefits from the advantages related to its property.

The amount recognized as revenue is based on the transaction's price that is fixed in the contract and corresponds to the amount the Group expects to receive in accordance with the contractual agreement. As a Group's specificity, the price does not include any variable amount which would require the use of estimates.

A receivable is recognized as soon as the Group is discharged from its liabilities, at the date of the goods delivery.

Either in store or on the website, customers pay the full amount when they order. The Group has also concluded partnerships with companies specialized in consumer lending to provide payment facilities to clients. Contracts concluded with clients do not include financing component as the selling price does not change either the purchase is done through a consumer credit or not.

A return policy is attached to online sales. When appropriate, the Group recognizes a liability that represents future refunds and an asset that should be equal to the goods it expects to recover. Traditionally, the Group has a low return rate.

Guarantees given to buyers over the goods sold do not represent a distinct performance obligation, meaning that customers could not benefit from additional services that could be sold on a standalone basis. Guarantees solely ensure products compliance and are recognized in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets when applicable.

As the Group does not have contracts that exceed one year, it decided to apply simplified measures by not disclosing information on performance obligations that would not be completed yet at closing.

b) Sales of transportation services

The Group recognized revenue when it has fulfilled its obligations towards the client. That is supposed to happen at the delivery time, when the customer accepts and takes physical possession of the asset.

c) Sales of decoration services

The Group recognizes income when it has fulfilled its performance obligation to the client, which is deemed to occur at the precise moment of delivery of the project to the client.

d) Marketplace sales

The Group acts as an agent. The recognized revenues correspond to the services and commissions invoiced to suppliers on the sales made.

2.7 Share-based payments

The Group's share-based payment policy consists of implementing regular performance shares grant plans and occasionally stock options in favour of members of Senior Management and other senior and middle managers. The plans in progress on 31 December 2020 are settled in shares for performance shares and in cash for stock options.

The cost of performance share plans (settled in shares) is recognized as personnel expenses over the vesting period, with a corresponding increase in equity.

The cost of stock options plan (settled in cash) is recognized in personnel expenses over the vesting period, with a corresponding increase of social debt.

Performance shares valuation

In accordance with IFRS 2, the performance shares plan cost is determined by reference to the fair value of the shares at the grant date, corresponding to the share price at the same date less the estimated present value of dividends not received during the vesting period.

The estimated probability of market performance conditions being met reduces the performance shares' fair value on the grant date.

Non-market performance conditions (such as condition of continued presence within the Group, or internal performance objectives) are not considered for the purpose of measuring grant-date fair value but adjust the final cost of the plan, depending on the actual number of equity instruments that vest.

The dilution effect of non-vested performance share allocations plans in progress is reflected in the calculation of diluted earnings per share.

Performance shares are measured at fair value, considering a discount to reflect their non-transferability. The cost of non-transferability is measured as the cost of a two-step strategy consisting in the forward sale of shares being non-transferable for one year and the purchase on the spot market of the same number of shares funded by an amortizable loan with an *in fine* capital repayment.

Valuation is based on the following main underlying assumptions:

- dividend growth rate, based on the forecast average annual growth rate;
- employee departure rate which is estimated for each position in the Group and based on the historical employee departure rate of the corresponding occupational category. This departure rate is used to estimate the shares that will not be allocated due to the departure of beneficiaries;
- the achievement of performance conditions.

<u>Stock options valuation</u>

In accordance with IFRS 2, the stock option plans cost is determined by reference to stock options fair value at the grant date, corresponding to the option price at the same date less the exercise price. As stock-option plan is related to subsidiary's unlisted securities, the valuation was carried out by using the profit multiplier method.

2.8 Other operating income and expenses

Other operating income and expenses mainly includes reorganization costs (store closure without relocation), restructuring costs, acquisition-related and impairment losses. This income statement item includes cash as well as non-cash items.

Other operating income and expenses relates to other unusual, infrequent or non-recurring items. Such items are those that in management's opinion need to be disclosed in the financial statements by virtue of their size, nature or incidence. The accounting classification is consistent with the way that financial performance is measured by management and reported to the Board of Directors and assists in providing a meaningful analysis of the trading results of the Group.

2.9 Financial income and expenses

Interest income and expense are recognised according to the time elapsed, considering the actual return from the asset, which is the interest rate required to discount the future cash flows expected over the life of the asset to make it equal to the asset's initial value.

2.10 Dividends

Dividend income from equity interests is recognised when the shareholder's right to receive payment is established.

Dividends paid to the shareholders of the Company are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

2.11 Earnings per share

a) Basic earnings per share

Basic earnings per share are calculated by dividing:

- the net profit for the period attributable to the Group;
- by the weighted average number of ordinary shares outstanding during the period, less the weighted average number of treasury shares held by the Group.

b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding used in the determination of basic earnings per share to consider dilutive instruments.

The dilutive effect may result from the subscription of options granted to the employees, stock purchase warrant or bonds conversion according to the prevailing condition at the closing date.

Diluted earnings per share consider:

- performance shares allocated to employees;
- the impact of all potentially dilutive ordinary shares, particularly those resulting from convertible bonds.

The number of shares retained is the one that would have been allocated if the performance criteria were evaluated at the end of the closing period or may be created if all bonds issued were converted.

2.12 Intangible assets

a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint-ventures and represents the difference between the consideration transferred, the amount of any non-controlling interest in the acquired entity, as well as the acquisition-date fair value of any previous equity interest in the acquired entity, and the fair value of the identifiable net assets acquired. When the difference is negative, this amount is recognised in profit or loss during the year of acquisition.

Where settlement is deferred, the amounts payable in the future are discounted to their present value as at the date of settlement. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financial establishment under comparable terms and conditions.

A potential price adjustment is estimated at its fair value on the acquisition date, and this initial value may not be adjusted subsequently as an offset to goodwill except in the case of new information obtained about facts and circumstances that were in existence at the acquisition date, and insofar as the measurement was presented as provisional (the measurement period is 12 months). Any subsequent adjustments that do not meet these criteria are recognised in debt or receivables, with an offsetting entry in income.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill is included in intangible assets and is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or group of cash-generating units, that is expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is allocated represents the smallest level within the entity at which the goodwill is monitored at Group level. Goodwill is monitored at the geographical level: France and International.

The carrying value of goodwill is compared to the recoverable amount of the CGU or group of CGU to which the goodwill is allocated, which is the higher of value in use and the fair value fewer costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Any impairment is recognised immediately as an expense and is not subsequently reversed. Impairment is allocated first to the carrying amount of any goodwill allocated to the CGU, and then to the carrying amounts of the other assets on the CGU on a pro rata basis.

b) Brands

A brand has an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The valuation of brands has been determined with the assistance of valuation specialists, considering various factors, including brand awareness. The "royalties" method was used to estimate the fair value of brands. This approach consists in determining the brand's value based on future revenues from royalties received if the brand is exploited under the form of a license by a third party. These brands, which are legally protected, are not amortised but are individually tested for impairment annually or more frequently if signs of impairment exist at Group level. Advertising and promotional campaigns contribute to maintain the positioning of brands.

c) Trademarks and licenses

Acquired trademarks and licences are recorded at acquisition cost.

Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are subsequently carried at acquisition cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their useful lives, estimated at one to four years.

d) Internally generated software development costs

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software development so that it will be available for use;
- management intends to complete the software development and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated that the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

When these criteria are met, internal software development costs are capitalised during the application development stage. The costs capitalised correspond to direct external costs and employee costs related to the time spent on the project during the capitalisation period. Capitalised software is evaluated for impairment annually or when changing circumstances indicate that amounts capitalised may be impaired. Amortisation is calculated from the point at which the asset is put into use, using the straight-line method to allocate the cost of software over their estimated useful lives of three years.

2.13 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives and is recognised in profit and loss. The estimated useful lives of PPE for the period are as follows:

• Constructions:	20 to 25 years
• Fixtures and fittings to buildings:	7 to 15 years
• General installations:	7 to 10 years
• Equipment and machinery:	3 to 15 years
• Transportation equipment:	4 to 5 years
• Office and computer equipment:	3 to 5 years
• Furniture:	5 to 10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.14 Lease contracts

Leases contracts under which a significant part of the risks and rewards of ownership are not transferred to the Group as a tenant are classified as operating leases. Payments made for operating leases (net of all deductibles granted by the lessor) are recognized in profit or loss using the linear method over the duration of the rental. The Group rents real estate mainly Group stores and warehouses, and these contracts are generally considered to be operating leases.

Lease contracts are recorded on the balance sheet at the beginning of the contract for the present value of future payments. This translates into the finding:

- a non-current asset "Rights of Use relating to leases"; and
- a lease debt under the obligation to pay.

<u>*Right to use*</u>

On the date of the possession of a lease, the assessed right of use includes the initial amount of debt to which; the initial direct costs, the estimated costs of refurbishment of the asset, the *Pas de porte*, the rights to the lease are added if applicable, advance payments made to the renter and net if any of the benefits received from the lessor.

The right to use is depreciated over the duration of the contract which generally corresponds to the firm term of the contract, considering the optional periods that are reasonably certain to be exercised. Operating allowances for operating rights are recorded in current operating income.

The right of use recoverability is tested as soon as events or changes in the market environment indicate a risk of loss of value of the asset. The provisions for implementing the impairment test are identical to those relating to tangible and intangible assets as described in notes 2.12 and 2.13.

<u>*Droit au bail commercial and Pas de porte*</u>

In France, the holder of the lease has the right to renew the lease most of the time indefinitely. If the lessor wishes to terminate a commercial lease in France, the tenant has the right to receive an eviction allowance equal to the value of the lease rights on the cancellation date. As a result, lease rights have an indefinite lifespan, as there is no foreseeable end to the period during which lease rights are expected to generate net incoming cash flows. As a result, the principal lease rights (paid to the former tenant) are not depreciated, but they are subject to a depreciation test each year and whenever events or circumstances indicate that their recoverable amounts may be below their book value.

Following the IFRS 16 application, the *Droit au bail* is included in the right of use.

In some cases, another legal term is used for lease rights. This is *Pas de porte*, the amount paid by the tenant to the landlord. Previously classified as "Prepaid expenses" under "Customer and other receivables" and "Other non-current assets" and linearly recorded as rents over the estimated term of the lease. They are now, following the entry into force of IFRS 16, reclassified as user fees and depreciated over the estimated duration of the lease.

<u>*Lease debt*</u>

On the effective date of the contract, lease debt is recorded for an amount equal to the present value of future payments including rent deductible which includes, fixed rents, variable rents that depend on an index or rate contract, as well as payments for extension, purchase, termination or non-renewal options, if the Group is reasonably certain to exercise them.

When the implied rate of the contract is not easily determinable, the Group retains the marginal debt rate to assess the right to use and the corresponding rent debt, which takes into account, among other things the Group's financing conditions and the economic environment in which the contract was signed.

Subsequently, the lease debt is assessed at the amortized cost using the effective interest rate method.

The interest expense for the period is recorded in the financial result.

Leasing debt is presented separately from net debt.

<u>*Exemptions*</u>

Leases for low value or short-term assets are recorded directly in expenses.

<u>*Binding period of leases*</u>

The Group applies the decision of the IFRS IC Committee of 16 December 2019, specifying that it is not possible to use only the legal approach to determine the enforceable period of a contract, the duration of which cannot be firmly determined at the origin of the contract. A lease remains enforceable if the lessee, or the lessor, would suffer more than insignificant loss or penalty if the contract were to terminate. In determining the enforceable term of the lease, all the economic aspects of the contract must be considered, not just the contractual termination payments.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or some intangible assets – are not amortised and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the difference between the asset's carrying amount and its recoverable amount if the latter is less than the asset's carrying amount. The recoverable amount is the higher of an asset's fair value fewer costs to sell and value in use. For the purposes of assessing impairment, assets are grouped into cash-generating units which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.16 Financial assets

Under IFRS 9, financial assets contain three classification categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (JVOCI) and financial assets measured at fair value through profit and loss statement (JVPL).

The classification is based on the business model in which financial assets are managed and their future cash flow characteristics.

a) Financial assets measured at amortized cost

Those financial assets are held to collect contractual cash flows.

At initial recognition, they are measured at fair value on the acquisition date, usually the transaction price. Afterwards, if they are not hedged, the assets are measured at amortized cost, according to the effective interest rate method.

They mainly correspond to the following balance sheet items: loans, deposits, trades receivables, other receivables, and receivables from suppliers.

b) Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets at FVOCI are financial assets held to both collecting contractual cash flows and selling the financial asset. Those instruments are recognized at fair value in the balance sheet through other comprehensive income. Only, interests and dividends received as well as exchange rate changes impacts are recognized in the income statement.

The fair value of investments on listed companies is determined by the market price which is disclosed at closing date. Changes in fair value are recognized in other comprehensive income statement (directly in equity). On disposal of the investment, the cumulative change in fair value is recycled in other comprehensive income.

For non-consolidated investments that are not quoted on a market, those are maintained at the acquisition cost that the Group estimates to be equal to the fair value. An impairment is recognized if a sustained loss of the value in use is recorded. The value in use is determined based on the most appropriate financial criteria to each specific situation and each company. Criteria that are usually used are equity value and profitability prospects.

c) Financial assets measured at fair value through profit or loss (FVPL)

Financial assets classified and measured at FVPL are the ones that cannot be included in the above categories. Those assets are held for trading and are recognized at fair value through the income statement.

Financial assets fall into this category if they were acquired in order to be sold on a short-term basis and or if no contractual cash flows are predetermined. Derivatives that have not been designated in a hedging relationship are considered as held-for-trading.

Those assets mainly refer to investments in Economic Interest Groups.

2.17 Impairment of financial assets

a) Impairment

The Group recognized an impairment based on expected loss for financial assets measured at amortized cost or at FVOCI.

The provision amount is measured annually in order to reflect the financial asset's credit risk evolution since its initial recognition.

The Group uses the lifetime expected credit losses method for financial assets (other than trade receivables), only when the credit risk increased significantly. If the financial instrument's credit risk has not increased significantly since its initial recognition, the Group measures the 12-month expected credit losses (after the closing date).

In order to test the credit risk evolution, the Group compares the financial instrument's default risk with the default risk at initial recognition, taking into consideration reasonable and justifiable information that is available without engaging undue cost or effort and that indicates important increase in credit risk since initial recognition.

For trade receivables, the Group uses the simplified method and recognizes lifetime credit losses.

b) Derecognition

The Group derecognizes a financial asset when the rights to the cash flows expire or the asset is transferred to another party.

If the Group does not transfer or still retains almost all risks and benefits from the asset and keeps controlling it, it recognizes its residual interest. If the Group retains almost all risks and benefits of a transferred asset, the Group maintain the recognition of this asset.

When a financial asset measured at amortized cost is derecognized, the difference between the book value and the consideration received is recognized in the profit or loss.

2.18 Derivative financial instruments and hedging activities

The Group uses derivatives to hedge its exposure to currency risk. The use of these instruments allows the Group to manage risks arising from exchange rates and commercial transactions.

On inception of the hedging relationship, the Group designates and documents the hedging relationship by describing the relationship between the hedging instrument and the underlying hedged, the Group's risk management objective and strategy for undertaking the hedge: designation of the hedging instrument and the underlying hedged, type of risk hedged, means chosen by the Group to test and determine the extent of any the edge effectiveness.

The hedging relationship meets effectiveness constraints if:

- an economic relationship exists between the hedging instrument and the underlying hedged;
- the credit risk does not exceed the changes in the value which arise from this economic relationship;
- the hedge ratio of the hedging relationship equals the ratio of the quantity of the underlying hedged and the quantity of hedging instruments the Group uses to cover that quantity of underlying hedged.

When a derivative contract is concluded, the hedging instruments are recorded at fair value and then reassessed at fair value on each closure. The derivatives' fair value is measured based on the exchange rate at closing.

Changes in the fair value of derivatives are recognized in profit or loss, unless for instrument defined as cash flow hedging instruments for which changes in the fair value are recognized in other comprehensive income for their effective share and in profit or loss for their ineffective share.

The hedging instrument's fair value is classified in non-current assets or non-current liability when the remaining maturity is higher than 12 months, and in current asset or current liability when the remaining maturity is smaller than 12 months. Transaction-for-trading on derivatives are classified in current assets or current liability.

2.19 Inventories

Inventories are recognised at the lower of historical cost and net realisable value.

Cost is determined using the weighted-average cost method. The valuation of warehouse inventory is equal to the cost of acquisition plus shipping, duty and transportation costs. The valuation of retail store inventory is composed of the warehouse cost price plus the warehouse-to-retail stores' transportation costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

2.20 Trade and other receivables

Trade receivables are recognized at fair value and then reassessed at amortized cost through the effective interest rate method, after deduction of the depreciation provisions.

The Group uses the simplified method and recognizes expected credit losses over future trade receivables' lifetime. Expected credit losses are measured by considering a range of factors specific to customers and other debtors and using current general economic conditions and economic conditions forecasts that are available at closing date without supporting undue cost and effort.

The provision amount is recognized in profit or loss in "Depreciation, amortization and allowance for provisions".

2.21 Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents (excluding bank overdrafts) include cash and other short-term investments (marketable securities) with original maturities of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts. In the consolidated statement of financial position, bank overdrafts are presented within borrowings in current liabilities.

2.22 Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are presented as a deduction to equity, net of tax, with no impact on net income.

When the Group buys back its own shares, they are classified as treasury shares at the purchase price and recognised as a deduction from equity for the consideration paid. Gains and losses on disposals of treasury shares are recognised directly in equity, for their amount net of tax, without affecting profit.

No impairment losses are recognised on treasury shares.

2.23 Post-employment benefits

Group companies operate various pension schemes, which are all defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of leading corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in personnel expenses, reflects the increase in the defined benefit obligation resulting from employee service in the current year.

Past-service costs, which are the change in the present value of the defined benefit obligation resulting from a plan amendments or curtailments, are recognised immediately in profit or loss.

The interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in other finance expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.25 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been delivered in the ordinary course of business from suppliers. These debts are classified as current liabilities if payment is due within 12 months after the reporting date (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.26 Other non-current liabilities

Other non-current liabilities mainly relate to non-current portion of free rents granted by lessors which is reversed on a straight-line basis over the expected lease term and to the put option held by the minority shareholders.

2.27 Borrowings and other financial debts

a) Borrowing from credit institutions

Borrowings, including issued bonds, and other financial debts are initially recognised at fair value, net of transaction costs incurred. Borrowings and other financial debts are subsequently carried at amortised cost. Any difference between the amounts (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. The effective interest rate is the rate used to discount the expected stream of future cash flows (transaction costs included) through the maturity of the financial liability, or a shorter period if appropriate, to the current net carrying amount of the liability on the date of initial recognition.

Fees are deducted from borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Convertible bond

A convertible bond is a "compound financial instrument", with a debt component and an equity component that are measured and accounted separately.

The debt component refers to the present value of the contractual future cash flows, discounted at the interest rate applied by the market at that date to instruments with identical characteristics, but without any conversion option. It is then measured using the amortized cost method over its estimated useful life.

The equity portion is equal to the difference between the issued nominal value and the debt component. The value recorded in equity corresponding to the valuation of the conversion option is not revalued during the life of the loan.

Issuance costs are booked as a reduction of debt and equity based on their respective value.

2.28 Current and deferred income tax

The income tax for the period comprises current and deferred tax. Current or deferred income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated based on the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and their tax bases in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against on which they can be used.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In accordance with IAS 12, the Group recognises the CVAE tax (France), IRAP tax (Italy) and *Gewerbesteuermessbetrag* tax (Germany) as an income tax.

The Group recognised deferred tax assets on tax loss carry forwards. A budget forecast has been prepared to document the use of this deferred tax asset within a reasonable period.

2.29 Contingent assets and liabilities

Depending on the outcome of uncertain future events, contingent assets and liabilities may be recognised by an entity. Details of these are set out in the notes to the consolidated financial statements.

Note 3 Critical estimates and judgements

The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates and judgements that may have an impact on the carrying amount of certain assets, liabilities, proceeds, expenses and on the information provided in the notes to the financial statements.

Estimates and assumptions are reviewed on a regular basis, and at least on each reporting date. They may vary if the circumstances on which they are based change or new information becomes available. Actual results may differ materially from these estimates.

The main estimates made by Management during the preparation of the consolidated financial statements relate to the assumptions used for:

- valuation of intangible assets (goodwill and brands) (see note 2.12 a and b and 2.15);
- deferred tax (see note 2.28);
- financial instruments and their classification (see note 2.18);
- provision for litigations (see note 2.24);
- the duration used for the rental contracts and the Group's marginal debt ratio (see note 2.14);
- uncertain tax positions in accordance with IFRIC 23.

Notes on consolidated income statement

Note 4 Geographical segment information

In accordance with IFRS 8 "Operating segments", segment information is based on internal analytical data used to analyse the performance of activities and the allocation of resources by the Board of Directors, which is the Group's main operational decision-making body.

Consequently, an operating segment is a separate component of the Group that engages in activities from which the Group is likely to acquire revenue, ordinary activities and incur expenses. Each operating segment is regularly reviewed by the Board of Directors in order to take decisions on the resources to be allocated and to evaluate their performance.

Sales, EBITDA and Goodwill, other intangible assets and property, plant and equipment are presented by geographical segments. The operating segments (geographical) are as follows:

- France;
- international.

In addition, the corporate segment includes the holding company's activities, including assets that cannot be allocated to any segments and CICE. This segment, which does not include any revenues, mainly comprises overheads related to finance, legal, human resources and IT Departments as well as expenses related to design, procurement, customer relationship management (CRM) and merchandising.

The Group defines its annual EBITDA as its current operating profit before other operating income and expenses excluding the following:

i) depreciation, amortization and allowance for provisions; and

ii) the change in fair value of its derivative instruments, which are both non-cash items; as well as

iii) store pre-opening expenses related to expenses incurred prior to the opening of new stores.

In 2019, EBITDA did not include IFRS 16 impacts.

EBITDA by geographical segment includes:

- allocations of certain marketing expenses related to the network of stores as well as operating and marketing expenses for the e-commerce platform. The allocation of these expenses by geographical segment is based on Sales (stores and e-commerce) for each country;
- allocation of EBITDA of the logistical entities by geographical segment is based on their respective cost of sales.

Sales and EBITDA related to B2B activity (Maisons du Monde) has been fully allocated to the France segment.

This segment information is consistent with groups of CGU that have been identified for the impairment test (see note 13).

4.1 Segment income statement

(in € thousands)	31 December 2020	31 December 2019
Retail sales	1,182,789	1,229,862
France	*626,714*	*674,580*
International	*556,075*	*555,282*
Cost of sales	(403,736)	(424,955)
Gross margin	**778,053**	**804,907**
Gross margin (%)	**65.9%**	**65.4%**
EBITDA	**240,615**	**259,272**
France	*174,915*	*195,094*
International	*146,503*	*139,731*
Corporate	*(80,803)*	*(75,553)*
Depreciation, amortization and allowance for provisions	(154,442)	(139,903)
EBIT	**86,173**	**119,369**
Change in fair value – derivative financial instruments	5,186	5,164
Expenses prior to openings	(485)	(1,947)
Current operating profit before operating income and expenses	**90,874**	**122,586**
Other operating income and expenses	(50,129)	(8,345)
Operating profit (loss)	**40,745**	**114,241**
Financial profit (loss)	(23,305)	(21,118)
Profit (loss) before income tax	**17,440**	**93,123**
Income tax expense	(33,572)	(35,285)
Profit (loss) after income tax	**(16,132)**	**57,838**
PROFIT (LOSS)	**(16,132)**	**57,838**

The information presented above has been restated in relation to the financial statements presented as of 31 December 2019, in particular at the level of cost of sales in which the depreciation of stocks now appears and at the level of sales in which we have included sales to franchisees and promotional and subtracted Savane Vision (Rhinov) services.

4.2 Segment assets and liabilities

The Group discloses here only segment assets whose amounts are regularly reviewed by the Executive Committee, under Board of Director's supervision.

	31 December 2020			
(in € thousands)	France	International	Headquarters	Total
Segment assets [(1)]	350,489	163,471	218,317	732,277
Rights of use	355,067	264,499	9,033	628,599
Non-segment assets				607,613
TOTAL ASSETS				**1,968,489**

(1) Goodwill, other intangible and tangible assets.

	31 December 2019			
(in € thousands)	France	International	Headquarters	Total
Segment assets [(1)]	340,454	229,334	218,144	787,932
Rights of use	387,956	282,923	9,211	680,090
Non-segment assets				397,289
TOTAL ASSETS				**1,865,311**

(1) Goodwill, other intangible and tangible assets.

6

Note 5 Revenue

5.1 Revenue breakdown

(in € thousands)	31 December 2020	31 December 2019
Sales	1,178,518	1,224,266
Sales to franchise and promotional sales	4,271	5,596
Sub-total of retail sales	**1,182,789**	**1,229,862**
Marketplace Commissions	566	-
Services and commissions	3,158	1,155
Retail sales and commissions related to ordinary activities	**1,186,371**	**1,231,017**
Transportation to customers	33,109	25,947
Supply chain services	465	918
Other services	7,200	5,814
Other Revenue from ordinary activities	**40,774**	**32,680**
TOTAL REVENUE	**1,227,145**	**1,263,697**

5.2 Revenue of goods and commissions related to ordinary activities by channel

	31 December 2020			31 December 2019		
(in € thousands)	Maisons du Monde	Modani	Total	Maisons du Monde	Modani	Total
Stores	755,213	40,503	795,716	889,053	39,559	928,612
Web	384,893	5,763	390,656	297,899	4,506	302,405
TOTAL SALES	**1,140,106**	**46,266**	**1,186,371**	**1,186,952**	**44,065**	**1,231,017**

5.3 Revenue of goods and commissions related to ordinary activities by product

	31 December 2020			31 December 2019		
(in € thousands)	Maisons du Monde	Modani	Total	Maisons du Monde	Modani	Total
Decoration	650,285	463	650,748	665,164	422	665,586
Furniture	486,096	45,803	531,900	520,434	43,643	564,077
Benefits and services	3,724	-	3,724	1,354	-	1,354
TOTAL SALES	**1,140,106**	**46,266**	**1,186,371**	**1,186,952**	**44,065**	**1,231,017**

Note 6 Personnel expenses

6.1 Wages and salaries

Personnel expenses are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Wages and salaries	(161,437)	(167,136)
Social security costs	(51,980)	(49,533)
Share-based payment (including social security costs)	(2,509)	(3,191)
Employee profit-sharing (including social security costs)	(10,967)	(13,737)
Post-employment benefits – Defined benefit plans	(1,772)	(1,394)
TOTAL PERSONNEL EXPENSES	**(228,665)**	**(234,991)**

The change in wages and salaries is mainly attributable to the fact that the Group has benefited from short-time working measures introduced by various governments. The net salaries paid by the Group under the subrogation were €10 million.

The change in social charges can be explained in particular by the decrease in the Urssaf reduction (formerly the Fillon reduction) the number of beneficiaries of which was reduced following the introduction of short-time working.

The average number of full-time employees (FTE) is 7,033 for the year 2020 and 6,951 for the year 2019.

6.2 Free share plan

a) New performance share plan

The 13th resolution adopted by the Extraordinary shareholder's Meeting held on 19 May 2017 authorizes the Board of Directors to grant free shares to Group employees, up to a maximum of 2% of the Company's share over a 38-month period. Under this authority, the Board of Directors adopted a new plan on 10 March 2020, which granted 352,940 performances shares to 412 beneficiaries located in France and abroad.

Performance shares are subject to:

- a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee of a Group company during a vesting period, calculated as from the grant date, of 36 months, *i.e.* 10 March 2023;
- in the event of death, disability or retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;
- performance requirements based on Sales levels and EBITDA for all beneficiaries set between 12 and 24 months depending on the indicator;
- an additional performance requirement for the Executive Committee's members, based on the earnings per share level.

The granted shares shall be either shares issued through a share capital increase performed by Maisons du Monde SA by no later than the definitive vesting date or shares bought back by the Group on the market prior to such date.

b) Information on the fair value of attribution of performance shares

	Plan n°4	Plan n°5a	Plan n°5b	Plan n°6
	18 May 2018	9 June 2019	24 June 2019	10 March 2020
Duration of plan	2.58 years	3 years	3 years	3 years
Fair value of performance shares (in €)	33.61	15.49	18.35	8.64

The performance conditions as defined were calculated for plan n° 4 5a, 5b and 6.

As part of the performance share plans, an expense of €2.2 million (excluding social charges) was recognized in the income statement (€2.5 million in 2019), with a corresponding increase in equity.

c) New stock option plan

For the financial year 2020, as part of the stock option plans, an expense of €0.4 million was recognized in the income statement as personnel expenses with a corresponding increase in social debt.

6

Note 7 External expenses

External expenses are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Energy and consumables used	(23,653)	(22,907)
Leases and related expenses	(27,169)	(23,235)
Rental	(9,335)	(8,528)
Repairs and maintenance	(19,153)	(18,757)
Insurance	(2,016)	(1,889)
Temporary staff	(22,426)	(24,971)
Advertising & marketing	(46,592)	(46,379)
Fees	(14,438)	(12,226)
Transportation	(148,091)	(143,693)
Post & Telecom	(5,709)	(5,525)
Travel & meeting expenses	(3,531)	(8,689)
Bank services	(9,662)	(8,522)
Taxes other than on income	(13,653)	(11,968)
Other external expenses	(5,827)	(6,003)
TOTAL EXTERNAL EXPENSES	**(351,255)**	**(343,292)**

"Leases and related expenses" correspond to variable rents, rents from non-restated (short-term) rental contracts as well as rental charges.

"Rental" relate to short-term furniture contracts, for low-value goods or contracts for which the Group does not obtain almost all the economic benefits associated with the use of the asset.

Main variations in "Leases and related expenses" are due to:

- charges of circa (11.0) M € in storage costs in port areas following the strike by the Marseille dockers and the paralysis of goods during the Covid-19 period; and
- the negotiations carried out by the Group with the lessors of the stores over the closing period of €7.7 million in application of the IFRS 16 amendment published in October 2020 by the European Union relating to rent reductions related to Covid-19.

Decrease in "external personnel" and "travel expenses" positions is mainly related to the lockdown and to the cost reduction plan put in place by management.

The increase in the "Transport" item is explained by the strong development of online sales leading to direct deliveries to the customer.

Other external charges consist mainly of logistics subcontracting charges coming from Modani for €(2.6) million (*vs.* €(3.6) million at 31 December 2019) and other items that are not individually significant.

Note 8 Other income and expenses from operations

Other income and expenses from operations are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Pre-opening expenses	(485)	(1,947)
Gains and losses on disposals [1]	(1,825)	(2,129)
Commercial disputes & losses	(74)	1,105
Leases & related expenses [1]	(223)	(198)
Other income and expenses from operations	(752)	35
TOTAL OTHER OPERATING INCOME/EXPENSES FROM OPERATIONS	**(3,359)**	**(3,134)**

(1) Relate to stores relocated in the same area.

Note 9 Other operating income and expenses

Other operating income and expenses are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Restructuring costs [1]	(55,101)	(1,502)
Commercial disputes & losses [2]	11,697	(4,322)
Impacts related to store closures [3]	(2,620)	(1,521)
Acquisition costs	-	(119)
Other [4]	(4,105)	(881)
TOTAL OTHER OPERATING INCOME/(EXPENSES)	**(50,129)**	**(8,345)**

(1) Of which 47.4 million related to impairment of Modani goodwill and 7 million related to impairment of the Modani brand (see notes 13 & 14).

(2) Corresponds in 2020 to the reversal of a provision for litigation following two court decisions in favour of the Group. The risk is not extinguished but the Group considers that a future cash outflow is unlikely. Corresponds in 2019 to bad debts and a provision for contingencies following the disposal of Chin Chin (see note 9 to the Consolidated Financial Statements for the year ended 31 December 2019).

(3) Refers to stores closed or being closed and not repositioned in the same area. The impact presented includes charges and reversals recognized following the closure of stores.

(4) During the year, the Group identified a new risk which was subject to a provision of €4 million, resulting from the extension of a risk which was already identified and fully provisioned.

Note 10 Financial profit (loss)

Finance income and expenses are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Interests on term loan	(701)	(814)
Interests on convertible bond	(4,656)	(4,534)
Interests on loans, including Revolving Credit Facilities	(2,494)	(1,331)
Others	(6)	16
Cost of net debt	**(7,857)**	**(6,663)**
Cost of lease debt	(12,833)	(12,764)
Exchange gains and losses	(416)	1,047
Commission costs	(2,139)	(2,614)
Other finance income & costs	(60)	(124)
TOTAL FINANCIAL PROFIT (LOSS)	**(23,305)**	**(21,118)**

Note 11 Income tax

Income tax is broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Current income tax	(35,147)	(37,368)
Deferred tax	1,575	2,083
INCOME TAX EXPENSE	**(33,572)**	**(35,285)**

The tax effects of other comprehensive income are as follows:

(in € thousands)	31 December 2020	31 December 2019
Cash-flow hedge	18,702	(3,183)
Income tax relating to items that may be subsequently reclassified to profit or loss	**18,702**	**(3,183)**
Tax on actuarial gains (losses) on post-employment benefits	168	379
Income tax relating to items that will not be subsequently reclassified to profit or loss	**168**	**379**
TOTAL INCOME TAX ON OTHER COMPREHENSIVE INCOME (LOSS)	**18,870**	**(2,804)**

The Group's income tax differs from the theoretical tax which would apply according to the actual tax rate applicable to the results of consolidated companies for the following reasons:

(in € thousands)	31 December 2020	31 December 2019
Profit (loss) for the period	(16,132)	57,838
Less income tax expense	*(33,572)*	*(35,285)*
Profit (loss) of consolidated companies before tax	**17,440**	**93,123**
Theoretical tax rate	32.02%	34.43%
Theoretical income tax expense (+)/product (-)	**5,584**	**32,062**
Difference in income tax rates in other countries (1)	(1,268)	(1,286)
Reversal of previously activated deficits	1,132	-
Tax losses for which no deferred income tax asset was recognized	1,479	-
Tax (2)	4,378	4,456
Impact of tax credits	(854)	(3,478)
Impact of permanent differences (3)	23,054	3,243
Other	67	288
ACTUAL INCOME TAX EXPENSE	**33,572**	**35,285**

(1) Mainly the effect on deferred tax basis of tax rate gradual decrease from 32.02% to 25.9% for French entities.

(2) Including CVAE (France), IRAP (Italy) and Gewerbesteuermessbetrag (Germany).

(3) Including the impairment Modani's goodwill impact and the fine on the Italian tax audit.

Note 12 Earnings per share

12.1 Basic earnings per share

(in € thousands, unless otherwise stated)	31 December 2020	31 December 2019
Profit (loss) for the period attributable to shareholders of the parent	1,469	59,477
Weighted average number of ordinary shares *(in thousands)*	44,986	45,128
BASIC EARNINGS PER SHARE *(IN EUROS)*	**0.03**	**1.32**

The share capital of the Group as of 31 December 2020, consists solely of the ordinary shares of Maisons du Monde S.A. and the number of ordinary shares remained the same during the 2020 and 2019 financial years.

The change in the weighted average number of common shares is the result of restating treasury stock, whose number has changed during the period (see note 21.2).

12.2 Diluted earnings per share

(in € thousands, unless otherwise stated)	31 December 2020	31 December 2019
Profit (loss) for the period attributable to shareholders of the parent [(1)]	4,407	62,242
Weighted average number of ordinary shares *(in thousands)*	**44,986**	**45,128**
Adjustment for dilutive impact of performance shares	508	317
Dilutive effect of convertible bonds	4,149	4,133
Adjusted weighted average number of ordinary shares, excluding treasury shares *(in thousands)*	**49,643**	**49,579**
DILUTED EARNINGS PER SHARE *(IN EUROS)*	**0.09**	**1.26**

(1) For the calculation of the diluted earnings per share, the profit (loss) for the period has been restated of convertible bonds' interests.

Diluted earnings per share consider the weighted average number of performance shares allocated to employees (see note 6.2) and the convertible bond (see note 22.1).

Notes on consolidated balance sheet

Note 13 Goodwill

13.1 Goodwill

Management reviews the business performance based on geography. Therefore, management allocates the goodwill at the geographical area-level. For the Group, it has identified France and International geographical areas. The following is a summary of goodwill allocation:

(in € thousands)	France	International	Total
Balance as of 1 January 2019	**240,949**	**127,500**	**368,449**
Acquisitions	5,844	-	5,844
Currency translation differences	-	909	909
Balance as of 31 December 2019	**246,793**	**128,409**	**375,202**
Impairment	-	(47,382)	(47,382)
Currency translation differences	-	(793)	(793)
NET CARRYING AMOUNT AS OF 31 DECEMBER 2020	**246,793**	**80,234**	**327,027**

13.2 Impairment tests for goodwill and other assets

a) Cash-generating unit (CGU)

Impairment tests are performed at the level of the cash-generating unit. Goodwill is allocated at the geographical area-level (France and International). Each geographical area represents a group of CGUs, each CGU representing a brick-and-mortar store or online store.

The Maisons du Monde brand is affected at the level of the geographical area concerned (France and International) according to the turnover achieved. The Modani brand is assigned to the International geographical area.

b) Valuation by the discounted cash flow method

The core assumptions used to determine the recoverable amount of an asset or a CGU or a group of CGUs are consistent with those used to prepare the Group's business plans and budgets approved by governance bodies. Assumptions are based on historical data and past experience and also take into account information from external sources such as sector growth forecasts and forecasts concerning geopolitical and macro-economic developments in the related CGU's.

Main drivers of the business plan are the Sales growth and the gross margin variance.

The Sales growth is made up of the following:

- like-for-like growth that is the result of both the work done on the collections and the optimization of the two channels: the Group's store network and e-commerce platform;
- network expansion (stores) that illustrates the potential of opening identified by the expansion team in the existing countries.

Regarding the gross margin hypothesis, this is the result of an analysis of the expected evolution on foreign exchange rates combined with the pricing and commercial strategy.

The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end weighted average cost.

13.3 Analysis of the situation as of 31 December 2020:

The impairment tests carried out as of 31 December 2020, showed that the margin between the recoverable value and the book value of the assets was very high both for the France CGU and for the International CGU (margin representing 54% and 63% respectively of net capital employed).

This simulation consisted of:

- updating of financial data based on a new 5-year business plan;
- update the WACC France and International as of 31 December 2020 (8.8%);
- update the long-term growth rates as of 31 December 2020 (1.9%)

However, considering the strategic changes made by the Group in the North American zone, which led to stopping the development of the Maisons du Monde stores and to reviewing the opening plan of Modani stores. An individual impairment test was conducted on this goodwill and brand. The assumptions used are as follows:

- discount rate of 8.8%;
- long-term growth rate of 1.9%.

This led to the impairment of 100% of the goodwill on the balance sheet, i.e. €44.1 million, and the impairment of the brand in the amount of €6.5 million, through other operating income and expenses in the Group's income statement.

KEY ASSUMPTIONS USED FOR VALUE IN USE CALCULATIONS AS OF 31 DECEMBER 2020:

	Discount factor (WACC)	Average growth rate over the 5 year period	Terminal value growth rate
France	9.5%	8.9%	2.0%
International	10.5%	11.0%	1.9%

13.4 Sensitivity tests

The consequences of the key assumptions' variations on the CGU's carrying amount as of 31 December 2020:

	Hypothesis 2020 (recoverable amount)	Impact of test margin					
		WACC cash flow		Terminal value growth rate		Combination of 2 factors	
		0.5%	-0.5%	0.5%	-0.5%	0.5%	-0.5%
France	991.3	928.5	1063.0	1050.9	939.1	980.1	1002.6
International	380.0	357.1	405.8	400.8	361.5	375.3	384.8

These sensitivity calculations show that a variation of 50 basis points in the rate assumptions would have no significant effect on the impairment tests and therefore on the consolidated financial statements of the Maisons du Monde Group as of 31 December 2020.

Note 14 Other intangible assets

14.1 Detail of Other intangible assets

(in € thousands)	Brand, Trademarks, licenses, patents	Commercial leasehold rights	Internally generated software development costs	Other	Total
Net carrying amount as of 1 January 2019	**225,581**	**7,190**	**5,113**	**16**	**237,900**
Change in scope of consolidation	37	-	979	243	1,259
Acquisitions	1,597	265	7,689	2,708	12,259
Disposals	(61)	(636)	-	(146)	(843)
Amortization charge	(1,960)	1,219	(2,704)	-	(3,445)
Impairment	(2)	(1,018)	-	-	(1,020)
Other	(2,825)	591	-	2,904	670
Currency translation differences	280	1	4	3	288
Net carrying amount as of 31 December 2019	**222,647**	**7,612**	**11,081**	**5,728**	**247,068**
Acquisitions	1,462	36	9,745	1,025	12,268
Disposals	(68)	(603)	-	-	(671)
Amortization charge	(1,845)	(170)	(5,052)	-	(7,067)
Impairment	(6,979)	291	-	-	(6,688)
Other	222	-	168	(1,370)	(980)
Currency translation differences	(785)	-	-	(17)	(802)
NET CARRYING AMOUNT AS OF 31 DECEMBER 2020	**214,654**	**7,166**	**15,942**	**5,366**	**243,128**

Following an impairment test conducted on the Modani brand as of 31 December 2020, impairment was recognised in the amount of €6.5 million.

Note 15 Property, plant and equipment

(in € thousands)	Constructions	Technical installations, industrial equipment and machinery	Other property, plant and equipment	Fixed assets under construction	Advances and payments on property, plant and equipment	Total
Net carrying amount as of 1 January 2019	**101,425**	**9,147**	**37,040**	**5,631**	**1,623**	**154,866**
Change in scope of consolidation	-	-	75	-	-	75
Acquisitions	25,049	3,343	14,360	2,893	1,689	47,334
Disposals	(915)	(49)	(871)	(22)	(62)	(1,919)
Amortization charge	(18,931)	(2,567)	(11,606)	-	-	(33,104)
Impairment	(1,014)	(31)	(280)	-	-	(1,325)
Other	7,394	(3,239)	835	(4,604)	(1,117)	(731)
Currency translation differences	289	48	124	5	-	466
Net carrying amount as of 31 December 2019	**113,297**	**6,652**	**39,677**	**3,903**	**2,133**	**165,662**
Acquisitions	11,910	2,173	5,836	12,827	2,118	34,864
Disposals	(2,274)	(120)	(1,361)	(35)	(13)	(3,803)
Amortization charge	(19,814)	(2,785)	(11,918)	-	-	(34,517)
Impairment	234	(76)	119	-	-	277
Other	1,755	856	2,463	(3,195)	(1,687)	192
Currency translation differences	19	(178)	(374)	(17)	(3)	(553)
NET CARRYING AMOUNT AS OF 31 DECEMBER 2020	**105,127**	**6,522**	**34,442**	**13,483**	**2,548**	**162,122**

6

Note 16 Right of use and lease debt

16.1 Right of use

The rights of use have the following net values:

(in € thousands)	Constructions	Technical installations, industrial equipment and machinery	Other property, plant and equipment	Total
Net carrying amount as of 1 January 2019	**(62)**	**1,680**	**2,798**	**4,416**
Change in scope of consolidation	554	-	-	554
First time application	668,900	3,424	1,571	673,895
New contracts included re-evaluation	99,237	2,798	1,328	103,363
Ended contracts	(5)	-	-	(5)
Amortization charge	(98,961)	(2,092)	(1,380)	(102,433)
Other	25	277	(277)	25
Currency translation differences	275	-	-	275
Net carrying amount as of 31 December 2019	**669,963**	**6,087**	**4,040**	**680,090**
New contracts included re-evaluation (1)	53,882	1,462	8,514	63,858
Ended contracts	(3,609)	(60)	60	(3,609)
Amortization charge	(104,916)	(2,343)	(2,478)	(109,737)
Impairment (charge/release)	24	-	-	24
Other	714	-	-	714
Currency translation differences	(2,741)	-	-	(2,741)
NET CARRYING AMOUNT AS OF 31 DECEMBER 2020	**613,317**	**5,146**	**10,136**	**628,599**

(1) Including €21.7 million increase in the right of use related to the inclusion of lease renewal options as part of the IFRIC decision of 16 December 2019 (see note 2.2).

16.2 Lease debt

The changes in lease debt are detailed as follows:

		Cash impact		Without cash impact					
(in € thousands)	31 December 2019	Increase	Decrease	New contracts included re-evaluation (1)	Outputs contracts	Interest	Change effect	Other	31 December 2020
Lease debt	666,200	-	(103,299)	63,749	(3,783)	197	(2,930)	(67)	620,067
TOTAL NET DEBT	**666,200**	**-**	**(103,299)**	**63,749**	**(3,783)**	**197**	**(2,930)**	**(67)**	**620,067**

(1) *Including €21.7 million increase in the lease debt related to the inclusion of lease renewal options as part of the IFRIC decision of 16 December 2019 (see note 2.2).*

As of 31 December 2020, the maturities of lease debt are analysed as follows:

	Maturity as of 31 December 2020			
(in € thousands)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Lease debt	111,939	330,445	177,683	620,067
TOTAL BORROWINGS	**111,939**	**330,445**	**177,683**	**620,067**

As of 31 December 2020, the lease debt bears interest at a fixed rate.

Note 17 Other non-current financial assets

(in € thousands)	31 December 2020	31 December 2019
Equity securities (1)	2,246	2,245
Other financial assets (2)	13,576	13,448
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**15,822**	**15,693**

(1) *Equity securities mainly correspond to investments in economic interest groups acquired at the opening of stores for €2.2 million.*

(2) *Other financial assets relate mainly to deposits and guarantees paid or granted to the lessor of the store, warehouses, headquarters and facilities for €13.6 million.*

6

Note 18 Deferred income tax assets and liabilities

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

(in € thousands)	31 December 2020	31 December 2019
Deferred tax assets	6,309	4,581
Deferred tax liabilities	(41,248)	(60,319)
TOTAL DEFERRED TAX ASSETS/(LIABILITIES)	**(34,939)**	**(55,738)**

Deferred tax assets and liabilities are offset when they relate to the same tax entity (legal entity or tax consolidation group) and the applicable tax regulations allow this offset for current tax.

Movements in deferred income tax assets and liabilities are shown in the table below:

(in € thousands)	Brand	Tax loss carryforwards	Temporary differences	Hedging instruments	Commercial leasehold rights	Step/Free rents	IFRS 16	Others	Oceane deferred tax	Total
31 December 2018	**(56,959)**	**187**	**3,625**	**(795)**	**2,332**	**3,927**	**-**	**(2,077)**	**(5,669)**	**(55,429)**
Change in P&L	-	1,269	(993)	(1,778)	377	(974)	2,577	358	1,248	2,084
Change in equity	-	-	-	(3,183)	-	-	-	379	-	(2,804)
Change in scope of consolidation	-	479	-	-	-	-	-	-	-	479
Currency translation differences	-	-	-	-	-	-	-	(68)	-	(68)
31 December 2019	**(56,959)**	**1,935**	**2,632**	**(5,756)**	**2,709**	**2,953**	**2,577**	**(1,408)**	**(4,421)**	**(55,738)**
Change in P&L	1,718	(773)	(578)	(1,536)	251	(713)	1,815	272	1,120	1,576
Change in equity	-	-	-	18,702	-	-	-	168	-	18,870
Currency translation differences	221	(21)	-	-	-	-	(17)	170	-	353
31 DECEMBER 2020	**(55,020)**	**1,141**	**2,054**	**11,410**	**2,960**	**2,240**	**4,375**	**(798)**	**(3,301)**	**(34,939)**

Deferred income tax assets are recognized for tax loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

According to the forecast budget, the Group has not fully activated tax loss carry forwards. It amounts to €4.1 million as of 31 December 2020 compared to €7.4 million as of 31 December 2019. The change mainly results from the use of tax loss carry forwards over the period by the French tax group.

(in € thousands)	France (excluding of tax consolidation)	Portugal	United States [(1)]	Total loss carryforwards
Loss carryforwards until				
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
> 2021	-	-	-	-
Loss carryforwards indefinitely	3,914	214	10,112	14,240
Total loss carryforwards 2020	**3,914**	**214**	**10,112**	**14,240**
Of which recognized	*3,914*	*214*	*-*	*4,128*
Of which not recognized	*-*	*-*	*10,112*	*10,112*
Total loss carryforwards 2019	**2,715**	**103**	**4,605**	**7,423**
Of which recognized	*2,715*	*103*	*4,605*	*7,423*
Of which not recognized	*-*	*-*	*-*	*-*

(1) Loss amounts translated as of the exchange rate at the end of the period

A projected budget has been established to demonstrate the use of this deferred tax asset within a reasonable time period.

Note 19 Analysis of Working Capital

The analysis of working capital is as follows:

(in € thousands)	31 December 2019	Change in Working Capital	Other changes	Change effect	31 December 2020
Inventories	210,837	(38,214)	-	(1,097)	171,526
Trade receivables and other current receivables	50,381	57,605	-	(648)	107,338
Assets	**261,218**	**19,391**	**-**	**(1,745)**	**278,864**
Trade payables and other current payables	219,723	36,947	(71)	(1,256)	255,343
Other non-current liabilities [(1)]	23,150	(439)	(15,592)	(653)	6,466
Liabilities	**242,873**	**36,508**	**(15,663)**	**(1,909)**	**261,809**
WORKING CAPITAL	**18,345**	**(17,117)**	**15,663**	**164**	**17,055**

(1) *"Other non-current liabilities" related to the working capital's variation concern the non-current social liabilities. Impact of €15.6 million corresponds to the put debt on minority interests' variation.*

19.1 Inventories

The carrying amounts of inventories are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Packaging and supplies	4,857	5,400
Semi-finished products	1,954	1,981
Merchandise	166,474	203,802
Gross value	**173,285**	**211,182**
Depreciation	(1,759)	(345)
NET CARRYING AMOUNT	**171,526**	**210,837**

In 2020, the Group depreciated warehouse stock whose turnover is over than 1 year and whose flow has been slowed down due to the succession of store closures.

19.2 Trade receivables and other current receivables

Trade receivables and other current receivables are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Trade receivables	16,241	13,909
Impairment of receivables	(3,805)	(1,686)
Trade receivables – Net	**12,436**	**12,223**
Advances paid to suppliers	48,658	20,863
Receivables from suppliers	2,076	2,175
Taxes and duties	21,259	8,939
Other receivables	3,053	1,509
Prepaid expenses	19,856	4,672
Other receivables	**94,902**	**38,158**
TOTAL TRADE AND OTHER RECEIVABLES	**107,338**	**50,381**

All receivables have a maturity date shorter than one year.

Main variation to "Trade and other receivables" is due to:

- instalment payments related to the purchases' goods and general costs to insuring deliveries and services in 2021 for "Advances paid to suppliers";
- an Increase in corporate tax receivables of €5.7 million, to outstanding receivables to be collected on short time working for €1.5 million, €2.2 million on the value-added cap, and an increase in deductible VAT associated with the rental invoices for the 1st quarter of 2021 received in December 2020;
- an increase of the "prepaid expenses" by €14.1 million related to recognition of rental invoices for the 1st quarter of 2021 received on December 2020.

19.3 Trade and other payables

Trade and other payables are broken down as follows:

(in € thousands)	31 December 2020	31 December 2019
Trade payables	102,030	84,293
Advance payments received on orders in progress	53,803	43,572
Social and tax payables	67,402	74,507
Amounts payable on fixed assets	2,586	7,206
Deferred revenue	29,522	10,145
TOTAL TRADE PAYABLES AND OTHER PAYABLES	**255,343**	**219,723**

Main variation to "Trade payables and other payables" is due to:

- the recognition of rental invoices for the 1st quarter of 2021 received in December 2020 for "Trade payables";
- the extension of the validity period of gift cards which expired on 31 December 2020, *i.e.* an impact of +€4.3 million compared to 2019, and by the increase in customer advances of +€4.3 million for "Advance payments received on orders in progress";
- a reduction of €12.5 million in VAT to be paid and the increase in social debts for €5.2 million related to the provisioning of employee bonuses for "Social and tax payables";
- the increase in undelivered goods for "Deferred income".

19.4 Other non-current liabilities

"Other non-current liabilities" are mainly debt corresponding to put options held by the Modani's and Savane Vision's (Rhinov) minority respectively for €3.6 million and €2.4 million on 31 December 2020 compared to €20.4 million and €1.7 million on 31 December 2019.

The change in the debt fair value is recognized against the Group's equity.

Note 20 Derivative financial instruments

The fair value of derivative financial instruments is broken down as follows:

	31 December 2020		31 December 2019	
(in € thousands)	**Asset**	**Liability**	**Asset**	**Liability**
Forward foreign exchange contracts	-	35,637	16,858	141
Accumulated Boost Forward Contracts	-	-	-	-
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	**-**	**35,637**	**16,858**	**141**

All contracts are intended to cover the purchase of goods and freight in US dollars. These derivative financial instruments had a total nominal value of $741.2 million as of 31 December 2020 and $537.4 million as of 31 December 2019.

The amount recognized directly in equity at the end of December 2020 is €57.5 million. It corresponds to the value of the current contract at the closing date which is intended to cover the expected cash flows. The amount recognized in the profit or loss, in current result, for €5.2 million corresponds to the time value for the change in fair value of hedging instruments (forwards spread "premium/discount").

Note 21 Equity

The Group's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to shareholders.

21.1 Shares

The share capital as of 31 December 2020 is composed of 45,241,894 ordinary shares of Maisons du Monde S.A. Based on a nominal value of €3.24 per share, Maisons du Monde SA's share capital amounted to €146,583,736.56 as at 31 December 2020.

21.2 Treasury shares

Treasury shares are Maisons du Monde S.A. shares held by the Group as part of a liquidity contract, in accordance with an Ethics Charter established by the French association of financial markets (AMAFI charter) and approved by the French financial market's authority (*Autorité des marchés financiers*), or as part of shares buyback plans allocated to performance shares plans.

As of 31 December 2020, the Group held 67,809 treasury shares under this liquidity contract compared to 106,024 as of 31 December 2019. As part of the share's buyback plans allocated to performance shares plans, the Group holds 162,114 treasury shares.

21.3 Dividend per share

On 15 April 2020, the Board of Directors has decided no more distributing dividend according to the general assembly of 12 June 2020.

Note 22 Net debt

22.1 Net debt

The variations in net debt are broken down as follows:

31 December 2019	Cash impact	Cash Impact: Increase	Cash Impact: Decrease	Without cash impact: Interest and commission paid	Without cash impact: Issuance fees	Without cash impact: Interest	Without cash impact: Change effect	31 December 2020
Cash at bank and in hand	94,472	202,115	-	-	-	-	-	296,587
Short term investments & cash equivalent	16	132	-	-	-	-	-	148
Total Cash and cash equivalents	**94,488**	**202,247**	**-**	**-**	**-**	**-**	**-**	**296,735**
Convertible bond	182,075	-	-	(251)	250	4,411	-	186,485
Term loan	49,810	-	-	(561)	160	540	-	49,949
Logistic credit	-	-	-	(186)	-	-	-	(186)
Revolving Credit Facilities	(407)	150,000	(150,000)	(1,417)	327	1,409	-	(88)
State-guaranteed term Loan	-	150,000	-	(353)	206	437	-	150,290
Other borrowings	904	475	(165)	-	-	-	(21)	1,193
Deposits and guarantees	790	121	-	-	-	-	(4)	907
Banks overdrafts	11	(1)	(1)	-	-	-	-	9
Total debt	**233,183**	**300,595**	**(150,166)**	**(2,768)**	**943**	**6,797**	**(25)**	**388,559**
TOTAL NET DEBT	**138,695**	**98,348**	**(150,166)**	**(2,768)**	**943**	**6,797**	**(25)**	**91,824**

The short-term investment (such as SICAV and certificate of deposit) consist of investment of short duration (less than 3 months) with minimal risk of value's fluctuation.

The bank overdrafts are presented with loans in the "Current liabilities" section.

The breakdown by currency of the net debt is broken down as follows:

(in € thousands)	31 December 2020: EUR	CHF	GBP	USD	Others currency	Total
Convertible bond	186,485	-	-	-	-	186,485
Term loan	49,949	-	-	-	-	49,949
Revolving Credit Facilities	(88)	-	-	-	-	(88)
Logistic credit	(186)	-	-	-	-	(186)
State-guaranteed term Loan	150,290				-	150,290
Other borrowings	937	-	-	256	-	1,193
Deposits and guarantees	866	-	-	41	-	907
Banks overdrafts	9	-	-	-	-	9
Cash and cash equivalents	(277,660)	(8,302)	(3,027)	(6,656)	(1,090)	(296,735)
TOTAL NET DEBT	**110,602**	**(8,302)**	**(3,027)**	**(6,359)**	**(1,090)**	**91,824**

	31 December 2019					
(in € thousands)	**EUR**	**CHF**	**GBP**	**USD**	**Others currency**	**Total**
Convertible bond	182,075	-	-	-	-	182,075
Term loan	49,810	-	-	-	-	49,810
Revolving Credit Facilities	(407)	-	-	-	-	(407)
Other borrowings	904	-	-	-	-	904
Deposits and guarantees	745	-	-	45	-	790
Banks overdrafts	11	-	-	-	-	11
Cash and cash equivalents	(82,880)	(4,077)	(1,198)	(5,764)	(568)	(94,488)
TOTAL NET DEBT	**150,258**	**(4,077)**	**(1,198)**	**(5,719)**	**(568)**	**138,695**

The net debt lists the following credit facilities:

a) Convertible Bond

On 6 December 2017, Maisons du Monde issued bonds convertible into new or existing shares (OCÉANE) due December 2023 by way of a private placement to institutional investors, for a nominal amount of €200 million (4,100,041 bonds with a nominal value of €48.78). Existing shareholders of the Company shall have no preferential subscription rights (or priority subscription period) in connection with the bonds or the underlying shares of the Company.

The Bonds have been issued at par and bear interest at an annual rate of 0.125%, payable annually in arrears on 6 December of each year and for the first time on 6 December 2018. Issuance fees were €2.3 million.

Unless previously converted, exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed at par on 6 December 2023. The Bonds may be redeemed prior to maturity at the option of the Company, subject to certain conditions, and at the option of the holders in the event of a change of control of the Company.

From the Issue Date (*i.e.* 6 December 2017) and up to 5.00pm. (Paris time) on the 7th business day preceding the maturity date or the relevant early redemption date, the Bonds will entitle their holders to receive shares of the Company at a ratio of one share per Bond, subject to any potential subsequent adjustments.

The Bonds are listed on the Euronext Access™ market of Euronext Paris since 12 December 2017.

The General Meeting of 12 June 2020 decided not to distribute a dividend in respect of 2019 results. Therefore, the ratio conversion/exchange was the same.

According to the stipulations specified in Article 2.6. (B).10 of "Terms & Conditions" related to OCÉANE, the Conversion/Exchange Ratio is maintained as of 4 July 2019 for 1,012 shares Maisons du Monde S.A. for 1 OCÉANE (up to three decimals and rounded to the nearest thousandth).

The market rate used and the initial breakdown between the "Debt" portion and the "Equity" portion are as follows:

- market rate used for the calculation of the debt: 2.35%;
- fair value of financial debt at issue: €173.3 million (net of €2.1 million issuance fees);
- equity portion of the convertible bond: €24.3 million (net of €0.3 million issuance fees).

As of 31 December 2020:

- the amount of the convertible bond, net of issuance fees, is €186.5 million;
- effective interest rate stands at 2.55% and the financial expense amounts to €4.7 million (debt accretion effect using the effective interest rate method).

During 2020, no bonds were converted or refunded.

	31 December 2020
1 – Number of convertible bonds	
Beginning of the period	4,100,041
Conversion of the period	-
At the end of the period	4,100,041
2 – Number of shares issued in respect of the convertible bond	
Beginning of the period	-
Transactions for conversions	-
End of the period	-
3 – Number of shares that may be issued by 6 December 2023	
Minimum number	4,100,041
4 – Gross amount of initial issue *(in € thousands)*	**200,000**
5 – Maximum amount repayable at maturity under the convertible bonds *(in € thousands)*	**200,000**

b) Senior Credit Facilities ("Term Loan" and "RCF") and additional Credit Revolving Facility ("Additional RCF")

The Senior Credit Facility comprises a €50 million term loan and a €75 million Revolving Credit Facility (not used at 31 December 2020).

The additional Revolving Credit Facility amounts to €75 million (undrawn as of 31 December 2020).

Issuances fees amounted to €4.5 million for the Senior Credit Facilities (of which €3.5 million for the Term Loan and €1 million for the RCF) and to €0.5 million for the additional Revolving Credit Facility.

Issuances fees related to the Revolving Credit Facilities are amortized on a straight-line basis over their maturity. The issuance cost not yet amortized, related to the repaid portion of the Term Loan, were booked as expense on the period.

The corresponding financial expenses are breakdown as of 31 December 2020:

	Finance expenses			
	Interest rate	**Margin**	**Commitment Fees**	**User fees**
Term loan	Euribor 6 month	1.00%	n/a	n/a
State-guaranteed term Loan	n/a	n/a	0.50%	n/a
Revolving Credit Facility (available amount)	n/a	n/a	0.44%	n/a
Revolving Credit Facility (undrawn amount)	Euribor 1, 3 or 6 months [1]	1.00%	n/a	
Less than €25 million				*0.1%*
From €25 million to €50 million				*0.2%*
More than €50 million				*0.4%*

(1) The applicable Euribor period depends on the interest rate period applicable to the relevant drawdown.

The margin was revised to 1% as of 28 April 2020.

From 1 June 2019, the applicable margin for the next 12-months-period will be the percentage *per annum* set out below, depending on the Leverage ratio:

Leverage ratio	Margin
Superior to 3.50: 1	2.50%
Less than or equal to 3.50: 1 but superior to 3.00: 1	2.25%
Less than or equal to 3.00: 1 but superior to 2.50: 1	2.00%
Less than or equal to 2.50: 1 but superior to 2.00: 1	1.75%
Less than or equal to 2.00: 1 but superior to 1.50: 1	1.50%
Less than or equal to 1.50: 1 but superior to 1.00: 1	1.25%
Less than or equal to 1.00: 1	1.00%

The Senior Credit Facilities agreement includes a financial covenant under which the leverage ratio may not exceed the ratio set out in the table below for each period:

Relevant period	Leverage ratio
Expiring 31 December 2018	4.25:1
Expiring 30 June 2019	4.00:1
Expiring 31 December 2019	3.75:1
Expiring 31 December 2020	3.75:1
Expiring 31 December 2021	3.75:1

The leverage ratio, which is the ratio of total net debt on the last day of the period to the consolidated *pro forma* EBITDA of the Group for the same period, was complied with as of 31 December 2020.

During the first half 2020, the Group successfully negotiated the suspension of its financial covenant for the fiscal year ended 31 December 2020, of its senior credit facility of €200 million, which expires in the second quarter of 2021.

c) State – guaranteed term loan

The Group received a State-guaranteed term loan with a principal amount of €150 million through facilities provided by six banks: group Crédit Agricole, group BPCE, group Société Générale, group CM-CIC, HSBC and BNP Paribas.

The term loans have an initial maturity of one year, with an extension option of up to five additional years (June 2026).

This loan is 90% guaranteed by the French state and includes a guarantee fee of 0.50% of total amount.

22.2 Maturity of borrowings and other financial debts

As of 31 December 2020, the maturity ranges of borrowings are as follows:

	Maturity as of 31 December 2020			
(in € thousands)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Convertible bond	(349)	186,834	-	186,485
Term loan	49,949	-	-	49,949
Logistic credit	-	(94)	(92)	(186)
Revolving Credit Facilities	(88)	-	-	(88)
State-guaranteed term Loan	150,290	-	-	150,290
Other borrowings	282	572	339	1,193
Deposits and guarantees	-	-	907	907
Bank overdraft	9	-	-	9
TOTAL BORROWINGS	**200,093**	**187,312**	**1,154**	**388,559**

22.3 Fixed and variable rate

(in € thousands)	31 December 2020	31 December 2019
Floating rate	50,004	49,874
Fixed rate	338,555	183,307
TOTAL BORROWINGS	**388,559**	**233,182**

Floating rate borrowings includes the Term Loan, Credit revolving facilities, financial leases (only on 31 December 2019) and bank overdrafts.

Note 23 Post-employment benefits

The employment benefits provision relates to defined-benefit pension plans.

In addition to State plans, the Group's French subsidiaries are legally required to pay lump sums to employees when they retire from service, the *indemnités de fin de carrière* (IFC). The amounts are based on years of service in the Company and on the base salary according to the collective bargaining agreement in force. This scheme covers all employees under permanent contract within the Company.

For the Italian subsidiary, *Trattamento di Fine Rapporto* (TFR) is an employee benefit payable at the end of the working period or as soon as the employee leaves the Company. According to IAS 19, the TFR falls into "post-employment benefits" category.

Concerning the Swiss subsidiary, the occupational benefit is a reserve funded by the employer's and employee's contribution. This capital is converted into a life annuity based on a "conversion rate" defined by the law, currently set at 6.8%.

The defined benefit obligations are broken down by country as follows:

(in € thousands)	31 December 2020	31 December 2019
France	4,175	3,712
Switzerland	1,459	729
Italy	7,299	6,498
DEFINED BENEFIT OBLIGATION	**12,933**	**10,939**

The movements in the defined benefit obligation over the years presented are as follows:

(in € thousands)	Defined benefit obligation
Balance as of 31 December 2018	**8,619**
Current service cost	1,394
Interest expense/(income)	341
TOTAL EXPENSE/(INCOME)	1,735
Actuarial (gains) and losses – demographic assumptions	(112)
Actuarial (gains) and losses – financial assumptions	1,241
Experience (gains)/losses	178
TOTAL REMEASUREMENTS	1,307
Employer contributions	(164)
Benefits paid	(584)
Currency impact	26
Total payments	(722)
Balance as of 31 December 2019	**10,939**
Current service cost	1,772
Interest expense/(income)	270
TOTAL EXPENSE/(INCOME)	2,042
Actuarial (gains) and losses – financial assumptions	78
Experience (gains)/losses	647
TOTAL REMEASUREMENTS	725
Employer contributions	(175)
Benefits paid	(596)
Currency impact	(2)
TOTAL PAYMENTS	(773)
NET CARRYING AMOUNT AS OF 31 DECEMBER 2020	**12,933**

The significant actuarial assumptions were as follows:

	31 December 2019			31 December 2019		
	France	**Italy**	**Switzerland**	**France**	**Italy**	**Switzerland**
Discount rate	0.75%	0.65%	0.15%	0.80%	0.70%	0.35%
Turnover rate	0.00% to 12.50%	10%	10%	0.00% to 12.50%	10%	10%
Mortality rate	INSEE 2009-2011	IPS55	BVG 2015 GT	INSEE 2009-2011	IPS55	BVG 2015 GT
Estimated future salary increase	1.50% to 2.50%	1.8%	1.5%	1.50% to 2.50%	1.8%	1.5%
Probable retirement age	62-64	68	Variable – legal	62-64	68	Variable – legal

Turnover rates for France for the years ended 31 December 2020 and 2019 are based on internal statistics over the last 3 years per entity, age category and category of personnel.

The sensitivity of the commitment to a variation of 0.5% of some assumptions, all other things remaining unchanged, breaks down as follows on 31 December 2020:

		Impact on defined benefit obligation	
(in € thousands)	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.50%	(1,037)	1,183
Salary growth rate	0.50%	741	(676)

The estimated amount of benefits to be paid in 2021 is €1.0 million.

As of 31 December 2020, the average duration of the Group's benefit obligation was 18 years (20 years as of 31 December 2019).

Note 24 Provisions

(in € thousands)	Provisions for commercial disputes	Provisions for labour disputes	Provision relating to stores (closures and lease disputes)	Tax Provisions	Other	Total
Balance as of 1 January 2019	**13,014**	**1,300**	**78**	**145**	**1,000**	**15,537**
Additional provisions	2,005	796	329	35	230	3,395
Unused amounts reversed	(100)	(542)	(3)	(77)	-	(722)
Amounts used during the year	(42)	(577)	(22)	(11)	-	(652)
Balance as of 31 December 2019	**14,877**	**977**	**382**	**92**	**1,230**	**17,558**
Of which non-current	*12,877*	*685*	*48*	*92*	-	*13,702*
Of which current	*2,000*	*292*	*334*	-	*1,230*	*3,856*
Balance as of 1 January 2020	**14,877**	**977**	**382**	**92**	**1,230**	**17,558**
Additional provisions	1,585	581	594	-	4,858	7,618
Unused amounts reversed	(12,057)	(71)	(36)	(11)	(1)	(12,176)
Amounts used during the year	-	(585)	(246)	-	(200)	(1,032)
Currency translation differences	-	(2)	(4)	-	-	(6)
Reclassification	-	-	(48)	-	48	-
Balance as of 31 December 2020	**4,405**	**900**	**642**	**81**	**5,935**	**11,962**
Of which non-current	*2,405*	*900*	-	*81*	*4,073*	*7,459*
Of which current	*2,000*	-	*642*	-	*1,862*	*4,504*

As of 31 December 2020, the Group carried out a review of its main commercial disputes, which led to the recognition of an additional provision of €1.6 million and a reversal of a provision of €12.1 million (see note 8).

During the year, the Group identified a new risk which was subject to a provision of €4.0 million, resulting from the extension of a risk which was already identified and fully provisioned.

Note 25 Financial instruments

25.1 Financial instruments by category

(in € thousands)	Loans and receivables	Hedging derivatives	Total	Fair value
Assets – 31 December 2020				
Other non-current financial assets	15,822	-	15,822	15,822
Trade receivables	12,436	-	12,436	12,436
Other receivables (excl. Prepaid expenses and Corporate Income Tax)	75,046	-	75,046	75,046
Cash and cash equivalents	296,735	-	296,735	296,735
TOTAL	**400,039**	**-**	**400,039**	**400,039**

(in € thousands)	Other financial liabilities at amortized costs	Hedging derivatives	Total	Fair value
Liabilities – 31 December 2020				
Borrowings	1,634	-	1,634	1,634
Convertible bond	186,832	-	186,832	186,832
Derivative financial instruments	-	35,637	35,637	35,637
Borrowings and current convertible bond	200,093	-	200,093	200,093
Trade payables and other payables (excl. Deferred revenue)	225,821	-	225,821	225,821
TOTAL	**614,379**	**35,637**	**650,016**	**650,016**

(in € thousands)	Loans and receivables	Hedging derivatives	Total	Fair value
Assets – 31 December 2019				
Other non-current financial assets	15,693	-	15,693	15,693
Trade receivables	12,223	-	12,223	12,223
Other receivables (excl. Prepaid expenses and Corporate Income Tax)	33,486	-	33,486	33,486
Derivative financial instruments	-	16,858	16,858	16,858
Cash and cash equivalents	94,489	-	94,489	94,489
TOTAL	**155,891**	**16,858**	**172,749**	**172,749**

(in € thousands)	Other financial liabilities at amortized costs	Hedging derivatives	Total	Fair value
Liabilities – 31 December 2019				
Borrowings	50,891	-	50,891	50,891
Convertible bond	182,075	-	182,075	182,075
Derivative financial instruments	-	141	141	141
Borrowings and current convertible bond	216		216	216
Trade payables and other payables (excl. Deferred revenue)	209,578	-	209,578	209,578
TOTAL	**442,760**	**141**	**442,901**	**442,901**

25.2 Fair value estimation

As of 31 December 2020, the financial assets and liabilities net carrying value are equal to the fair value, except for Term loan and Revolving credit facilities that are booked at amortized cost.

The derivative financial instruments (see note 20) are carried at fair value using a valuation method that relies on inputs based on observable market data.

The concept of fair value shall be understood to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a three-level fair value hierarchy under IFRS 13:

- level 1: fair value is measured by reference to quoted prices in active markets for identical assets or liabilities;
- level 2: fair value is measured by reference to inputs other than quoted market prices included within level 1, which are observable for the asset or liability, either directly (price) or indirectly (inputs derived from price);
- level 3: fair value is measured by reference to information on the asset or liability that are not observable (unobservable inputs) in the market.

Below you will find an analysis of the financial instruments by level:

(in € thousands)	**Level 1**	**Level 2**	**Level 3**
Balance as of 31 December 2020			
Derivative financial instruments	-	(35,637)	-
Balance as of 31 December 2019			
Derivative financial instruments	-	16,717	-

The following table presents the Group’s financial assets and liabilities that are measured at fair value as of 31 December 2020:

	Notes	**IAS 39 measurement principles**	**IFRS 7 Fair value hierarchy**
Financial assets:			
Derivatives financial instruments	20	Fair value	2
Trade and other receivables	19.2	Amortised cost	N/A
Cash and cash equivalents	22.1	Fair value	1
Other current/non current financial assets	17	Amortised cost	N/A
Financial liabilities:			
Borrowings and other financial debts (excl. Bank overdrafts)	22.1	Amortised cost	N/A
Derivatives financial instruments	20	Fair value	2
Bank overdrafts	22.1	Fair value	1
Trade and other payables	19.3	Amortised cost	N/A

Notes on financial risk management

Note 26 Financial risk management

During its activities, the Group is mainly exposed to foreign exchange risk, liquidity risk and credit risk. The Group's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

The Group uses derivative financial instruments to hedge its foreign exchange risk exposures. In this case, the Group only enters derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter any speculative transactions without underlying assets or liabilities.

Risk management is carried out by the Group's Treasury Department and the Chief Financial Officer, under policies approved by the Board of Directors.

26.1 Financial risks factor

a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's subsidiaries' functional currency which is the Euro, for most of them.

Most of the Group's purchases from suppliers and sea freight costs are denominated in US dollars and is therefore exposed to fluctuations on the translation into euros of its foreign currency liabilities. The Group hedges most US dollar transactions using forwards contracts and Accumulated Boost Forwards Contracts negotiated with leading banks. Hedging is part of the forecast/budget process.

The fair value of foreign currency financial instruments is € (35.6) million as of 31 December 2020 compared to 16.7 million as of 31 December 2019.

The Group adopts a centralized approach to foreign exchange risk management. Permission of Group CFO is required before a foreign exchange transaction may be undertaken, under policies approved by the Board of Directors.

In addition:

- the Group sales in UK and Switzerland are denominated in local currency but foreign exchange risk is limited given the volume of sales in these currencies. In early January 2020, the Group closed these four corners in the United Kingdom;
- the Group operations in US are denominated in local currency but foreign exchange risk is limited given the volume of operations in this currency.

b) Interest rate risk

The Group gross indebtedness exposed to interest rate fluctuations amounted to €50 million as of 31 December 2020, compared to €49.9 million as of 31 December 2019.

An increase in interest rates by 100 basis points (+1%) across all yield curves would have an effect of approximately +€0.5 million on the Group's annual financial expenses before tax, assuming outstanding debt remains constant. A decrease in interest rates would have almost no effect as the applicable interest rates at the end of the year 2020 are nil for most of the debt.

In case of an interest rate increase, the Group will consider using hedging instruments.

c) Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment or short maturity.

In order to manage its liquidity risk, the Group contracts revolving credit contracts or bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments with various financial institutions. The total amount of credit facility that was not used as of 31 December 2020 and 2019 amounts to €150 million.

Maisons du Monde France has contracted various credit facilities (totalling €10 million) from Arkea Banque Entreprises and Institutionnels, Banque Palatine, Banque Populaire, BNP Paribas, CIC Ouest, Credit Agricole Corporate and Investment Bank, Natixis and Société Générale.

The tables below analyse the Group's financial liabilities based on their contractual maturities:

	Contractual cash flows as of 31 December 2020				
(in € thousands)	Carrying amount	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Term Loan [(1)]	50,000	50,000	50,000	-	-
Interests on Term Loan	33	208	208	-	-
Issuance fees related to Term Loan	(84)	-	-	-	-
TOTAL TERM LOAN	**49,949**	**50,208**	**50,208**	**-**	**-**
Convertible bond	175,366	200,000	-	200,000	-
Interests on convertible bond	12,282	750	250	500	-
Issuance fees related to convertible bond	(1,163)	-	-	-	-
TOTAL CONVERTIBLE BOND	**186,485**	**200,750**	**250**	**200,500**	**-**
State-guaranteed term Loan	150,000	150,000	150,000	-	
Interests on State-guaranteed term Loan	437	750	750	-	-
Issuance fees related to State-guaranteed Loan	(147)	-	-	-	
TOTAL STATE-GUARANTEED TERM LOAN	**150,290**	**150,750**	**150,750**	**-**	**-**
Interests on RCF [(1)]	46	625	625	-	-
Issuance fees related to RCF	(134)	-	-	-	-
TOTAL REVOLVING CREDIT FACILITIES	(88)	625	625	-	-
Other borrowings	1,193	1,193	282	572	339
logistic credit	(186)	(186)	(15)	(100)	(71)
Deposits	907	907	-	-	907
Bank overdraft	9	9	9	-	-
TOTAL BORROWINGS	**388,559**	**806,590**	**403,943**	**401,472**	**1,175**
Other non current liabilities	6,466	6,466	-	6,466	-
Trade and other payables	255,343	255,343	255,343	-	-
TOTAL OTHER LIABILITIES	**261,809**	**261,809**	**255,343**	**6,466**	**-**

(1) The contractual cash flows for interests on the Term Loan and the RCF are based on the following assumption: a rate of 1% which are the minimum contractual rate, for the presented periods according to the forecast debt leverage (see note 22.1).

	Contractual cash flows as of 31 December 2019				
(in € thousands)	Carrying amount	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Term Loan [(1)]	50,000	50,000		50,000	-
Interests on Term Loan	54	1,510	625	885	-
Issuance fees related to Term Loan	(244)	-	-	-	-
TOTAL TERM LOAN	**49,810**	**51,510**	**625**	**50,885**	**-**
Convertible bond	175,366	200,000	-	200,000	-
Interests on convertible bond	8,122	1,000	250	750	
Issuance fees related to convertible bond	(1,413)	-	-	-	-
TOTAL CONVERTIBLE BOND	**182,075**	**201,000**	**250**	**200,750**	**-**
Interests on RCF [(1)]	54	1,586	656	930	-
Issuance fees related to RCF	(461)	-	-	-	-
TOTAL REVOLVING CREDIT FACILITIES	**(407)**	**1,586**	**656**	**930**	**-**
Other borrowings	904	904	205	684	15
Deposits	790	790	-	-	790
Bank overdraft	11	11	11	-	-
TOTAL BORROWINGS	**233,182**	**255,800**	**1,747**	**253,249**	**805**
Other non current liabilities	23,150	23,150	-	23,150	-
Trade and other payables	219,723	219,723	219,723	-	-
TOTAL OTHER LIABILITIES	**242,873**	**242,873**	**219,723**	**23,150**	**-**

(1) The contractual cash flows for interests on the Term Loan and the RCF are based on the following assumption: a rate of 1.25% which are the minimum contractual rate, for the presented periods according to the forecast debt leverage (see note 22.1).

d) Credit risk

Credit risk relates to cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as customer credit, including outstanding receivables.

Sales (store and online) are mostly settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk through exposure to individual customers.

Additional information

Note 27 Off-balance sheet commitments

27.1 Secured debt

The shares of Maisons du Monde S.A., Maisons du Monde France, Maisons du Monde Italy, Maisons du Monde Belgium, and Maisons du Monde Spain are pledged to guarantee the term loan of €50 million as well as the Revolving Credit Facilities of €150 million.

27.2 Bilateral Lending Facilities

Maisons du Monde France has entered into various credit facilities (for an aggregate amount of €10 million) with Arkea Banque Entreprises et Institutionnels, Banque Palatine, Banque Populaire, BNP Paribas, CIC Ouest, Credit Agricole Corporate and Investment Bank, Natixis and Société Générale.

27.3 Letter of Credit Facilities

The Group is a party to certain letter of credit facilities (*crédit documentaire*) with Banque Tarneaud, Banque Populaire, CIC Ouest, Crédit Agricole Corporate and Investment Bank and Crédit Lyonnais issued in favour of certain of our suppliers in the ordinary course of business. As of 31 December 2020, the Group had $0.7 million aggregate amount of letters of credit issued, as compared to $1.2 million as of 31 December 2019.

27.4 Option to purchase Modani securities

The acquisition of a majority stake by the Group in the capital of Modani is accompanied, among other things, by a purchase option granted to the Group exercisable during the first half of 2023. By mutual agreement between the parties, the purchase price of the share -part of 30% was set at fair market value on the date of exercise of the option.

27.5 Option to purchase Savane Vision (Rhinov) securities

The acquisition of a majority stake by the Group in the capital of Savane Vision (Rhinov) is accompanied, among other things, by two purchase options granted to the Group relating to minority interests, *i.e.* 29.6% of the shares, exercisable over two exercise periods. The first purchase option is exercisable in the first half of 2023 and relates to a portion of securities ranging between 65% and 75%. The second exercise window is in 2025 and relates to the balance of securities. The redemption price for the 29.6% share was set at a multiple of EBITDA on the date of exercise of the option.

27.6 Logistic credit

As part of its plan to set up a new logistics platform in the north of France, the Group has set up a new loan of €47.5 million consisting of a confirmed line in the amount of €40.3 million and an unconfirmed line of €7.2 million. This loan will finance the mechanization and development of this new warehouse. This loan will be repayable between 30 June 2022, and 31 December 2029.

As of 31 December 2020, the Group had not drawn on this loan.

27.7 Contingent liability

A tax audit is underway on MDM SA covering the 2017 and 2018 fiscal years, as well as the 2016 fiscal year 2016 due to the carryforward of tax losses. The Group did not book a provision for this audit in the financial statements at 31 December 2020.

Note 28 Transactions with related parties

28.1 Relations with the Group's other shareholders

Directors' compensation for their term of office

Some members of the Board of Directors receive compensation for serving on the Board. The total gross amount owed for the 2020 fiscal year by the Company and its subsidiaries to all of the directors was €525 thousand compared to €432 thousand for the year 2019.

28.2 Compensation and benefits granted to key management personnel

The key management personnel are the members of the Board of Directors of the Company, the General Manager of the Company, and the members of the Executive Committee of the Group.

Terms and conditions of the compensation and benefits granted to the Executive Director are approved by the Board of Directors, following the recommendation of the Appointments and Remunerations Committee.

The following table presents the total gross amount of fixed compensation paid by the Company and its controlled entities to the members who are at the closing (or, have been during the period), members of the key management of the Group.

These amounts were booked as expenses in 2020 and 2019 according to the following detail:

(in € thousands)	31 December 2020	31 December 2019
Short-term employment benefits	3,476	2,963
Termination benefits	83	67
Share-base payments	893	962
Total compensation and benefits	4,452	3,992

Members of the Board of Directors of the Company did not receive any compensation from the Group except attendance fees (see note 28.1).

Note 29 Statutory auditor's fees

The following table shows the amount of auditor's fees included in the Group's consolidated income statement for the year, broken down into audit and certification fees for the statutory and consolidated financial statements and fees for other services rendered. The fees shown apply to fully consolidated subsidiaries.

	KPMG				Deloitte			
	Amount		%		Amount		%	
(in € thousands)	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2019
Audit								
Statutory audit fees, certification, auditing of the accounts	**252**	**258**	**87%**	**86%**	**190**	**190**	**97%**	**99%**
• Parent company	94	116	37%	45%	98	103	52%	54%
• Subsidiaries	158	142	63%	55%	92	87	48%	46%
Other services rendered by auditors' networks to fully-consolidated subsidiaries	**39**	**42**	**13%**	**14%**	**6**	**2**	**3%**	**1%**
• Other	39	42	100%	100%	6	2	100%	100%
TOTAL FEES PAID TO THE STATUTORY AUDITOR	**291**	**300**	**100%**	**100%**	**196**	**192**	**100%**	**100%**

Note 30 Scope of consolidation

The table set out below provides a list of the Group's subsidiaries and shows the ownership interest of Maisons du Monde S.A. in each entity as of 31 December 2020:

As of 31 December 2020, 50 companies have been fully consolidated in the financial statements (48 in 2019).

Subsidiary	Activity	Country of incorporation	Consolidation method	31 December 2020		31 December 2019	
				% control	% interest	% control	% interest
Maisons du Monde S.A.	Holding Company -Parent entity	France	Full	100%	100%	100%	100%
Maisons du Monde France	Retail stores selling home furnishings and decorations/Main buyer	France	Full	100%	100%	100%	100%
Maisons du Monde Allemagne	Retail stores selling home furnishings and decorations	Germany	Full	100%	100%	100%	100%
Maisons du Monde Autriche	Retail stores selling home furnishings and decorations	Autriche	Full	100%	100%	-	-
Maisons du Monde Belgique	Retail stores selling home furnishings and decorations	Belgium	Full	100%	100%	100%	100%
Maisons du Monde Espagne	Retail stores selling home furnishings and decorations	Spain	Full	100%	100%	100%	100%
Maisons du Monde Italie	Retail stores selling home furnishings and decorations	Italy	Full	100%	100%	100%	100%
Maisons du Monde Luxemburg	Retail stores selling home furnishings and decorations	Luxemburg	Full	100%	100%	100%	100%
Maisons du Monde Portugal	Retail stores selling home furnishings and decorations	Portugal	Full	100%	100%	100%	100%
Maisons du Monde Suisse	Retail stores selling home furnishings and decorations	Switzerland	Full	100%	100%	100%	100%
MDM Furniture & Decoration	Retail stores selling home furnishings and decorations	United Kingdom	Full	100%	100%	100%	100%
Distrimag	Warehouse logistics and order preparation	France	Full	100%	100%	100%	100%
Distri-traction	Container transport between harbour and warehouses	France	Full	100%	100%	100%	100%
Mekong Furniture	Furniture manufacturing	Vietnam	Full	100%	100%	100%	100%
Savane Vision (Rhinov)	Design	France	Full	100%	70%	100%	70%
International MDM	Dormant entity	France	Full	100%	100%	100%	100%
International MGL	Dormant entity	France	Full	100%	100%	100%	100%

Subsidiary	Activity	Country of incorporation	Consolidation method	31 December 2020		31 December 2019	
				% control	% interest	% control	% interest
Maisons du Monde USA	Holding Company	United-States	Full	100%	100%	100%	100%
Modani Holdings LLC	Holding Company and support functionst	United-States	Full	100%	70%	100%	70%
Modani Atlanta LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Boca Raton LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Brickell LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Chicago LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Dallas LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Denver LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Doral LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Frisco LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Fort Lauderdale LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Garden City LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Houston LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Jacksonville LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani King of Prussia LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Las Vegas LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Los Angeles LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%

Subsidiary	Activity	Country of incorporation	Consolidation method	31 December 2020		31 December 2019	
				% control	% interest	% control	% interest
Modani Miami LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Naples LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani New-York Midtown LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Oak Brook LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani OC LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Orlando LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	-	-
Modani Paramus LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Pinecrest LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani San Diego LLC	Retail stores selling home furnishings and decorations	United-States		100%	70%	100%	70%
Modani Tampa LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani West Palm Beach LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Urbanmod LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
SNS Imports LLC	Warehouse logistics and order preparation	United-States	Full	100%	70%	100%	70%
Maisons du Monde Holdings LLC	Holding	United-States	Full	100%	70%	100%	70%
Maisons du Monde Aventura LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Maisons du Monde Wynwood LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%

Note 31 Events subsequent to 31 December 2020

The Group did not identify any other significant event after the reporting period that should be mentioned in these consolidated financial statements.

Between 31 December 2020 and the date on which the financial statements were established by the Board of Directors i.e. 25 March 2021, the Group did not experience any event worth including in subsequent events.

6.2 Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2020

This is a free translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Maisons du Monde SA

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Maisons du Monde SA for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows:

- independent third-party review of the consolidated non-financial performance statement pursuant to Article L. 225-102-1 of the French Commercial Code;
- issuance of attestations on data extracted from the financial statements (turnover per shop, financial ratios, covenants).

Justification of Assessments – Key Audit Matters

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

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF INTANGIBLE ASSETS, INCLUDING INTANGIBLE ASSETS WITH AN INDEFINITE LIFE (GOODWILL AND BRANDS) AND PROPERTY, PLANT AND EQUIPMENT

Risk identified	Our response
As of December 31, 2020, goodwill, intangible assets and property, plant and equipment of the Group had a net carrying amount of €732.3 million (excluding right-of-use assets of €628.6 million, net), compared with total assets of €1,968.5 million. This amount takes into account the recognition in 2020 of impairment for the entire goodwill of Modani and part of the latter's brand, for €44.1 million and €6.5 million, respectively. As disclosed in Notes 2.12 a) and b), goodwill and brands acquired by the Group and with an indefinite life are tested for impairment where there is an indication of loss in value and at least once annually. When the recoverable amount is less than the net carrying amount, the assets are impaired for up to the amount of the difference. Impairment tests are conducted at the lowest level at which goodwill is monitored by the Group, i.e. the "France" and "International" regions. As of December 31, 2020, considering the strategic changes made by the Group in the North American region, which halted the development of Maisons du Monde stores and led to a review of the Modani store opening plan, an individual impairment test was carried out for this goodwill and brand and resulted in the aforementioned impairment. The methods used by Group management to test for impairment are described in Notes 13.2 and 13.3 to the consolidated financial statements; they are based heavily on judgement and assumptions concerning, in particular: • future cash flow forecasts (particularly sales growth and changes in the gross margin); • the perpetual growth rate applied to projected cash flows; • the discount rate applied to estimated cash flows; • the euro-USD exchange rate. A change in these assumptions would likely impact the recoverable amount of goodwill. We consider the measurement of intangible assets, including intangible assets with an indefinite life (goodwill and brands) and property, plant and equipment to be a key audit matter due to: • their material amount in the Group financial statements; • the judgements and assumptions necessary to determine the recoverable amount, based on discounted cash flow forecasts, the realization of which is inherently uncertain.	We analysed the compliance of the methodologies applied by the Company with prevailing accounting standards regarding the performance of the impairment tests. We familiarized ourselves with the key assumptions adopted and we: • reconciled the business forecasts underlying the determination of the cash flows with the most recent Management estimates, the 2021 budget and the 2021-2024 strategic plan approved by the Board of Directors which were used to update the Business Plan's assumptions; • analysed the consistency of the estimates used with the Group's past performance in order to assess the quality of the process of establishing these forecasts, • assessed the reasonableness of the cash flow forecasts in relation to the economic context surrounding the Group's operations; • compared the perpetual growth rate retained for the cash flow forecasts with the market analyses and the consensus of the main professionals concerned; • confirmed the discount rate with the help of our financial valuation experts by comparing its parameters with external benchmarks; • reviewed the sensitivity analyses performed by Management and compared them with our own calculations to assess whether a single unreasonable change in the assumptions would require the recognition of impairment for the intangible assets and property, plant and equipment of the France and International CGUs. Lastly, we verified that Notes 2.12 a) & b), 13 and 14 to the consolidated financial statements provided appropriate disclosures.

MEASUREMENT AND ACCOUNTING TREATMENT OF THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Risk identified	Our response
The Group holds derivative financial instruments, which are used to hedge currency risks on foreign-currency denominated purchases, mainly euro – USD, arising in the normal course of business. These instruments are initially measured at fair value on the date the derivative is entered into and are subsequently remeasured at fair value at each reporting date, based on the exchange rate at the reporting date. Changes in fair value are recognized in profit or loss, except for instruments qualified as cash flow hedges, for which changes in fair value are recognized in other comprehensive income for the effective portion and in profit or loss for the ineffective portion. In 2020, changes in the fair value of derivative financial instruments were deducted from equity for €57.5 million and income of €5.2 million was recognized in the income statement. We consider the recognition of financial instruments to be a key audit matter due to: • the importance of Management's judgements and estimates in qualifying financial instruments as cash flow hedging instruments and determining the fair value of these instruments; • the materiality of changes in fair value of these instruments and the accounting impacts relating to their qualification as cash flow hedging instruments.	We analysed the compliance of the methodologies applied by the Company with prevailing accounting standards. We assessed the expertise of the specialists appointed by the Company to measure the fair value of financial instruments and held discussions with Management to understand the scope of their procedures. We: • obtained the components of the Group's financial instruments portfolio, which we compared with the fair value determined by the Group's external specialists. We also compared these statements with the bank confirmations; • reviewed the cash flow hedging documentation with the help of our experts; • reviewed the accounting treatment applied to financial instruments and the impacts on the income statement and other comprehensive income based on the qualification of these instruments. Lastly, we verified that Notes 2.18, 20 and 26 to the consolidated financial statements provided appropriate disclosures.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

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 relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Chief Executive Officer, 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.

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.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Maisons du Monde by your Annual General Meeting held on June 12, 2020 for KPMG Audit and by your Annual General Meeting held on April 29, 2016 for Deloitte & Associés.

As of December 31, 2020, KPMG Audit was in the 7th year of total uninterrupted engagement and the 5th year since securities of the Company were admitted to trading on a regulated market and Deloitte & Associés was in the 5th year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional 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 consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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.

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses 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 the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains 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. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original signed in Nantes and Saint-Herblain, April 21, 2021

The Statutory Auditors

KPMG Audit	Deloitte & Associés
Gwenaël CHEDALEUX	Alexis LEVASSEUR

6.3 Statutory financial statements

(financial year from 1 January 2020 to 31 December 2020)

6.3.1 INCOME STATEMENT

(in € thousands)	Notes	31 December 2020	31 December 2019
Revenues	14	4,228	3,679
Reversal of depreciation, amortisation and provisions, and transferred expenses		104	391
Other income		0	0
TOTAL OPERATING INCOME		**4,332**	**4,070**
Purchases of goods and related inventory changes		-	(2)
Purchases of raw materials, other supplies and related inventory changes		-	-
External expenses	16	(3,465)	(3,044)
Taxes and levies		(228)	(170)
Personnel expenses	15	(5,351)	(4,542)
Depreciation and amortisation		(1,170)	(994)
Other expenses	15	(500)	(381)
TOTAL OPERATING EXPENSES		**(10,715)**	**(9,133)**
OPERATING PROFIT (LOSS)		**(6,383)**	**(5,063)**
FINANCIAL PROFIT (LOSS)	**17**	**(21,970)**	**44,348**
EXCEPTIONAL PROFIT (LOSS)	**18**	**(14)**	**(529)**
PROFIT (LOSS) BEFORE INCOME TAX		**(28,367)**	**38,757**
Income tax	19	2,421	1,634
NET PROFIT (LOSS)		**(25,946)**	**40,391**

6.3.2 BALANCE SHEET

Assets *(in € thousands)*	Notes	31 December 2020 Gross values	31 December 2020 Depreciation and amortisation	31 December 2020 Net values	31 December 2019 Net values
Intangible assets		-	-	-	-
Tangible assets		-	-	-	-
Equity interests	3	681,037	(20,311)	660,726	681,037
Receivables from equity interests	3	15,997	-	15,997	77,953
Other equity interests	3		-	0	-
Other financial assets	3-9	1,983	(16)	1,967	1,758
Financial assets	**3**	**699,017**	**(20,327)**	**678,690**	**760,747**
FIXED ASSETS		**699,017**	**(20,327)**	**678,690**	**760,747**
Trade receivables	4	3,916	-	3,916	2,602
Other receivables	4	245,061	-	245,061	38,156
Marketable securities	5	2,035	-	2,035	2,965
Cash and cash equivalents		8,758	-	8,758	12
Prepaid expenses	4	668	-	668	101
CURRENT ASSETS		**260,437**	**-**	**260,437**	**43,836**
Issuance fees to be amortized	6	1,369	-	1,369	2,245
Currency translation adjustments (losses)		1,241	-	1,241	4
TOTAL ASSETS		**962,064**	**(20,327)**	**941,737**	**806,833**

Equity and liabilities *(in € thousands)*	Notes	31 December 2020	31 December 2019
Share capital	7-8	146,584	146,584
Share premiums	8	301,975	301,975
Legal reserve	8	7,408	5,389
Others reserves	8	0	0
Retained earnings	8	86,377	48,006
Profit (Loss) for the period	8	(25,945)	40,391
Regulated provisions	8-9	3,089	3,065
EQUITY	**8**	**519,488**	**545,410**
Provisions for risks and charges	9	7,782	3,055
PROVISIONS	**9**	**7,782**	**3,055**
Convertible bonds (OCEANE)	10	200,021	200,021
Borrowings and debt from credit institutions	10	200,829	50,108
Financial liabilities	**10**	**400,851**	**250,129**
Trade payables	11	2,833	2,165
Social and tax payables	11	2,358	2,025
Other debt	11	8,425	3,817
Operating liabilities	**11**	**13,616**	**8,007**
LIABILITIES		**414,467**	**258,136**
Currency translation adjustments (gains)			232
TOTAL EQUITY AND LIABILITIES		**941,737**	**806,833**

6.3.3 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

Maisons du Monde S.A. is a *société anoyme* (limited liability company) with a Board of Directors, governed by the laws of France. Its registered office is located at Le Portereau – 44120 Vertou, France.

The financial statements are presented in € thousands and were approved by the Board of Directors on 25 March 2020.

Maisons du Monde's shares have been listed on Euronext Paris since May 2016.

Note 1 Significant events

1.1 Depreciation Maisons du Monde USA equity

Regarding the Group strategy in North America, by stopping the Maisons du Monde stores deployment in USA and reduce the scope of opening Modani's stores, we reviewed the equity value by depreciate 20,3 M€ based on the discounted cashflow methodology company valuation.

1.2 Adjustment to the conversion/exchange ratio

According to the Maisons du Monde SA's General Meeting held on 12 June 2020, the Group did not pay any dividend per share.

Following this dividend payment, in accordance with paragraph 2.6.(B).10 of the terms and conditions of the OCEANES (the "Terms and Conditions"), the Conversion/Exchange Ratio (as defined in the Terms and Conditions) have not change since 31 December 2019 and stay at 1.012 Maisons du Monde SA share for 1 OCEANE (calculated to three decimal places by rounding to the nearest thousandth)

1.3 State-Guaranteed Loan

Maisons du Monde Group concluded 150 million term loan with a syndicate of six banking groups: Crédit Agricole group, BPCE group, Société Générale group (coordinators), CM-CIC group, HSBC and BNP Paribas. This one-year loan (maturing in June 2021) has an extension option of up to five additional years (June 2026).

The interest rate is 0% for the first year. However, the Group is subject to a guarantee premium representing 0.5% of the amount borrowed. It has been positioned in Borrowings and debt from credit institutions

This loan is 90% guaranteed by the French State.

6

Note 2 Accounting policies and rules

The financial year lasts 12 months, covering the period from 1 January 2020 to 31 December 2020.

The annual financial statements have been prepared in accordance with the provisions of regulations 2014-03 of the ANC (*Autorité des normes comptables*), approved by the ministerial decision of 8 September 2014 concerning the French Chart of Accounts.

General accounting conventions were applied in compliance with the principle of prudence, in accordance with the following basic assumptions:

- business continuity;
- consistency of accounting methods from one year to the next;
- independence of separate financial years.

And in accordance with the general rules for preparing and presenting financial statements.

The method used to value items recorded in the accounts is the historical cost method.

The main accounting rules and methods applied are as follows:

2.1 Financial assets

Gross value is valued at acquisition cost excluding incidental expenses.

Impairment is recognised when the inventory value is lower than the gross value of the assets. The inventory value is determined taking into account the Group share held in net equity and the earnings outlook reviewed annually. The earnings outlook is based on information available when these are drawn up. When the share of the Company in equity holdings is negative, and if the situation warrants this, a provision for risk is established.

In accordance with the tax rules, acquisition expenses on equity interests are subject to a tax deduction over a period of five years from the date of acquisition, *via* a provision in regulated provisions.

As regards goodwill from mergers, they are subject to an impairment test to determine whether or not they should be depreciated.

Furthermore, treasury shares held *via* a liquidity agreement, and which are not destined for share plans are recorded in “Other financial assets”. These shares are valued at their acquisition cost. If the probable market value at the close of the financial year (based on the average listed price for the last month of the period) falls below the purchase price, an impairment is recorded in the amount of the difference.

2.2 Receivables and payables

Receivables and payables are valued at their nominal value.

Receivables are depreciated, if necessary, by way of provision to take account of the recovery risks they generate.

Receivables and payables in foreign currencies are translated and recorded based on the official exchange rate at closing. Unrealized exchange gains are recognised as foreign exchange gains, while unrealized exchange losses are recognised as foreign exchange losses and are subject to a provision for risks and charges. Exchange gains and losses corresponding to current accounts are recognised directly in the income statement and are not subject to any unrealized exchange gains or losses.

2.3 Marketable securities

Treasury shares are recorded in “marketable securities” when these securities are intended to cover performance share plans. Treasury shares are valued at their acquisition cost.

Treasury shares allocated to a specific plan are classified in a specific account for marketable securities and are not depreciated.

Treasury shares not allocated to a specific plan are classified in another specific account of marketable securities. If the probable market value at the close of the financial year (based on the average listed price for the last month of the period) falls below the purchase price, an impairment is recorded in the amount of the difference.

2.4 Cash and cash equivalents

Cash and cash equivalents in bank and at hand was valued at nominal value.

2.5 Provisions for risks and charges

A provision is recognised when there is an obligation that is likely or certain to entail an outflow of resources without an at least equivalent offset transaction.

2.6 Tax consolidation

As of 31 December 2020, Maisons du Monde S.A., the parent company benefits from a tax consolidation regime as defined by Article 223 A of the French General Tax Code with the following subsidiaries:

- Maisons du Monde France;
- Distrimag;
- Distri-Traction;
- International Magnolia Company;
- International MDM Company.

Maisons du Monde S.A. owes the Treasury for the tax calculated on the sum of taxable income for consolidated companies. The tax savings, result from the difference between the tax expense for the tax group and tax expense for the beneficiary companies, is recognized as income in the financial year.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

These financial statements are expressed in € thousands, unless otherwise stated.

Note 3 Financial assets

(in € thousands)	31 December 2019	Acquisitions, contribution, increases	Reclassification	Disposals, decreases	31 December 2020
Equity interests [(1)]	681,037		-	-	681,037
Receivables from equity interests [(2)]	77,953	800	-	(62,755)	15,998
Other equity interests	-	-	-	-	-
Other financial assets [(3)]	1,793	190			1,983
• o/w deposits	1		0	0	1
• o/w treasury shares as per liquidity agreement	1,359	190	(506)	0	1,043
• o/w other long term receivables as per liquidity agreement	433	0	506	0	939
FINANCIAL ASSETS – GROSS VALUE	**760,782**	**990**	**-**	**(62,755)**	**699,017**

(1) *Equity interests were written down by €20.3M, bringing their net value to €660.7M.*

(2) *Movements are mainly due to the transfer to current account of a loan from Maisons du Monde SAS for €59.96M.*

(3) *other financial assets mainly concern the liquidity contract implemented on 26 of October 2016 and amended on the 1 November 2017. They break down as follows:*

	Number		**Amount** *(in € thousands)*					
Liquidity agreement	**31 December 2019**	**31 December 2020**	**Average purchase price**	**Average price December 2020**	**Value as of 31/12/2019**	**Total**	**Provision**	**Depreciation**
Treasury shares	106,024	67,809	15.38		12.49	1,043	-	(16)
Mutual funds – other long-term receivables	18	40	23,058	n/a	n/a	922	-	0
Cash – other long-term receivables	n/a	n/a	n/a	n/a	n/a	17	-	-

Note 4 Maturity of receivables

(in € thousands)	31 December 2019	31 December 2020	Maturing 31 December 2020: Less than 1 year	Maturing 31 December 2020: 1 to 5 years	Maturing 31 December 2020: More than 5 years
Receivables from equity interests	77,953	15,997	187	15,810	-
Other financial assets	1,793	1,983	1,983		-
Trade receivables	2,602	3,916	3,916		-
Other receivables	38,156	245,061	240,337	4,724	-
• o/w social	65	76	76		-
• o/w tax and duties [(1)]	3,288	9,034	9,034		-
• o/w Group [(2)]	32,586	231,227	231,227		-
• o/w sundry debtors [(3)]	2,217	4,724	0	4,724	-
Prepaid expenses	101	668	668		-
TOTAL RECEIVABLES	**120,605**	**267,625**	**247,091**	**20,534**	**-**

(1) Including €8.593M tax payments advance (overpayment).

(2) Of which €228.365M intercompany with MDM SAS.

(3) Exclusively accrued income between subsidiaries related to performance share plans costs.

Note 5 Marketable securities

At 31 December 2020, marketable securities correspond to treasury shares that were allocated to specific performance share plans and amounted to €2.03M.

Note 6 Expenses amortized over several years

The expenses amortized over several years correspond to issuance fees of financing.

As of 31 December 2020, they consist of issuance fees related to:

- the residual value for the term loan spread over the term of the agreement on the basis of an effective interest rate (€84 thousand as of 31 December 2020);
- the initial as well as the additional revolving credit facility spread over the term of the agreement (€135 thousand as of 31 December 2020);
- the convertible bonds (OCEANE) issued on 6 December 2017 spread over the term of the agreement on the basis of an effective interest rate (€1,151 thousand as of 31 December 2020).

Note 7 Share capital

The share capital of the Company as at 31 December 2020 stood at €146,583,736.56, divided into 45,241,894 ordinary shares each of a nominal value of €3.24.

To the Company's knowledge, at 31 December 2020, those shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 60.66%, 90% or 95% of capital and/or voting rights in the Company were as follows:

	% in shares (approx.)	% in voting rights (approx.)	% in voting rights (applicable)
Teleios Capital Partners LLC	20,5%	20,5%	21,1%
Majorelle Investments SARL	9,1%	9,1%	9,3%

Exercisable voting rights take into account treasury shares as of 31 December 2020: the Company owned 67, 809 Maisons du Monde S.A. Shares classified under "Other financial assets" under the liquidity agreement and 162, 114 Maisons du Monde S.A. Shares classified in "Marketable securities" allocated to performance share plans.

Note 8 Changes in equity

(in € thousands)	Share capital	Premiums	Reserves	Retained earnings	Result for the year	Regulated provisions	Total equity
Situation at 31 December 2018	**146,584**	**301,975**	**1,883**	**2,536**	**70,119**	**3,052**	**526,148**
Appropriation of result 2018 (1)	-	-	3,506	45,470	(70,119)	-	(21,143)
Result for the year	-	-	-	-	40,391	-	40,391
Regulated provisions	-	-	-	-	-	13	13
Situation at 31 December 2019	**146,584**	**301,975**	**5,389**	**48,006**	**40,391**	**3,065**	**545,410**
Appropriation of result 2019 (1)	-	-	2,020	38,372	(40,391)	-	0
Result for the year	-	-	-	-	(25,945)	-	(25,945)
Regulated provisions	-	-	-	-	-	23	23
Situation at 31 December 2020	**146,584**	**301,975**	**7,408**	**86,377**	**(25,945)**	**3,088**	**519,488**

(1) For the financial year 2019, no dividend has been distributed at the Annual General Meeting of 12 June 2020.

6

Note 9 Provisions

(in € thousands)	31 December 2019	Depreciation	Reclassification	Reversals used	Reversals unused	31 December 2020
Tax amortization	3,065	24	-	-	-	3,089
Regulated provisions	**3,065**	**24**	**-**	**-**	**-**	**3,089**
Performance shares – plan n°2	0					0
Performance shares – plan n°3	0					0
Performance shares – plan n°4	1,066			(898)	(168)	0
Performance shares – plan n°5A	1,964	645				2,609
Performance shares – plan n°5B	25	75				100
Performance shares – plan n°6		3,832				3,832
Provision exchange rate risk		1,241				1,241
Provisions for risks and charges	**3,055**	**5,793**	**-**	**(898)**	**(168)**	**7,782**
Equity interests	-	20,311				20,311
Other financial assets	35	16		(35)		16
Depreciation	**35**	**20,327**	**-**	**(35)**	**0**	**20,327**
TOTAL PROVISIONS	**6,155**	**26,144**	**-**	**(933)**	**(168)**	**31,198**
Operating		*294*		*(104)*		
Financial		*21,568*		*(35)*		
Exceptional		*4,282*		*(794)*	*(168)*	

The change in provisions relating to performance share plans is explained by:

- Taking into account the acquisition price of the treasury shares allocated to the different plans (see note 5);
- The progress of the plans over time for the beneficiaries of Maisons du Monde S.A.;
- In December 2020, plans n°4 were delivered;
- A new allocation plans (plan 6) issued on 10 March 2020 (see Note 25)

Note 10 Financial liability

10.1 Convertible bonds (OCEANE)

On 6 December 2017, the Company issued bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") due 6 December 2023 for a nominal amount of €200 million. Issuance fees amounted to €2.3 million.

The nominal unit value of the bonds has been set at €48.78, corresponding to a premium of 42.5% above the Company's reference share price on the regulated market of Euronext Paris. The reference share is equal to the volume-weighted average price of Maisons du Monde shares recorded on the regulated market of Euronext Paris from the start of trading on 29 November 2017 until the determination of the final terms of the Bonds on the same day.

The bonds have been issued at par on 6 December 2017, the settlement and delivery date of the bonds and will bear a coupon of 0.125%, payable annually in arrears on 6 December of each year (or on the following business day if this date is not a business day) and for the first time on 6 December 2018 (or on the following business day if this date is not a business day).

Unless previously converted, exchanged, redeemed or purchased and cancelled, the bonds will be redeemed at par on 6 December 2023 (or on the following business day if this date is not a business day). The bonds may be redeemed prior to maturity at the option of the Company, subject to certain conditions, and at the option of bondholders in the event of a change of control of the Company (as defined in the terms and conditions of the Bonds).

Existing shareholders of the Company shall have no preferential subscription rights (or priority subscription period) in connection with the bonds or the underlying shares of the Company.

The Bonds are listed on the Euronext Access market of Euronext Paris since 12 December 2017.

From the Issue Date (*i.e.* 6 December 2017) and up to 5.00pm. (Paris time) on the 7th business day preceding the maturity date or the relevant early redemption date, the Bonds will entitle their holders to receive shares of the Company at a ratio of one share per Bond, subject to any potential subsequent adjustments.

Upon exercise of their conversion/exchange right, bondholders will receive, at the option of the Company, new and/or existing Company shares. The Company new shares eventually delivered shall carry current rights to dividends paid following the date of delivery of the shares.

The conversion/exchange ratio is increased, starting 4 July 2019, from 1.004 share to 1.012 Maisons du Monde S.A. Share for 1 OCEANE (see note 1.2).

10.2 Term loan and revolving credit facilities

Following the issuance of convertible bonds, the Company partly reimbursed the term loan for an amount of €200 million. Thus as at 31 December 2019, the nominal amount of the term loan is €50 million.

On 1 March 2017, the Company entered into an additional revolving credit facility of €75m as authorised by the Senior Facility Agreement dated 18 April 2016. This complementary Revolving Credit Facility was taken out under identical terms and conditions to the initial Senior Facility Agreement dated 18 April 2016. Issuance fees amounted to €0.5 million.

As a reminder as of 18 April 2016, the Group obtained a senior credit facility with a syndicate of international banks. The senior credit facility includes a term loan for €250 million and a revolving credit facility (RCF) for €75 million. It is repayable on 31 May 2021. Issuance fees amounted to €4.5 million of which €3.5 million for the term loan and €1 million for the revolving credit facility.

The applicable interest rate is Euribor 1, 3 or 6 months plus a margin initially set at 2.25% for the first twelve months, and then set according to a margin ratchet based on the net debt leverage ratio for the period (with a margin cap of 2.50% maximum). The applicable Euribor depends on the interest rate period applicable to the relevant drawdown period. Since September 2018 the margin has been set to 1.25%.

The senior credit facility is subject to compliance with a leverage ratio which must remain lower than those set out in the table below for each period under consideration:

Period considered	Leverage ratio
Maturing 31 December 2018	4.25:1
Maturing 31 December 2019	3.75:1
Maturing 31 December 2020	3.75:1
Maturing 31 December 2021	3.75:1

The leverage ratio is the ratio of total net debt on the last day of the period, and the consolidated *pro forma* EBITDA of the Group for the same period.

6

Note 11 Maturity of liabilities

(in € thousands)	31 December 2019	31 December 2020	Maturing 31 December 2019		
			Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds (OCEANE)	200,021	200,021	21	200,000	-
Borrowings and debt from credit institutions (1)	50,108	200,829	200,829		-
Trade payables	2,165	2,833	2,833		-
Social payables	1,809	2,001	2,001		-
Tax payables	216	357	357		-
Other debt	3,817	8,425	8,425		-
• o/w Group	3,385	7,924	7,993		-
• o/w miscellaneous	432	432	432		-
TOTAL DEBT	**258,136**	**414,466**	**214,466**	**200,000**	**-**

(1) The SGL was classified as short-term debt in view of management's decision regarding its repayment.

(in € thousands)	31 December 2019	31 December 2019	Maturing 31 December 2019		
			Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds (OCEANE)	200,021	200,021	21	200,000	-
Borrowings and debt from credit institutions	50,097	50,108	108	50,000	-
Trade payables	2,662	2,165	2,165	-	-
Social payables	1,330	1,809	1,809	-	-
Tax payables	89	216	216	-	-
Other debt	5,757	3,817	3,817	-	-
• o/w Group	5,256	3,385	3,385	-	-
• o/w miscellaneous	500	432	432	-	-
TOTAL DEBT	**259,957**	**258,136**	**8,136**	**250,000**	**-**

Note 12 Related companies

Gross values *(in € thousands)*	**31 December 2020**	**31 December 2019**
Assets		
Equity interests	681,037	681,037
Receivables from equity interests	15,998	77,953
Trade receivables	3,916	2,602
Other receivables	235,951	34,803
Liabilities		
Trade payables	2	2
Other debt	7,924	3,385
Operating income		
Revenues	4,228	3,679
Expenses transferred		391
Operating expenses		
Leases	6	66
Fees	-	-
Financial income		
Dividends received		44,638
Income from equity interests	794	1,156
Interests	211	48
Financial expenses		
Interests	3	2
Exceptional expenses		
Other exceptional expenses	-	-

The Company has not identified any transactions with related parties that were not concluded pursuant to normal market conditions. See Transactions with related parties (note 24).

6

Note 13 Accruals, prepayments and deferred income

(in € thousands)	**31 December 2020**	**31 December 2019**
Convertible bonds (OCEANE)	21	21
Borrowings and debt from credit institutions	829	108
Trade payables	2,800	2,103
Social and tax payables	1,766	1,498
Accrued expenses	**5,416**	**3,730**
Prepaid expenses	**668**	**101**
Receivables from equity interests	187	721
Trade receivables	3,766	2,568
Other receivables	4,724	2,217
Accrued income	**8,677**	**5,507**
Deferred income	**-**	**-**

Note 14 Revenues

The Company's revenues correspond to consulting services rendered to its subsidiaries.

Note 15 Compensation of management bodies

The average number of employees (full-time equivalent) for the 2019 fiscal year was eight employees, similar to 2019. The Company only employed managers for the 2020 and 2019 fiscal years.

Nine members of the Executive Committee out of a total of ten comprise the Company's workforce at 31 December 2020.

Compensation paid to members of Management is not disclosed. This information would allow individual elements of compensation to be identified.

The compensation granted to members of the governing bodies is as follows:

- for the fiscal year ended 31 December 2020, attendance fees allocated to members of the Board of Directors amounted to €524,972;
- for the fiscal year ended 31 December 2019, attendance fees allocated to members of the Board of Directors amounted to €432,000.

These fees are recorded as other operating expenses.

Note 16 External expenses

(in € thousands)	31 December 2020	31 December 2019
Leases and related expenses	69	47
Rental	20	31
Repairs and maintenance	18	11
Insurance	123	66
Temporary staff	2	30
Fees	2,603	2,513
Travel and meeting expenses	70	242
Bank services	540	66
Other external expenses	20	38
TOTAL EXTERNAL EXPENSES	**3,465**	**3,044**

Significant variations and expenses are detailed below: Increasing of bank services related to the State Guarantee:

- Loan in order to secure the treasury regarding the lock down of Q1 2020;
- Travel expenses decreasing due to Covid event.

Note 17 Financial profit (loss)

(in € thousands)	31 December 2020	31 December 2019
Dividends received [(1)]	0	44,638
Income from equity interests [(2)]	795	1,156
Interest income on current account	209	48
Term loan interest [(3)]	(541)	(642)
Interest on convertible bonds [(4)]	(250)	(250)
Interest on loans, including revolving credit facilities [(5)]	(600)	(630)
Interest expense on current account	(3)	(2)
Allowance for provisions net of reversals [(6)]	(21,533)	32
Net foreign exchange differences	(43)	2
Other	(5)	(4)
FINANCIAL PROFIT (LOSS)	**(21,970)**	**44,348**

(1) in fiscal year 2020, Maisons du Monde France S.A.S. or any other Group company did not pay any dividends to its shareholder Maisons du Monde S.A.

(2) Related to income from receivables from equity interests.

(3) Related to interest on the long-term credit line (see note 10).

(4) Related to interest on the convertible bond (see note 10).

(5) Related to interest on the revolving credit facility (see note 10).

(6) Corresponds mainly to the €20.3 million charge to provisions for impairment of Maisons du Monde USA shares.

Note 18 Exceptional profit (loss)

(in € thousands)	31 December 2020	31 December 2019
Gain or loss on treasury shares [(1)]	193	(347)
Performance shares [(2)]	(184)	(153)
Reversal/allowance on regulated provisions	(24)	(13)
Other exceptional income and expenses	1	(16)
EXCEPTIONAL PROFIT (LOSS)	**(14)**	**(529)**

(1) As part of the liquidity agreement.

(2) Corresponds to the estimated costs of performance shares not recharged to subsidiaries.

6

Note 19 Income tax

The Company recorded a tax consolidation profit of €2,421 thousand for the year ended 31 December 2020 (profit of €1,634 thousand for the year ended 31 December 2019).

Note 20 Principal increases and reductions in the tax base for future income tax liability

None.

Additional information

Note 21 Guarantees

Shares in Maisons du Monde S.A., Maisons du Monde France, Maisons du Monde Italy, Maisons du Monde Belgium and Maisons du Monde Spain were pledged as collateral for the term loan of €50 million and the revolving credit facilities of €150 million.

Note 22 Pension commitments

Upon retirement, Company employees will receive compensation in accordance with the law and with the provisions of the applicable Collective Agreements.

Pension commitments are not recognised, but rather recorded as off-balance sheet commitments. They are assessed using the retrospective projected unit credit method as per the revised IAS 19 standard.

The estimate of these commitments was undertaken by an independent actuary.

The main actuarial assumptions are as follows:

- discount rate: 0.75%;
- rate of salary increase: between 1.5% and 2.5% for executives;
- retirement age: 64 for executives;
- mortality table: INSEE 2009-2011.

At 31 December 2020, commitments stood at €4,175 thousand.

Note 23 Share price

At 31 December 2020, the share price of Maisons du Monde S.A. was €14.95.

Note 24 Transactions with related parties

For the financial year 2020:

- The Company holds a loan towards its subsidiary Maisons du Monde France S.A.S. amounting to €60,489 thousand including interest accrued as of 31 December 2019;
- The Company holds a loan towards Modani Holdings LLC amounting to €9,906 thousand including interest accrued as of 31 December 2020;
- The Company holds a loan towards Maisons du Monde USA amounting to €6,090 thousand including interest accrued as of 31 December 2020;

For the financial year 2019:

- the Company holds a loan towards its subsidiary Maisons du Monde France S.A.S. amounting to €60,489 thousand including interest accrued as of 31 December 2019;
- the Company holds a loan towards Modani Holdings LLC amounting to €10,825 thousand including interest accrued as of 31 December 2019;
- the Company holds a loan towards Maisons du Monde USA amounting to €6,633 thousand including interest accrued as of 31 December 2019;
- the Company received dividends from its subsidiary Maisons du Monde France S.A.S. amounting to €44,638 thousand.

Net financial income and expenses on these transactions are outlined in note 17.

Note 25 Attribution of performance shares

	Plan n°5A	Plan n°5B	Plan n°6
Grant date	09 May 2019	24 June 2019	10 March 2020
Status	in progress	in progress	in progress
Number of shares	255,344	10,000	352,940
Number of beneficiaries	397	1	413
Vesting period (years)	3	2.94	3
Holding period (years)	0	0	0

The attribution of performance shares is subject to the following conditions:

- a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee of a Group company during a vesting period, calculated as from the grant date, of three years for *Plan d'actions gratuites* n°2 beneficiaries, two years and seven months for *Plan d'actions gratuites* n°3 and *Plan d'actions gratuites* n°4 beneficiaries, three years for *Plan d'actions gratuites* n°5A and 2 years and eleven months for *Plan d'actions gratuites* n°5B beneficiaries and 3 years for the plan n°6. In the event of death, disability or retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;
- performance requirements based on Sales, EBITDA and earning per share level (depending on employees) for all plans;
- a holding requirement: as from the final grant date, the beneficiaries are required to hold their shares for one year at least for *Plan d'actions gratuites* n°2. Concerning the other plans, there is no obligation to hold the shares except for the General Manager who is required to hold part of its shares until the term of its office.

The granted shares shall be either shares issued through a share capital increase performed by the Company by no later than the definitive vesting date or shares bought by the Company on the market prior to such date.

The Group set up recharge agreements with its subsidiaries, except for Belgium.

Note 26 List of subsidiaries

The table below provides a list of the Group's subsidiaries and the level of investment of Maisons du Monde S.A.

	Currency	Share capital	Share of capital held (% of detention)	Tax consolidation	Gross carrying amount of investments	Net carrying amount of investments	Loans and advances granted by the Company not yet repaid	Guarantees given by the Company	Dividends received by the Company during the financial year
Subsidiaries of Maisons du Monde S.A.									
International Magnolia Company	K€	1	100%	yes	1	1	14	n/a	-
Maisons du Monde France	K€	57,376	100%	yes	159,054	159,054	228,365	n/a	-
SAS Savane Vision – RHINOV	K€	48	70%	n/a	4,343	4,343	2,559	n/a	-
Maisons du Monde USA	KUSD	45,200	100%	n/a	38,822	18,511	6,380	n/a	-
Subsidiaries of Maisons du Monde France									
Maisons du Monde Allemagne	K€	25	100%	n/a	25	25	-	n/a	-
Maisons du Monde Belgique	K€	50	100%	n/a	50	50	-	n/a	-
Maisons du Monde Espagne	K€	50	100%	n/a	50	50	-	n/a	-
Maisons du Monde Italie	K€	120	100%	n/a	100	100	-	n/a	-
Maisons du Monde Luxembourg	K€	20	100%	n/a	20	20	-	n/a	-
Maisons du Monde Suisse	KCHF	20	100%	n/a	17	17	-	n/a	-
Maisons du Monde Portugal	K€	20	100%	n/a	20	20	-	n/a	-
Maisons du Monde Autriche	K€	35	100%	n/a	35	35	-	n/a	-
MDM Furniture & Decoration	KGBP	20	100%	n/a	27	27	-	n/a	-
Distrimag	K€	40	100%	yes	40	40	-	n/a	-
International MDM Company	K€	1	100%	yes	1	1	-	n/a	-
Mekong Furniture	MVND	86,027	100%	n/a	3,189	3,189	-	n/a	-
Subsidiaries of Distrimag									
Distri-Traction	K€	150	100%	yes	150	150	-	n/a	-
Subsidiary of Maisons du monde USA									
Modani Holdings, LLC	KUSD	n/a	70%	n/a	51,541	51,541	9,906	n/a	-
Modani Atlanta, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Boca Raton, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Brickell, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Chicago, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Dallas, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Denver, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Doral, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Fort Lauderdale, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Frisco, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-

	Currency	Share capital	Share of capital held (% of detention)	Tax consolidation	Gross carrying amount of investments	Net carrying amount of investments	Loans and advances granted by the Company not yet repaid	Guarantees given by the Company	Dividends received by the Company during the financial year
Modani Garden City, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Houston, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Jacksonville, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani King of Prussia, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Las Vegas, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Los Angeles, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Miami, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Naples, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani New York Midtown, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Oak Brook, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	
Modani OC, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Paramus, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Pinecrest, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani San Diego, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani San Francisco, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Tampa, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani West Palm Beach, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
SNS Imports, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Urbanmod, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Maisons du Monde Holdings, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
Subsidiary of Maisons du Monde Holdings, LLC									
MDM Wynwood, LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-
MDM Aventura LLC	KUSD	n/a	70%	n/a	n/a	n/a	-	n/a	-

Revenues, profits and capital other than share capital of subsidiaries are not disclosed for confidentiality reasons related to business and industrial strategy.

Note 27 Results for the last five years

(in euros)	31 December 2016	31 December 2017	31 December 2018	31 December 2019	31 December 2020
Financial position at year end					
Duration of the financial year	12 months	12 months	12 months	12 months	12 months
Share capital	146,583,737	146,583,737	146,583,737	146,583,737	146,583,737
Number of ordinary shares	45,241,894	45,241,894	45,241,894	45,241,894	45,241,894
Number of preferred shares	-	-	-	-	-
Number of convertible bonds	-	4,100,041	4,100,041	4,100,041	4,100,041
Operations and income (loss) for the year					
Revenues	4,777,149	4,619,433	3,795,790	3,679,340	4,228,300
Income before tax, employee profit-sharing, depreciation and amortisation	(7) 956,365	14,460,595	64,872,283	36,653,449	(2) 447,636
Income tax	(24) 366,165	(15) 466,996	(7) 189,535	(1) 634,482	(2) 421,360
Employee profit-sharing	-	-	-	-	-
Depreciation and amortisation	2,357,922	3,278,228	1,943,229	(2) 103,201	25,919,176
Net profit (loss)	14,051,878	26,649,363	70,118,589	40,391,132	(25) 945,452
Profit distributed [(1)]	14,024,987	19,906,433	21,263,690	0	13,572,568
Earnings per share					
Income after tax and employee profit-sharing, but before depreciation and amortisation	0.36	0.66	1.59	0.85	(0.00)
Income after tax, employee profit-sharing, depreciation and amortisation	0.31	0.59	1.55	0.89	(0.57)
Dividend allotted [(1)]	0.31	0.44	0.47	0.00	0.30
Personnel					
Average number of employees (FTEs)	7	7	7	7	8
Wages and salaries	4,225,412	5,653,124	4,588,513	4,542,447	5,351,165
Amount paid to welfare bodies (social security, service projects, etc.)	1,188,817	2,751,080	1,722,110	1,874,760	2,316,050

(1) Amount including treasury shares. For 2020, pending the proposal for the Annual General Meeting of 4 June 2021.

Note 28 Events subsequent to 31 December 2020

The Company has not identified any events subsequent to 31 December 2020 with a material impact on the Company's financial statements other than:

Tax audit

As of 21 February 2020, the Company MDM SA received notice of a tax inspection spanning the fiscal periods 2017 and 2018. This tax audit is still in progress.

6.4 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2020

To the annual general meeting of Maisons du Monde S.A.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Maisons du Monde S.A. for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are as follows:

- verification of the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce);
- issuance of attestations bases on data extracted from the financial statements (turnover per shop, financial ratios).

Justification of Assessments – Key Audit Matters

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

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

VALUATION OF MAISON DU MONDE FRANCE'S EQUITY INTERESTS AND RELATED RECEIVABLES

Risk identified	Our response
Maisons du Monde France's equity interests and related receivables, as described in Notes 3 and 26, are recorded in the balance sheet for respective net carrying amounts of M€ 660.7 and M€ 16 as at December 31, 2020, compared to total assets of M€ 941.7. The company ensures that no year-end impairment loss need to be recorded by comparing the fair value with the carrying amount recorded in the accounts. Fair value is determined by taking into account the share of net assets and the profitability outlooks reviewed on an annual basis. Profitability outlooks are based on the information available at the time of their preparation. We consider the valuation of Maisons du Monde France's equity interests and related receivables to be a key audit matter due to: • their material importance in the company's accounts; • the judgements and assumptions necessary to determine their fair value, based on profitability outlooks in particular, whose conclusion is inherently uncertain.	To assess the reasonableness of the fair value measurement of the Maisons du Monde France equity interests, based on the information we were provided, our work mainly consisted in: • assessing whether the valuation method and figures used by Management to estimate the fair value are appropriately justified; • obtaining the 2021 budget approved by the Board of Directors, which updated the Business Plan's assumptions; • verifying the reasonableness of the forecasts in relation to the economic context surrounding the company's operations. In addition to assessing the fair value of the Maisons du Monde France equity interests, our work also consisted in assessing the recoverability of the related receivables with respect to the equity interest analyses. Lastly, we verified that Notes 2.1, 3 and 26 to the financial statements provided an appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (code de commerce).

Information relating to corporate governance

We attest that the Chairman's report on corporate governance sets out the information required by Article L. 225-37-4, L.22-10-9 and L. 22-10-10 the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

Report on Other Legal and Regulatory Requirements

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 relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, 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 Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 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.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Maisons du Monde by your Annual General Meeting held on June 12, 2020 for KPMG Audit and by your Annual General Meeting held on April 29, 2016 for Deloitte & Associés.

As of December 31, 2020, KPMG Audit was in the 7th year of total uninterrupted engagement and the 5th year since securities of the Company were admitted to trading on a regulated market and Deloitte & Associés was in the 5th year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional 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 specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;
- obtains 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;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses 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 the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original signed in Nantes and Saint-Herblain, April 21, 2021

The Statutory Auditors

KPMG Audit	Deloitte & Associés
Gwenaël CHEDALEUX	Alexis LEVASSEUR

7 Information on the Company and its capital

7.1 Information on the Company

HISTORY AND DEVELOPMENT OF THE GROUP

Founded in France in 1996, Maisons du Monde is a creator of original universes. It offers a unique range of homeware and furniture in a wide variety of styles and themes at affordable prices. The Group expands its business through an integrated and complementary omnichannel approach, leveraging its international network of stores, its websites and its catalogues. With sales of €1,182 million for the year ended 31 December 2020, Maisons du Monde is the leading player in the "original and accessible" homeware segment in France and one of the most important in Europe.

At 31 December 2020, the Group operated a network of 369 stores under the Maisons du Monde brand, in nine countries (including France, Italy, Spain, Belgium, Luxembourg, Germany, Switzerland, Portugal and the United States). The Group also operates a comprehensive and complementary e-commerce platform, which is available in 12 countries (the nine in which its stores are located, as well as Austria, the Netherlands and the United Kingdom).

In 2018, Maisons du Monde gained a foothold in the US market through the acquisition of a majority stake of 70% in Modani, a furniture chain present in several US states through its stores and e-commerce business. Founded in 2007 and based in Miami, Modani is an aspirational lifestyle brand, offering a unique range of modern, contemporary and mid-century furniture at affordable prices. At 31 December 2020, Modani operated a network of 17 stores in the United States.

In November 2020, Maisons du Monde transformed its Maisonsdumonde.com website into a selective and inspiring marketplace, to offer even more choice and inspiration to decoration and furniture fans.

COMPANY NAME

The Company's corporate name is Maisons du Monde.

PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company is registered with the Nantes Trade and Companies Register under number 793 906 728.

LEI CODE

The Company's LEI (Legal Entity Identifier) is 9695009DV2698O4ZBU71.

WEBSITE

The Company's website is accessible at address corporate.maisonsdumonde.com.

REGISTERED OFFICE

The Company's registered office is located in "Le Portereau", Route du Port-aux-Meules, 44120 Vertou, France.

The telephone number of the registered office is (+33) (0) 2 51 71 17 17.

LEGAL FORM AND APPLICABLE LEGISLATION

The Company Maisons du Monde is a *société anonyme* with a Board of Directors governed by French law, in particular the provisions of the French Commercial Code, and its bylaws.

7.2 Articles of association and bylaws

DATE OF INCORPORATION AND DURATION

The Company was incorporated on 24 June 2013.

It was registered with the Paris Trade and Companies Register on 27 June 2013 and then transferred to the Nantes Trade and Companies Register on 18 August 2013.

The Company will cease to exist on 27 June 2112, unless it is dissolved early or its duration is extended.

CORPORATE PURPOSE

As stated in Article 2 of the bylaws, the Company's purpose, in France and abroad, is:

- the purchase, subscription, holding, management and transfer, in any form, of shares and securities in any companies or legal entities created or to be created, French or foreign;
- all administrative, financial, accounting, business, IT or management services for the benefit of the subsidiaries of the Company or any other company in which it holds an interest;

And more broadly:

- all securities and property, industrial, commercial or financial transactions relating directly or indirectly to this purpose or any similar or related purpose, or which may be beneficial for this purpose or of a nature to facilitate its achievement.

FISCAL YEAR

The Company has a fiscal year of 12 months, beginning on 1 January and ending on 31 December of each year.

CONSULTATION OF CORPORATE DOCUMENTS

Corporate documents and information relating to the Company may be consulted at the registered office, "Le Portereau", Route du Port-aux-Meules, 44120 Vertou, France.

SHAREHOLDERS' MEETINGS

Notice of Shareholders' Meetings

Shareholders' Meetings are called in accordance with the conditions, forms and time limits provided for by the applicable regulations. They are held at the registered office or at any other place indicated in the notice of meeting.

The decisions of the shareholders are taken depending on their nature at Ordinary, Extraordinary or Combined Shareholders' Meetings.

Attendance at Meetings

All shareholders may take part in Shareholders' Meetings, personally or by proxy, pursuant to the conditions set by the regulations in force, after providing proof of their identity and ownership of the securities.

Upon decision of the Board of Directors to use such means of telecommunications, as published in the notice of meeting or notice to attend, shareholders are deemed to be present for quorum and majority purposes if they attend *via* videoconference or any other means of telecommunication or remote transmission, including the Internet, provided that their identity can be verified under the conditions provided for by the regulations in force.

All shareholders may vote by correspondence or give a proxy in accordance with the regulations in force, by means of a form drawn up by the Company and returned to it pursuant to the regulations in force, including by electronic mail or file transfer, upon decision of the Board of Directors. The form must be received by the Company in the prescribed conditions for it to be taken into account.

The legal representatives of legally incapacitated shareholders and physical persons representing shareholders that are corporate entities may attend meetings, whether or not they are shareholders personally.

Shareholder communication rights

All shareholders have the right to obtain disclosure of documents, the nature and conditions of which shall be determined by the applicable regulations.

Voting rights

Each share is entitled to one vote at Shareholders' Meetings, double voting rights as provided for by Article L. 225-123 of the French Commercial Code being expressly excluded.

Treasury shares do not have voting rights.

Form and disposal of shares

In accordance with Articles 9 and 12 of the bylaws, shares may be held in registered or bearer form, at the shareholder's discretion, under the conditions provided for by the regulations in force.

Shares are freely tradable. Transfers of shares shall be effected by transfer from account to account, in accordance with the procedures laid down by law and regulations.

Identification of shareholders

In accordance with legal and statutory provisions, the Company may request at any time from the central depository in charge of its securities issue account, the name or, in the case of a corporate entity, the corporate name, nationality, year of birth or year of incorporation, postal address and, where applicable, electronic address of the holders of securities conferring immediately or in the future the right to vote at its Shareholders' Meetings, as well as the number of securities held by each of them and, where applicable, the restrictions attached to such securities.

7.3 Information on the share capital

7.3.1 AMOUNT AND COMPOSITION OF SHARE CAPITAL

At 31 December 2020, the Company's share capital amounted to €146,583,736.56 divided into 45,241,894 shares with a par value of €3.24 each, fully paid up and of the same class.

7.3.2 CHANGE IN SHARE CAPITAL OVER THE PAST FISCAL YEAR

In 2016, the Company carried out the following capital transactions:

- on 24 March 2016, the share capital was reduced through a €64,348,940.46 by reduction of par of €0.46, bringing it to €75,540,060.54, divided into 139,889,001 shares with a par value of €0.54 each;
- on 29 April 2016:
  - the Company first proceeded with a capital increase through the issue of three new shares with a par value of €0.54 each, although the share capital amounted to €75,540,062.16 divided into 139,889.004 shares with a par value of €0.54 subsequently,
  - the Company then consolidated its shares by allocating one (1) share with a par value of €3.24 for six (6) existing shares of €0.54. The share capital was accordingly constituted of 23,314,834 shares with a par value of €3.24 each,
  - the share capital was again increased by €116,089,621.20 through the issuance of 35,830,130 new shares in consideration for a contribution made in connection with a merger,
  - subsequently, it was reduced by the cancellation of 23,314,834 treasury shares contributed in connection with the aforementioned merger.

Within the framework of its initial public offering on 27 May 2016, the Company performed a further capital increase in cash by offer to the public, with the cancellation of preferential subscription rights, of a nominal amount of €30,494,115.36 through the issue of 9,411,764 new shares.

At 31 May 2016, the settlement date, the share capital amounted to €146,583,736.56 divided into 45,241,894 shares with a par value of €3.24 each.

The share capital of Maisons du Monde has not been modified since this date.

7.3.3 AUTHORISED SHARE CAPITAL NOT ISSUED

In application of the provisions of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, we hereby inform you, below, of the currently valid delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors with respect to capital increases, as well as their use during the 2019 and 2020 fiscal years.

Nature of the delegation and/or authorisation given to the Board of Directors	Maximum amount authorised	Duration of the authorisation	Expiry	Use in 2019	Use in 2020
CAPITAL INCREASE BY ISSUING SHARES AND/OR ANY OTHER SECURITIES CONVERTIBLE INTO SHARES OF THE COMPANY					
Capital increase by issuing shares and/or securities convertible into shares of the Company and/or securities entitling holders to the allocation of debt securities through a public offering, with the cancellation of preferential subscription rights (AGM 18/05/2018 – 14th resolution) (AGM 12/06/2020 – 21st Resolution)	14,650 million	26 months	18/07/2020 12/08/2022	N/A	N/A
Capital increase by issuing shares and/or securities convertible into shares of the Company and/or securities entitling holders to the allocation of debt securities through a public offering with preferential subscription rights (AGM 18/05/2018 – 15th Resolution) (AGM 12/06/2020 – 22nd Resolution)	73 million	26 months	18/07/2020 12/08/2022	N/A	N/A
Capital increase by issuing shares and/or securities convertible into shares of the Company and/or securities entitling holders to the allocation of debt securities as part of an offering referred to in Article L. 411-2 of the French Financial and Monetary Code, with the cancellation of preferential subscription rights (AGM 18/05/2018 – 16th resolution) (AGM 12/06/2020 – 23rd Resolution)	14,650 million	26 months	18/07/2020 12/08/2022	N/A	N/A
Share capital increase by issuing shares and/or securities convertible into shares of the Company with the cancellation of preferential subscription rights in consideration for contributions in kind made to the Company and consisting of shares or convertible into shares of the Company, outside public exchange offers (AGM 18/05/2018 – 19th Resolution) (AGM 12/06/2020 – 26th Resolution)	10% of share capital	26 months	18/07/2020 12/08/2022	N/A	N/A
Share capital increase by incorporation of reserves, profits, premiums or other (AGM 18/05/2018 – 20th Resolution) (AGM 12/06/2020 – 27th Resolution)	10% of share capital	26 months	18/07/2020 12/08/2022	N/A	N/A
Capital increase by issuing shares and/or any other securities convertible into shares of the Company, reserved for members of a company savings plan without preferential subscription rights (AGM 18/05/2018 – 21st Resolution) (AGM 12/06/2020 – 28th Resolution)	2% of share capital	26 months	18/07/2020 12/08/2022	N/A	N/A
SHARE BUYBACK PROGRAMME					
Share buyback programme (AGM 03/06/2019 – 14th resolution)	10% of share capital and maximum purchase price set at €40 per share, *i.e.* a maximum of €180.9 million	18 months	03/12/2020	325,976 treasury shares held at 31/12/2019	N/A
Share buyback programme (AGM 12/06/2020 – 20th resolution)	10% of share capital and maximum purchase price set at €25 per share, *i.e.* a maximum of €113.1 million	18 months	12/12/2021	N/A	229,923 treasury shares held at 31/12/2020
Share capital reduction by cancelling treasury shares (AGM 03/06/2019 – 15th resolution) (AGM 12/06/2020 – 30th Resolution)	Capped at 10% of share capital per 24-month period	18 months	03/12/2020 12/12/2021	N/A	N/A

7

Nature of the delegation and/or authorisation given to the Board of Directors	Maximum amount authorised	Duration of the authorisation	Expiry	Use in 2019	Use in 2020
TRANSACTIONS RESERVED FOR EMPLOYEES AND EXECUTIVE DIRECTORS					
Free shares subject to performance conditions (free share allocation), existing or new, granted to employees and eligible corporate officers of the Company and companies related to it (AGM 19/05/2017 – 13th Resolution) (AGM 12/06/2020 – 31st Resolution)	2% of share capital	38 months	17/07/2020 12/08/2023	09/05/2019 24/06/2019	10/03/2020

In 2020, the Board of Directors, using the delegation of authority granted to it by the Shareholders' Meeting, allocated 352,940 free performance shares to Group employees (Board Meeting of 10 March 2020).

The Board's special report on free share allocations is presented in Chapter 8 – Section 8.4 of this Universal Registration Document.

7.3.4 INFORMATION ON TREASURY SHARE BUYBACKS

2020 Results of the share buyback programme

Pursuant to Articles L. 225-209 et seq. of the French Commercial Code, the Shareholders' Meetings of 3 June 2019 and 12 June 2020 authorised the Board of Directors to trade, except during a public offering, in the Company's shares.

The purchases took place according to a maximum price per share of €40 (programme authorised in 2019) and €25 (programme authorised in 2020), with the maximum number of shares to be acquired not exceeding 10% of the share capital.

During the 2020 fiscal year, the Company used these authorisations in the following manner:

- no securities were purchased, sold or cancelled;
- 57,838 shares were transferred to employees of the Group.

Since 19 December 2018, the Company has entrusted Exane BNP Paribas with the implementation of a liquidity contract in accordance with the AMF decision No. 2018-01 of 2 July 2018.

As of 1 January 2019, the following resources were allocated to the liquidity account for the implementation of this contract:

- 73,022 Maisons du Monde shares;
- €825,100.

On 31 December 2020, the trading date, the following resources were recorded in the liquidity contract:

- 67,809 shares;
- €938,724.

For the period from 1 January 2020 to 31 December 2020, Exane BNP Paribas carried out the following transactions:

- 794,892 shares were purchased, representing 2,657 transactions for a total amount of €9,172,180;
- 833,107 shares were sold representing 2,711 transactions for a total amount of €9,680,062.

At 31 December 2020, the Company held 229,923 treasury shares, representing 0.51% of the share capital, with a market value of €3,437,349 based on a closing price of €14.95.

The shares held under the share buyback programme were used for the following purposes:

- cancellation of treasury shares: 0 securities;
- holding of shares for exchange or payment in connection with acquisitions: 0 securities;
- distribution following the exercise of rights attached to securities entitling holders by redemption, conversion, exchange, presentation of a warrant or in any other way to the allocation of shares of the Company: 0 securities;
- coverage of stock option or free share plans: 162,114 securities;
- coverage of employee shareholding transactions reserved for members of a company savings plan: 0 securities;
- performance of the liquidity contract of the Company's shares: 67,809 securities.

Description of the share buyback programme put to vote at the 2021 Shareholders' Meeting

Pursuant to the provisions of Article 241–2 of the AMF General Regulation, this item constitutes the description of the share buyback programme to be submitted to the authorisation of the Shareholders' Meeting of 4 June 2021.

Objectives of the buyback programme

Purchases of shares within the framework of the share buyback programme will be made with the following purpose:

- cancelling them; or
- holding them for delivery by way of future exchange or payment in connection with acquisitions, in accordance with market practices recognised by applicable regulations and up to a limit of 5% of the number of shares comprising the share capital of the Company; or
- redeeming them following the exercise of rights attached to securities entitling holders by redemption, conversion, exchange, presentation of a warrant or in any other way to the allocation of shares of the Company; or
- implementing stock option plans, or free share allocation plans, or employee shareholding transactions reserved for members of a company savings plan, carried out in accordance with Articles L. 3331-1 *et seq.* of the French Labour Code by the transfer of shares previously acquired by the Company, or providing for the free allocation of such shares by way of a contribution in securities of the Company and/or in substitution for the discount, or shares allocations for the benefit of employees and/or executive corporate officers of the Company and related companies, in accordance with the applicable legal and regulatory provisions; or
- managing the secondary market or the liquidity of the Company's shares by an investment services provider under liquidity contracts concluded in accordance with a Code of Ethics recognised by the AMF; or
- more generally, performing any transaction admitted or prospectively admitted by prevailing law or regulations or by the AMF.

The shares may, in whole or in part, be acquired, assigned, exchanged or transferred, on one or more occasions, by any means, in accordance with regulations that are applicable or that would become applicable, in any market, including trading systems (MTF) or *via* a systematic internaliser, or over-the-counter, including through the acquisition or disposal of blocks of shares (without limiting the share of the buyback programme that can be realised through this means); such means include the use of any financial contract or forward financial instrument (such as, notably, any forward contract or option), excluding the sale of put options, in accordance with the regulations in force.

Maximum share of capital, maximum number and characteristics of the securities that the Company proposes to acquire and maximum purchase price

Pursuant to the law, the maximum number of shares that Maisons du Monde would be able to hold under this programme, authorised by the Shareholders' Meeting of 4 June 2021, will be 4,524,189 shares of the Company corresponding to 10% of the share capital.

The maximum authorised purchase price would be €30 per share. Purchases could not exceed the cumulative net sum of €135.7 million.

Duration of the buyback programme

The duration of the programme would be set at 18 months from the approval of the Shareholders' Meeting of 04 June 2021, *i.e.* until 04 December 2022 and would replace the approval granted by the twentieth resolution of the Shareholders' Meeting of 12 June 2020.

7.4 Shareholding

7.4.1 CHANGES TO THE BREAKDOWN OF CAPITAL AND VOTING RIGHTS

Breakdown of capital and voting rights at 31 December 2020

As of 31 December 2020, the Company's share capital amounted to €146,583,736.56 divided into 45,241,894 shares.

At that date, the structure of the share capital was as follows:

As of 31 December 2020	Capital shares		Theoretical voting rights		Exercisable voting rights (1)	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Teleios Capital Partners LLC (2)	9,134,920	20.19%	9,134,920	20.19%	9,134,920	20.29%
Majorelle Investments S.à.r.l. (3)	2,476,426	5.47%	2,476,426	5.47%	2,476,426	5.50%
Treasury shares (4)	229,923	0.51%	229,923	0.51%	-	-
Free float	33,241,894	73.83%	33,241,894	73.83%	33,400,625	74.20%
TOTAL	**45,241,894**	**100%**	**45,241,894**	**100%**	**45,011,971**	**100%**

(1) *Exercisable voting rights taking into account treasury shares held at 31 December 2020.*

(2) *Based on the legal threshold crossing statement issued by Teleios Capital Partners LLC on 27 May 2020.*

(3) *Based on the legal threshold crossing statement issued by Majorelle Investments S.à.r.l. on 03 August 2020.*

(4) *Treasury shares at 31 December 2020 (including shares held under the liquidity agreement, which totalled 67,809 shares).*

7

Teleios Capital Partners LLC, acting on behalf of the fund it manages, on 21 May 2020 declared that it had exceeded the legal thresholds of 20% of the share capital and voting rights of Maisons du Monde following the purchase of shares on the market, and that on said date, it held 9,134,920 shares, i.e. 21.09% of the Group’s share capital and voting rights.

Majorelle Investments S.à.r.l., acting on behalf of the fund it manages, on 3 August 2020 declared that it had exceeded the legal thresholds of 5% of the share capital and voting rights of Maisons du Monde following the purchase of shares on the market, and that on said date, it held 2,476,426 shares, i.e. 5.47% of the Group’s share capital and voting rights.

To the knowledge of Maisons du Monde, Teleios Capital Partners LLC and Majorelle Investments S.à.r.l. are the only shareholders holding, directly or indirectly, individually or in concert, more than 5% of the Group's share capital and voting rights.

Breakdown of capital and voting rights at 31 December 2019

As of 31 December 2019, the share capital of the Company amounted to €146,583,736.56 divided into 45,241,894 shares.

At that date, the structure of the share capital was as follows:

As of 31 December 2019	Capital shares		Theoretical voting rights		Exercisable voting rights (1)	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Teleios Capital Partners LLC (2)	3,651,684	8.07%	3,651,684	8.07%	3,651,684	8.13%
Sycomore Asset Management (3)	2,703,730	5.98%	2,703,730	5.98%	2,703,730	6.02%
Treasury shares (4)	325,976	0.72%	325,976	0.72%	-	-
Free float	38,560,504	85.23%	38,560,504	85.23%	38,560,504	85.85%
TOTAL	**45,241,894**	**100%**	**45,241,894**	**100%**	**44,915,918**	**100%**

(1) *Exercisable voting rights take into account treasury shares held at 31 December 2019.*

(2) *Based on the legal threshold crossing statement issued by Teleios Capital Partners LLC on 1 November 2019.*

(3) *Based on the legal threshold crossing statement issued by Sycomore Asset Management on 31 October 2019.*

(4) *Treasury shares at 31 December 2019 (including shares held under the liquidity agreement, which totalled 106,024 shares).*

Breakdown of capital and voting rights at 31 December 2018

As of 31 December 2018, the Company’s share capital amounted to €146,583,736.56 divided into 45,241,894 shares.

At that date, the structure of the share capital was as follows:

As of 31 December 2018	Capital shares		Theoretical voting rights		Exercisable voting rights (1)	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
BlackRock, Inc. (2)	2,265,120	5.01%	2,265,120	5.01%	2,265,120	5.04%
The Capital Group Companies, Inc. (3)	2,252,773	4.98%	2,252,773	4.98%	2,252,773	5.01%
Amundi (4)	2,241,910	4.96%	2,241,910	4.96%	2,241,910	4.98%
FMR LLC (5)	2,206,051	4.88%	2,206,051	4.88%	2,206,051	4.90%
Sycomore Asset Management (6)	2,196,667	4.86%	2,196,667	4.86%	2,196,667	4.88%
Treasury shares (7)	264,215	0.58%	264,215	0.58%	-	-
Free float	33,815,158	74.74%	33,815,158	74.74%	33,815,158	75.18%
TOTAL	**45,241,894**	**100%**	**45,241,894**	**100%**	**44,977,679**	**100%**

(1) *Exercisable voting rights take into account treasury shares held at 31 December 2018.*

(2) *Based on the legal threshold crossing statement issued by BlackRock, Inc. on 22 February 2018.*

(3) *Based on the legal threshold crossing statement issued by The Capital Group Companies, Inc. on 16 November 2018.*

(4) *Based on the legal threshold crossing statement issued by Amundi on 5 November 2018.*

(5) *Based on the legal threshold crossing statement issued by FMR LLC on 31 July 2018.*

(6) *Based on the legal threshold crossing statement issued by Sycomore Asset Management on 4 May 2018.*

(7) *Treasury shares at 31 December 2018 (including shares held under the liquidity agreement, which totalled 73,022 shares).*

7.4.2 CONTROL OF THE COMPANY

The Company is controlled in accordance with the description in the table in Section 7.4.1 of this Registration Document.

As such, the prevention of possible misuse of control by a shareholder is guaranteed by the regular meetings of the Board of Directors and the presence of five independent directors, who also hold a majority in the specialised committees (Audit Committee and Nomination and Compensation Committee).

7.4.3 CROSSING OF THRESHOLDS

Provisions of the bylaws

In accordance with Article 14 of the bylaws, and in addition to the legal obligation to inform the Company of the holding of certain fractions of the capital or voting rights, any physical person or legal entity or any shareholder who holds, directly or indirectly, alone or in concert, a number of shares of the Company equal to or greater than 1% of the total number of shares or voting rights must, before the close of the fourth trading day following the crossing of that threshold, inform the Company by registered letter with acknowledgement of receipt. The same declaration must be made under the same conditions whenever a new threshold of a multiple of 1% of the total number of shares or voting rights is crossed. Any shareholder whose interest or voting rights fall below one of the aforementioned statutory thresholds is also obliged to inform the Company within the same period of four days and under the same terms.

Change in Maisons du Monde's shareholding structure

In 2020, Maisons du Monde received the following legal threshold crossing declarations pursuant to Article L. 233-7 of the French Commercial Code and the following declarations regarding thresholds contained in the bylaws:

Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of share capital and voting rights
Teleios Capital Partners	03/01/2020	Bylaws upward	9%	4,087,593	9.03%
Millenium	08/01/2020	Bylaws downward	1%	339,026	0.75%
Amar Family Office	16/01/2020	Bylaws upward	1%	600,000	0.75%
Norges Bank	23/01/2020	Bylaws upward	2%	1,328,052	2.94%
Franklin Resources	04/02/2020	Bylaws downward	3%	1,267,667	2.80%
MIC Capital Partners	05/02/2020	Bylaws upward	1%	460,520	1.02%
Axa Investment Managers	05/02/2020	Bylaws upward	1%	779,219	1.72%
Teleios Capital Partners	11/02/2020	Legal upward	10%	5,043,985	11.15%
Pension Reserve Fund	12/02/2020	Bylaws downward	1%	421,106	0.93%
Teleios Capital Partners	28/02/2020	Bylaws upward	12%	5,439,280	12.02%
Teleios Capital Partners	05/03/2020	Bylaws upward	13%	5,889,280	13.02%
Weinberg Capital Partners	06/03/2020	Bylaws upward	2%	920,097	2.03%
Amar Family Office	10/03/2020	Bylaws upward	2%	950,000	2.10%
Teleios Capital Partners	12/03/2020	Bylaws upward	14%	6,478,387	14.32%
Teleios Capital Partners	19/03/2020	Legal upward	15%	6,925,156	15.31%
Teleios Capital Partners	24/03/2020	Bylaws upward	16%	7,257,951	16.04%
Teleios Capital Partners	30/03/2020	Bylaws upward	17%	7,697,638	17.01%
Teleios Capital Partners	08/04/2020	Bylaws upward	19%	8,680,113	19.19%
Teleios Capital Partners	21/05/2020	Legal upward	20%	9,134,920	20.19%
Sycomore Asset Management	05/06/2020	Legal downward	5%	2,236,401	4.94%
Caisse des Dépôts	08/06/2020	Bylaws downward	3%	1,280,817	2.83%
Majorelle Investments et Gabriel Nouri	12/06/2020	Bylaws upward	1%	520,845	1.15%
Majorelle Investments	24/06/2020	Bylaws upward	2%	2,110,247	2.67%
Majorelle Investments	26/06/2020	Bylaws upward	3%	1,361,430	3.01%
BlackRock	01/07/2020	Bylaws downward	3%	988,570	2.19%
Majorelle Investments	17/07/2020	Bylaws upward	4%	1,851,970	4.09%

Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of share capital and voting rights
Majorelle Investments	28/07/2020	Legal upward	5%	2,476,426	5.47%
Majorelle Investments et Gabriel Nouri	28/07/2020	Legal upward	5%	2,539,408	5.61%
Wellington Management	28/07/2020	Bylaws downward	4%	1,643,419	3.63%
Caisse des Dépôts	06/08/2020	Bylaws downward	2%	876,117	1.93%
BNP Paribas Asset Management	02/09/2020	Bylaws downward	1%	446,222	0.99%
Majorelle Investments	09/09/2020	Bylaws upward	6%	2,714,963	6.00%
Sycomore Asset Management	18/09/2020	Bylaws downward	4%	1,801,278	3.98%
Caisse des Dépôts Croissance	16/10/2020	Bylaws downward	1%	444,893	0.98%
BMO Global Asset Management	27/10/2020	Bylaws upward	1%	466,747	1.03%
Majorelle Investments	28/10/2020	Bylaws upward	7% and 8%	3,644,829	8.06%
Wellington Management	28/10/2020	Bylaws downward	3%	1,296,058	2.86%
BMO Global Asset Management	30/10/2020	Bylaws downward	1%	387,840	0.86%
Majorelle Investments	05/11/2020	Bylaws upward	9%	4,110,394	9.08%
FMR	20/11/2020	Bylaws downward	4%	1,651,803	3.65%

Since 1 January 2021, Maisons du Monde has received the following declarations relating to the crossing of legal thresholds and of thresholds contained in the bylaws:

Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of share capital and voting rights
Morgan Stanley	25/01/2021	Legal upward	5%	2,690,423	5.95%
BlackRock	25/01/2021	Bylaws downward	4%	1,382,179	3.06%
Caisse des Dépôts Croissance	27/01/2021	Bylaws upward	1%	453,278	1.00%
BlackRock	27/01/2021	Bylaws downward	3%	1,162,654	2.57%
Majorelle Investissements	03/03/2021	Legal upward	10%	4,525,691	10.00%

7.4.4 EMPLOYEE SHARE OWNERSHIP

Pursuant to Article L. 225-102 of the French Commercial Code, we inform you that the proportion of the capital represented by shares held by employees as of 31 December 2020 was less than 3%; the Company not having established mutual funds for the benefit of Group employees. We inform you that the last Extraordinary Shareholders' Meeting called to approve a capital increase reserved for employees was held on 12 June 2020.

The Board of Directors, using the authorisations granted by the Shareholders' Meeting of 19 May 2017, allocated free shares to certain Maisons du Monde employees, with a view to directly involving them in the future of the Group and its performance through trends in share prices.

Information regarding the allocation of free shares can be found in Chapter 4 of this Universal Registration Document.

7.4.5 TRANSACTIONS PERFORMED ON THE COMPANY'S SHARES BY OFFICERS AND PERSONS TREATED AS SUCH

Pursuant to the provisions of Articles 223–22-A *et seq.* of the AMF General Regulation, the table below shows the transactions carried out by executives and persons treated as such, as declared to the AMF.

Date of the transaction	Declarant	Nature of the transaction	Number of shares	Unit price *(in euros)*	Transaction amount *(in euros)*
13/01/2020	Éric Bosmans Senior Management	Purchase	3,000	€11.85	€35,550.00
16/03/2020	Michel-Alain Proch Director	Purchase	17,331	€5.75	€99,713.14
24/04/2020	Éric Bosmans Senior Management	Purchase	3,000	€7.91	€21,334.00
09/06/2020	Éric Bosmans Senior Management	Purchase	1,800	€11.08	€19,944.00
10/06/2020	Michel-Alain Proch Director	Disposal	7,331	€11.26	€82,587.38
11/06/2020	Éric Bosmans Senior Management	Purchase	125	€10.85	€1,356.25
17/06/2020	Éric Bosmans Senior Management	Purchase	4,000	€11.49	€45,960.00
23/06/2020	Éric Bosmans Senior Management	Purchase	4,500	€11.39	€51,288.30
23/09/2020	Éric Bosmans Senior Management	Purchase	2,000	€12.60	€25,200.00
14/12/2020	Julie Walbaum Chief Executive Officer	Disposal	40,000	€15.49	€619,912.00

7.4.6 ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to the provisions of Articles L. 233-13 and L. 22-10-11 of the French Commercial Code, the Company informs the public of the following elements liable to have an influence in the event of a takeover bid:

Shareholders' agreement

At the time of writing, Maisons du Monde was not aware of any shareholders' agreement providing for preferential terms for the sale or acquisition of Maisons du Monde shares or an agreement whose implementation could result in a change of control.

Significant nominal holdings

To the Company's knowledge, as at the date of this Universal Registration Document, there are no significant registered holdings within the share capital other than those detailed in Section 7.4.1 of this chapter.

Control mechanisms

The Company has not established double voting rights. Nor does it have any securities with particular prerogatives.

7.5 Stock market information

7.5.1 LISTING VENUE AND INDICES

The Maisons du Monde share (ISIN Code: FR0013153541) is listed on Compartment B of the Euronext Paris regulated market (since 27 May 2016). At 31 December 2020, the Maisons du Monde share was part, among others, of the SBF 120 and CAC Mid 60 indices.

MAISONS DU MONDE SHARE DATA

Information	Characteristics
Listing	• Euronext Paris • Compartment B • Eligible for the SRD long-term only (1)
Codes	• ISIN: FR0013153541 • Ticker: MDM
ICB classification (2)	• Industry: Consumer goods (3700) • Sector: Furniture (3726)
Indices	• SBF 120 • NEXT 150 • CAC Mid 60 • CAC Mid & Small • CAC Consumer Goods • MSCI France Small Cap • MSCI ESG • Gaïa Index

(1) Deferred settlement service.

(2) Industry Classification Benchmark.

7.5.2 SHARE PRICE AND TRADING VOLUMES

At 31 December 2020, the Maisons du Monde share price was €14.95, up 15.3% from 31 December 2019. Market capitalisation amounted to €676 million on said date.

The table below details the changes in the share price and trading volumes for Maisons du Monde shares in 2020 and since the beginning of 2021.

Month	Highest share price Closing *(in euros)*	Lowest share price Closing *(in euros)*	Average share price Closing *(in euros)*	Month-end share price Closing *(in euros)*	Number of shares traded	Capital traded *(in millions of euros)*
January 2020	13.10	11.00	11.87	12.00	8,017,124	95.14
February 2020	12.92	11.07	12.14	11.07	6,125,030	74.38
March 2020	10.69	6.635	8.24	7.305	7,725,118	63.67
April 2020	8.245	6.87	7.28	8.245	2,762,508	20.11
May 2020	10.74	7.60	8.77	10.74	4,035,078	35.38
June 2020	11.90	10.74	11.34	11.65	4,936,054	55.95
July 2020	13.28	11.42	11.78	12.89	3,706,090	43.64
August 2020	14.30	13.13	13.73	13.57	2,275,986	31.25
September 2020	14.20	12.09	12.93	12.84	2,439,305	31.54
October 2020	14.75	11.36	13.36	11.49	3,047,926	40.72
November 2020	13.90	11.41	12.84	13.83	2,655,706	34.09
December 2020	15.70	14.79	15.14	14.95	2,097,055	31.76
January 2021	17.68	14.45	16.12	14.45	2,892,167	46.62
February 2021	16.09	14.54	15.46	14.96	1,496,399	23.14
March 2021	19.54	15.63	17.97	18.88	3,934,933	70.70

7.6 Dividend payment

7.6.1 DIVIDEND POLICY

In 2017, Maisons du Monde initiated a dividend policy involving an annual amount representing 30% to 40% of net income, for the previous fiscal year, subject to the approval of the Shareholders' Meeting.

However, this dividend distribution objective is not a commitment of the Company. The actual amounts of future distributions will depend on a variety of factors, including the Company's results and financial position, strategic objectives, or such other factors as the Board of Directors may deem appropriate.

At its meeting of 25 March 2021, the Board of Directors decided to propose a dividend payment of €0.30 per share.

7.6.2 DIVIDENDS DISTRIBUTED DURING THE LAST THREE FISCAL YEARS

The table below shows the dividends per share paid over the last three fiscal years.

At its meeting of 15 April 2020, the Board of Directors, taking into account the Covid-19-related health situation, decided against the payment of a dividend in respect of the 2019 fiscal year.

Dividend for the year (1)	Dividend per share (2)	Payout ratio (3)
2017	€0.44	35%
2018	€0.47	35%
2019	-	-

(1) Paid the following year.

(2) Calculated based on the number of shares at 31 December.

(3) Calculated based on net profit (Group share).

Shareholders' Meeting

8

At its meeting held on 25 March 2021, the Board of Directors convened a Combined Shareholders' Meeting (Annual Ordinary and Extraordinary) on 4 June 2021 at 3pm at 55, Rue d'Amsterdam – 75008 Paris, France, to deliberate on the following agenda below:

disclaimer:	Given the context of the Covid-19 pandemic, the terms and conditions of participation in the Shareholders' Meeting could change depending on health and/or regulatory requirements. Shareholders are invited to regularly consult the section dedicated to the Shareholders' Meeting on the Company's website: https://corporate.maisonsdumonde.com/en/finance/ag

8.1 Agenda

8.1.1 AGENDA FOR THE ANNUAL ORDINARY SHAREHOLDERS' MEETING

- Approval of the annual financial statements for the year ended 31 December 2020;
- Approval of the consolidated financial statements for the year ended 31 December 2020;
- Appropriation of net profit for the year ended 31 December 2020;
- Statutory Auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code;
- Approval of the information relating to the compensation of corporate officers laid down in Article L. 22-10-9, of the French Commercial Code;
- Approval of the elements paid during or allocated in respect of the 2020 fiscal year to Sir Ian Cheshire, Chairman of the Board of Directors up until 10 March 2020;
- Approval of the elements paid during or allocated in respect of the 2020 fiscal year to Mr Peter Child, Chairman of the Board of Directors since 10 March 2020;
- Approval of the elements paid during or allocated in respect of the 2020 fiscal year to Ms Julie Walbaum, Chief Executive Officer;
- Approval of the compensation policy for the Chief Executive Officer;
- Approval of the total annual amount to be allocated to the members of the Board of Directors for the 2021 fiscal year;
- Approval of the compensation policy for the members of the Board of Directors for the 2021 fiscal year;
- Appointment of Ms Cécile Cloarec as a new director;
- Authorisation to be granted to the Board of Directors to purchase Company shares.

8.1.2 AGENDA FOR THE EXTRAORDINARY SHAREHOLDERS' MEETING

- Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling shares held by the Company following the buyback of its own shares;
- Amendment of Article 16 – Written consultation of the Board of Directors;
- Powers to carry out formalities.

8.2 Presentation of the resolutions put forward by the Board of Directors

8.2.1 ANNUAL ORDINARY SHAREHOLDERS' MEETING

8.2.1.1 Approval of the annual and consolidated financial statements

1st and 2nd ordinary resolutions

The purpose of the 1st and 2nd resolutions is to approve the annual and consolidated financial statements for the fiscal year ended 31 December 2020.

The annual financial statements for the past fiscal year show a loss of €25,945,452, compared to a profit of €40,391,132 the previous year.

The Group's consolidated financial statements show a loss of €16.1 million (of which €1.5 million attributable to the owners of the parent), compared with a profit of €57.8 million in 2019.

Non-deductible expenses for the year amounted to €27,975. These expenses correspond to the rent and depreciation of the Company's fleet of company cars.

The annual and consolidated financial statements for the fiscal year ended 31 December 2020, as well as the statutory auditors' reports, are presented in Chapters 5 and 6 of this Universal Registration Document.

8.2.12 Proposed appropriation of net income

3rd ordinary resolution

The purpose of the 3rd resolution is to appropriate the net income for the fiscal year ended 31 December 2020.

Net income for the year ended was -€25,945,452.

At its meeting of 25 March 2021, the Board of Directors decided to propose the payment of a dividend of €0.30 per share. This proposal is in line with the Company's dividend distribution policy (between 30% and 40% of consolidated income).

It is recalled that in the context of the Covid-19 pandemic, the Company did not distribute any dividends for the 2019 fiscal year.

Previous distributions were as follows:

- a dividend for a total amount of €21,142,887.49, i.e. 44,984,867 shares, with a dividend of €0.47 per share, fully eligible for the 40% tax allowance, for the 2018 fiscal year,
- a dividend for a total amount of €19,890,269.52, i.e. 45,205,158 shares, with a dividend of €0.44 per share, fully eligible for the 40% tax allowance for the 2017 fiscal year.

8.2.1.3 Related-party agreements

4th ordinary resolution

The purpose of the 4th resolution is to approve said agreements, after reading the statutory auditors' special report on related-party agreements.

No agreement falling within the scope of application of Article L. 225-38 of the French Commercial Code was entered into by the Company during the past fiscal year.

The term of office of the Chief Executive Officer, signed and authorised on 29 June 2018, continued to apply during the 2020 fiscal year. This agreement will expire on 30 June 2021.

The statutory auditors' report on related-party agreements can be found in Section 4.3.2 of Chapter 4 of this Universal Registration Document.

8.2.1.4 Compensation of corporate officers

5th to 11th ordinary resolutions

In accordance with the provisions of Articles L. 22-10-34 I and II of the French Commercial Code, the purpose of resolutions 5 to 11 is to submit for the approval of the shareholders the information relating to the compensation of corporate officers referred to in Article L. 22-10-9 I of the French Commercial Code, and presented in the Report on corporate governance.

Maisons du Monde's compensation policy is set out in Section 4.2.1 of Chapter 4 of this Universal Registration Document.

The standardised presentation of the compensation of corporate officers is provided in Section 4.2.3.

Details of the compensation of corporate officers are set out in Chapter 4 of this Universal Registration Document (Sections 4.2.2.1 to 4.2.2.4).

- **5th resolution:** shareholders are asked to approve the information relating to all corporate officers, including the Chief Executive Officer, as well as the corporate officers whose terms of office have ended and those newly appointed during the past fiscal year.

  If the Shareholders' Meeting does not approve this resolution, the payment of compensation to corporate officers for the current fiscal year will be suspended until a revised compensation policy is approved at the next Shareholders' Meeting taking into account the shareholders' vote.

- **6th, 7th and 8th resolutions:** shareholders are asked to approve the components of the total compensation (fixed, variable and exceptional components) and the benefits of any kind paid during the 2020 fiscal year, or granted in respect of this fiscal year to the executive officers, namely Sir Ian Cheshire, Chairman of the Board until 10 March 2020, and Peter Child, Chairman of the Board of Directors from 10 March 2020, as well as Julie Walbaum, Chief Executive Officer.

  These components are in line with the compensation policy approved by the Shareholders' Meeting of 12 June 2020, and are described in paragraphs 4.2.2.1 and 4.2.2.2 of Chapter 4.

  It is specified that the payment of the variable compensation of the Chief Executive Officer in respect of the 2020 fiscal year is subject to the approval of the Shareholders' Meeting of 4 June 2021.
- **9th resolution:** in accordance with Article L. 22-10-34 II of the French Commercial Code, you are asked to approve the compensation policy applicable to the Chief Executive Officer for the 2021 fiscal year.

The components of the compensation policy for the Chief Executive Officer were approved by the Board of Directors on the recommendation of the Nomination and Compensation Committee. All of these components are described in detail in Section 4.2.2.1 of Chapter 4 of this Universal Registration Document.

- **10th and 11th resolutions:** resolutions 10 and 11 concern the compensation policy applicable to corporate officers (excluding the Chief Executive Officer) for the current fiscal year. You are therefore asked to approve under the terms of the 10th resolution an overall budget attributable to all corporate officers, the amount of which remains unchanged compared to the previous fiscal year. The 11th resolution sets out the terms and conditions for the distribution of the directors' compensation, including the compensation of the Chairman of the Board of Directors. These components are set out in Section 4.2.2.4 of Chapter 4 of this Universal Registration Document.

8.2.1.5 Proposed appointment of a new member to the Board

12th ordinary resolution

On the recommendation of the Nomination and Compensation Committee, the Board proposes that the Shareholders' Meeting appoint Cécile Cloarec as a new director. Cécile Cloarec would be appointed for a period of four years as an independent member. She will bring her expertise in the human resources of international groups, as well as the strong CSR skills to drive the strategy implemented by Maisons du Monde in this area. The detailed biography of Cécile Cloarec is presented in Section 4.1.1.12, Chapter 4 of this Universal Registration Document.

8.2.1.6 Repurchase by the Company of its own shares

13th ordinary resolution

As part of the 13th resolution, the Board of Directors submits to the Shareholders' Meeting for approval the authorisation to trade in the Company's shares as part of a treasury share buyback programme, under the following conditions:

- transactions may be carried out at any time except in the event of a public offering of the Company's shares;
- the proposed maximum unit purchase price is €30;
- purchases shall not exceed the cumulative net sum of €135.7 million;
- the maximum share that the Company may hold under this programme will be 4,524,189 shares, or 10% of the share capital (as of 31/12/2020);
- objectives of the programme: any allocation authorised within the legal framework and in particular the coverage of free performance share plans;
- Duration of the programme: 18 months.

The description of the treasury share buyback programme can be found in paragraph 7.3.4 of Chapter 7 of this Universal Registration Document.

8.2.2 EXTRAORDINARY SHAREHOLDERS' MEETING

8.2.2.1 Possible cancellation of treasury shares

14th extraordinary resolution

The purpose of the 14th resolution is to grant the Board of Directors authorisation to reduce the share capital by cancelling shares acquired under the treasury share buyback programme, subject to the approval of the 12th resolution.

The duration of this authorisation is 18 months from the date of the Shareholders' Meeting.

As part of this authorisation, the Board may cancel treasury shares, on one or more occasions, up to a limit of 10% of the number of shares comprising the share capital, per period of 24 months.

8.2.2.2 Written consultation of Board members

15th extraordinary resolution

Finally, in accordance with the provisions of Article L. 225-37 of the French Commercial Code, it is proposed that you amend Article 16 of the Bylaws in order to allow Board members to take the following decisions by written consultation:

- Co-opting of members (L. 225-24),
- Authorisations of sureties, endorsements and guarantees (L. 225-35),

- As delegated by the Extraordinary Shareholders' Meeting, the Bylaws have been brought into compliance with the legal and regulatory provisions (L. 225-36),
- Convening of the Shareholders' Meeting (L. 22-10-38),
- Transfer of the registered office within the same department (L. 225-37).

Article 16-I would be supplemented by a paragraph specifying this new provision.

Current wording of Article 16-1 – Meetings

The Board of Directors is convened by Chairman as often as required by the interest of the Company, it being specified that the frequency and duration of the Board of Directors' meetings must be such that they allow for the examination and in-depth discussion of matters falling under the responsibility of the Board.

Meetings shall be held at the registered office or any other location stated on the convening notice.

Convening notices can be in any format, including verbal.

The Board of Directors may validly deliberate, even in the absence of a convening notice, if all of its members are present or represented.

New wording of Article 16-I – Meetings

The Board of Directors is convened by Chairman as often as required by the interest of the Company, it being specified that the frequency and duration of the Board of Directors' meetings must be such that they allow for the examination and in-depth discussion of matters falling under the responsibility of the Board.

Meetings shall be held at the registered office or any other location stated on the convening notice.

Convening notices can be in any format, including verbal.

The Board of Directors may validly deliberate, even in the absence of a convening notice, if all of its members are present or represented.

At the request of the Chairman, the Board of Directors may also take, by written consultation of the Directors, decisions falling within its own powers, as defined in the third paragraph of Article L. 225-37 of the French Commercial Code.

Such decisions will be documented in the minutes prepared by the Chairman of the Board of Directors.

These minutes are kept under the same conditions as the other decisions of the Board of Directors.

Powers

16th ordinary resolution

The 16th and final resolution submitted to your vote, is customary and enables all formalities required by law to be carried out at the end of the Shareholders' Meeting.

8.3 Text of the draft resolutions

8.3.1 RESOLUTIONS WITHIN THE REMIT OF THE ORDINARY SHAREHOLDERS' MEETING

1st resolution — Approval of the annual financial statements for the year ended 31 December 2020

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, having read the Board of Directors' Management Report and the Statutory Auditors' Report, approves in their entirety, the Company's annual financial statements for the fiscal year ended 31 December 2020, as presented to it, and which show a loss of €25,945,452, as well as the transactions reflected in these financial statements and summarised in these reports.

Pursuant to Article 223 *quater* of the French General Tax Code, the Shareholders' Meeting approves the amount of non-tax-deductible expenses and charges referred to in Article 39-4 of the said Code, which amounted to €27,975 for the fiscal year ended 31 December 2020, as well as the amount of corporate tax incurred as a result of these expenses and charges, which stood at €9,324.

2nd resolution — Approval of the consolidated financial statements for the year ended 31 December 2020

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, having read the Board of Directors' Management Report and the Statutory Auditors' Report, approves in their entirety, the Company's consolidated financial statements for the fiscal year ended 31 December 2020, as presented to it, as well as the transactions reflected in these financial statements and summarised in these reports.

3rd resolution — Appropriation of net profit for the year ended 31 December 2020

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, following the proposal of the Board of Directors,

- notes that:
  - the net profit for the year ended 31 December 2020 amounted to a loss of -€25,945,452.00;
  - retained earnings prior to 31 December 2020 amounted to €86,377,403.00 i.e. a total distributable amount of €60,431,951.00;
- resolves to allocate the distributable profit for the year ended 31 December 2020 as follows:
  - dividends amounting to €13,572,568.20, or €0.30 per share based on 45,241,894 shares;
  - retained earnings in the amount of €46,859,392.80 i.e. a total allocated amount of €60,431,951.00.

The Shareholders' Meeting resolves that the ex-dividend date would be 5 July 2021 and the dividend would be paid on 7 July 2021.

It is specified that the Company will not receive a dividend in respect of the treasury shares it holds on the ex-dividend date, that the amounts corresponding to the dividends attaching to such shares will be allocated to "retained earnings" and that the overall dividend amount will be adjusted accordingly.

The Shareholders' Meeting notes that the shareholders have been informed of the following procedures:

- since 1 January 2018, the dividends received by individuals who are tax residents in France are subject, in accordance with the provisions of Article 200 A of the French General Tax Code, to a single flat-rate tax withholding ("PFU" or "flat tax") of 12.8% in respect of income tax and 17.2% in respect of social security contributions), i.e. an overall tax rate of 30%;
- the mandatory flat-rate withholding tax is maintained but its rate is aligned with that of the PFU (i.e. 12.8% - Article 117 quater of the French General Tax Code), it being specified that for the calculation of this tax, the income distributed is retained at its gross amount;
- natural persons belonging to a tax household whose reference taxable income for the penultimate year, as defined in 1° of IV of Article 1417 of the French General Tax Code, is less than €50,000 (for single, divorced or widowed taxpayers) or €75,000 (for taxpayers subject to joint taxation) may apply to be exempted from the flat-rate tax withholding of 12.8%; where applicable, the application for exemption must, in accordance with Article 242 quater of the French General Tax Code, be filed by the taxpayer, under his or her responsibility, no later than 30 November of the year preceding that in which the dividend is paid;
- by way of derogation, the taxation of the dividend according to the progressive income tax scale remains possible, at the

express, total and irrevocable option of the beneficiary resident for tax purposes in France, which must be indicated on his or her tax return and prior to the expiry of the tax return deadline; in this case, the flat-rate withholding tax of 12.8% will be charged against the tax due, with any excess being refundable. The dividend received is eligible for the 40% tax allowance but social security contributions at the rate of 17.2% will be based on the amount before application of said allowance,

- it is specified, in accordance with the provisions of Article 243 bis of the French General Tax Code, that the proposed dividend is fully eligible for the 40% tax allowance resulting from Article 158-3-2° of the French General Tax Code and applicable to individuals who are tax residents of France, subject in particular to the exercise of the option for the progressive income tax scale.

The Shareholders' Meeting duly notes, in accordance with the provisions of Article 243 *bis* paragraph 1 of the French General Tax Code, that the Company:

- did not distribute any dividends in respect of the 2019 fiscal year,
- distributed, in respect of the 2018 fiscal year, a dividend in the amount of €21,142,887.49, i.e. 44,984,867 shares, at a price of €0.47 per share, fully eligible for the 40% tax allowance,
- has paid, for the 2017 fiscal year, a dividend in the amount of €19,890,269.52, i.e. 45,205,158 shares, with a dividend of €0.44 per share, all eligible for the 40% tax allowance.

4th resolution — Special Report of the statutory auditors on the agreements referred to in Article L. 225-38 of the French Commercial Code

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the statutory auditors' special report on the agreements referred to in Article L. 225-38 of the French Commercial Code, and ruling on this report, acknowledges that no new agreements referred to in Article L. 225-38 of the aforementioned Code were entered into during the past fiscal year and lists the agreements entered into and authorised during previous fiscal years, the execution of which was continued during the past fiscal year.

5th resolution — Approval of the information relating to the compensation of corporate officers mentioned in Article L. 22-10-9 I of the French Commercial Code

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report on corporate governance, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information mentioned in Article L. 22-10-9 I of the same Code appearing in the Board of Directors' report on corporate governance (as presented in Section 4.2 of Chapter 4 of the Company's 2020 Universal Registration Document).

6th resolution — Approval of the components paid during the year or allocated in respect of the 2020 fiscal year to Sir Ian CHESHIRE, Chairman of the Board of Directors until 10 March 2020

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report on corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid during the year or granted in respect of the 2020 fiscal year to Sir Ian CHESHIRE, Chairman of the Board of Directors, until 10 March 2020, appearing in the Board of Directors' report on corporate governance (as presented in Section 4.2 of Chapter 4 of the Company's 2020 Universal Registration Document).

7th resolution — Approval of the components paid during the year or allocated in respect of the 2020 fiscal year to Peter CHILD, Chairman of the Board of Directors since 10 March 2020

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report on corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components making up the total compensation and benefits of any kind paid during the fiscal year or granted in respect of the 2020 fiscal year to Peter CHILD, Chairman of the Board of Directors since 10 March 2020, appearing in the Board of Directors' report on corporate governance (as presented in Section 4.2 of Chapter 4 of the Company's 2020 Universal Registration Document).

8th resolution — Approval of the components paid during the year or allocated in respect of the 2020 fiscal year to Julie WALBAUM, Chief Executive Officer

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report on corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during the year or granted in respect of the 2020 fiscal year to Julie WALBAUM, Chief Executive Officer, appearing in the Board of Directors' report on corporate governance (as presented in Section 4.2 of Chapter 4 of the Company's 2020 Universal Registration Document).

9th resolution — Approval of the compensation policy for the Chief Executive Officer

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report on corporate governance, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the components of the compensation policy applicable to the Chief Executive Officer, appearing in the Board of Directors' report on corporate governance (as presented in Section 4.2 of Chapter 4 of the Company's 2020 Universal Registration Document).

10th resolution — Approval of the total annual amount to be allocated to the members of the Board of Directors for the 2021 fiscal year

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report, sets, in accordance with Article L. 225-45 of the French Commercial Code, for the current fiscal year the maximum amount to be distributed among the members of the Board of Directors at €600,000.

11th resolution — Approval of the compensation policy for members of the Board of Directors

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report on corporate governance, approves, pursuant to Article L. 22-10-8 II of the French Commercial Code, the components of the compensation policy applicable to the members of the Board of Directors, appearing in the Board of Directors' report on corporate governance (as presented in Section 4.2 of Chapter 4 of the Company's 2020 Universal Registration Document).

12th resolution — Appointment of Ms Cécile CLOAREC as a new Director

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having read the Board of Directors' report, appoints Ms Cécile CLOAREC as a new director for a term of four (4) years. The term of office of Ms Cécile CLOAREC will expire at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ended 31 December 2024.

13th resolution — Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling shares held by the Company following the buyback of its own shares

The Shareholders' Meeting, acting in accordance with the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' Management Report and the description of the share buyback programme prepared in accordance with the provisions of Article 241-2 of the General regulations of the Autorité des marchés financiers (the "AMF") (as presented in Section 7.3.4 of Chapter 7 of the Company's 2020 Universal Registration Document):

1. authorises the Board of Directors, with the possibility to sub-delegate, under the conditions provided for by law, in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code, and of Regulation (EC) No. 596/2014 of the European Parliament and Council of 16 April 2014, of Delegated Regulation No. 2016/1052 of 8 March 2016 and in accordance with market practices permitted by the AMF, to purchase, on one or more occasions and at the times that it may determine, a number of Company shares that may not exceed 10% of the total number of shares comprising the Company share capital at any time whatsoever (this percentage will be applied to the share capital adjusted on the basis of capital transactions carried out after this Shareholders' Meeting), or, for indicative purposes, 4,524,189 shares as of 31 December 2020, with a view to:

- their cancellation, subject to the terms and limits set out in the applicable regulations, or
- holding them for delivery by way of future exchange or payment in connection with acquisitions, in accordance with market practices recognised by applicable regulations, up to a limit of 5% of the number of shares comprising the share capital of the Company; or
- redeeming them following the exercise of rights attached to securities entitling holders by redemption, conversion, exchange, presentation of a warrant or in any other way to the allocation of shares of the Company, or
- implementing stock option plans, or free share allocation plans, or employee shareholding transactions reserved for members of a company savings plan, carried out in accordance with Articles L. 3331-1 *et seq.* of the French Labour Code by the transfer of shares previously acquired by the Company, or providing for the free allocation of such shares by way of a contribution in securities of the Company and/or in substitution for the discount, or shares allocations for the benefit of employees and/or executive corporate officers of the Company and related companies, in accordance with the applicable legal and regulatory provisions, or
- managing the market of the Company's shares under the terms of a liquidity contract entered into with an investment service provider in accordance with market practices approved by the AMF [(in this case, it being specified that the number of shares taken into account for the calculation of the aforementioned 10% limit corresponds to the number of shares purchased, less the number of shares resold during the authorisation period)], or
- more generally, the completion of any transaction permitted or which would come to be permitted by the law or the regulations in force or by the AMF, it being specified that the acquisitions carried out by the Company may not in any case lead it to hold more than 10% of its share capital;

2. resolves to set the maximum purchase price per share at €30 euros excluding costs (or the equivalent value of this amount on the same date in any other currency). In view of the number of shares comprising the share capital at 31 December 2020, the total amount of purchases net of costs would not exceed €135.7 million;

3. resolves that in the event of the filing by a third party of a public offer for the Company's securities, the Board of Directors may not use this delegation of authority during the offer period without the prior authorisation of the Company's Shareholders' Meeting;

4. resolves that the shares may, in whole or in part, be acquired, assigned, exchanged or transferred, on one or more occasions, by any means, in accordance with regulations that are applicable or that would become applicable, in any market, including trading systems (MTF) or *via* a systematic internaliser, or over-the-counter, including through the acquisition or disposal of blocks of shares (without limiting the share of the buyback programme that can be realised through this means); such means include the use of any financial contract or forward financial instrument (such as, notably, any forward contract or option), excluding the sale of put options, in accordance with the regulations in force;

5. gives full powers to the Board of Directors, with the possibility to sub-delegate, under the conditions provided for by law, to, in compliance with the relevant legal and regulatory provisions, carry out the authorised reallocations of the shares bought back for the purpose of one of the program's objectives, or for the purpose of another or several of said programme's objectives, or to sell the shares, on the market or off-market, it being specified that these reallocations and sales may relate to shares purchased under previously authorised programmes.

Accordingly the Board of Directors is granted full powers, with the possibility to sub-delegate, under the conditions provided for by law, to decide on and implement this authorisation and to decide on the terms and conditions thereof, under the legal conditions and this resolution, and in particular, to place all stock market orders, enter into all agreements, in particular for the maintenance of stock option registers, [adjust the maximum purchase price to take into account the impact of capital transactions on the value of the share (such as a change in the nominal value of the shares, a capital increase through the capitalisation of reserves, allocation of free shares, a division or consolidation of shares, a distribution of reserves or any other assets, redemption of capital, or any other transaction affecting equity]], make all declarations to the AMF or any other authority, draw up any information document, fill out any information documents, carry out all formalities, and in general, do whatever is necessary. The Board of Directors must inform the Ordinary Shareholders' Meeting of the transactions carried out pursuant to this authorisation;

6. sets at 18 months, as from the date of this Shareholders' Meeting, the period of validity of this authorisation, which supersedes, for the unused portion and replaces that granted under the 20th resolution of the Shareholders' Meeting of 12 June 2020.

8

8.3.2 RESOLUTIONS WITHIN THE REMIT OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

14th resolution — Authorisation to be granted to the Board of Directors to reduce the share capital by cancelling shares held by the Company following the buyback of its own shares

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having read the Statutory Auditors' Special Report, in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code:

1. authorises the Board of Directors to cancel, on one or more occasions, up to a maximum of 10% of the total number of shares comprising the share capital at the date of the transaction, it being recalled that this limit applies to an amount of the Company's share capital which will, if necessary, be adjusted to take into account transactions affecting the share capital subsequent to this Shareholders' Meeting), per period of 24 months, all or part of the shares that the Company holds and may hold, to reduce the share capital accordingly and to allocate the amount of the difference between the purchase price of the shares cancelled and their nominal value to premiums and available reserves, including the legal reserve up to a maximum of 10% of the capital cancelled;

2. authorises the Board of Directors to reduce the share capital accordingly; and

3. resolves that the Board of Directors will have full powers, with the possibility to sub-delegate, under the conditions provided for by law, to implement this resolution and in particular:

- to determine the definitive amount of this or these capital reductions, to determine the terms and conditions and to record it,
- amend the Bylaws accordingly, and
- to carry out all formalities, procedures and declarations to all bodies and, in general, do whatever is necessary.

This authorisation replaces that granted by the Shareholders' Meeting of 12 June 2020, and is granted for a period of 18 months as from today.

15th resolution — Amendment to Article 16 of the Bylaws – Written consultation of the Board of Directors

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having read the Board of Directors' Report on the extraordinary agenda, and pursuant to the provisions of Article L. 225-37 of the French Commercial Code,

1. resolves to amend Article 16-1 – Deliberations of the Board of Directors by adding the following paragraph:

"At the request of the Chairman, the Board of Directors may also take, by written consultation of the Directors, decisions relating to its own powers, as defined in the third paragraph of Article L. 225-37 of the French Commercial Code.

Such decisions will be documented in the minutes prepared by the Chairman of the Board of Directors. These minutes are kept under the same conditions as the other decisions of the Board of Directors."

The rest of Article 16-1 of the Bylaws remains unchanged.

16th resolution — Powers to carry out formalities

The Shareholders' Meeting grants full powers to any bearer of an original, a copy or a certified extract of the minutes of this Meeting, in order to carry out any filing, publicity or any other formalities required.

8.4 Special report of the Board of Directors on free share allocation transactions

In accordance with Article L. 225-197-4 of the French Commercial Code, the Board of Directors reports on transactions carried out pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of said Code concerning the allocation of free Company shares during the past fiscal year.

8.4.1 FREE PERFORMANCE SHARES ALLOCATED DURING THE 2020 FISCAL YEAR

	2020 Plan
Date of Shareholders' Meeting	17/05/2017 (13th resolution)
Allocation date (Board of Directors)	10/03/2020
Total number of shares allocated	352,940 (0.78% of the share capital)
of which to corporate officers	53,900 (0.12% of the share capital)
Start of vesting period	10/03/2020
End of vesting period (definitive vesting)	10/03/2023
Holding period	N/A
Number of shares vested at 31/12/2020	0
Cumulative number of shares cancelled or lapsed at 31/12/2020	11,865
Remaining performance shares at the end of the fiscal year	341,075
Closing price on the allocation date	€9.10

8.4.2 ACQUISITIONS OF FREE PERFORMANCE SHARES CARRIED OUT DURING THE 2020 FISCAL YEAR

At its meeting of 9 December 2020, the Board of Directors, on the proposal of the Nomination and Compensation Committee, validated the performance achievement rates of the 2018 performance share plan, as well as the final number of shares to be delivered to the Chief Executive Officer.

Vesting was subject to the following economic performance conditions:

- 20% based on 2019 revenue;
- 50% based on cumulative EBITDA for 2018/19;
- 30% based on the cumulative normative EPS for 2018/2019 (criterion applicable to Executive Committee beneficiaries only).

Based on the financial statements for the 2018 and 2019 fiscal years, the overall achievement rates were as follows:

- Beneficiaries excluding Executive Committee: 62%;
- Executive Committee and corporate officer beneficiaries: 43.4%.

On this basis, 57,838 performance shares were vested and delivered on 18 December 2020 at a price of €15.53, of which:

- 6,944 performance shares to the Chief Executive Officer;
- 9,486 performance shares to the ten non-executive employees with the highest number of free shares allocated.

Additional information

9

9.1 Persons responsible

9.1.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Julie Walbaum
Chief Executive Officer

9.1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby declare that, having taken all reasonable measures to this end, the information contained in this Universal Registration Document is, to the best of my knowledge, correct and that it does not contain any omission liable to alter its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the consolidation, and that the Management Report, referenced in the cross-reference table on page 307 of this Universal Registration Document gives a true picture of business developments, the results and financial position of the Company and of all companies included in the consolidation, as well as a description of the main risks and uncertainties facing them.

I have obtained from the statutory auditors a letter of completion in which they indicate that they have verified the information concerning the financial position and the financial statements given in this Universal Registration Document, and that they have read the entire document."

22 April 2021,
Julie Walbaum
Chief Executive Officer

9.1.3 PERSON RESPONSIBLE FOR FINANCIAL REPORTING

Éric Bosmans
Chief Financial Officer

MAISONS DU MONDE
Le Portereau
Route du Port-aux-Meules
BP 52402 4
44124 Vertou Cedex
France

Tel.: +33 (0)2 51 71 17 17
E-mail: investor.relations@maisonsdumonde.com
Website: https://corporate.maisonsdumonde.com

9.2 Persons responsible for auditing the financial statements

9.2.1 INFORMATION ON THE STATUTORY AUDITORS

Statutory auditors

KPMG SA

Represented by Gwenael Chedaleux

Registered member of the Compagnie régionale des comptes de Versailles.

3 cours du Triangle

Immeuble Le Palatin

92939 Paris La Défense Cedex

Appointment renewed at the Shareholders' Meeting of 12 June 2020 for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending 31 December 2025.

Deloitte & Associés

Represented by Alexis Levasseur

Registered member of the Compagnie régionale des comptes de Versailles.

6 place de la Pyramide

92908 Paris La Défense Cedex

Appointed at the Shareholders' Meeting of 29 April 2016 for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

Alternate statutory auditors

CISANE

Registered member of the Compagnie régionale des comptes de Versailles.

6 place de la Pyramide

92908 Paris La Défense Cedex

Appointed at the Shareholders' Meeting of 29 April 2016 for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

9.2.2 FEES OF THE STATUTORY AUDITORS

For more information, see note 29 of Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.

9.3 Investor relations and documents on display

9.3.1 INVESTOR RELATIONS

The Investor Relations Department is responsible for the Maisons du Monde's financial communication. It also manages relations with financial analysts, institutional investors and shareholders of the Company, including individual shareholders. Throughout the year, the Investor Relations Department maintains regular contact with the financial community and ensures that the market has the most up-to-date and comprehensive information possible in order to correctly grasp the Company's business model, strategy and financial outlook. These exchanges and the disclosure of financial information are carried out in strict compliance with market regulations and the principle of equality of treatment and information for investors.

Maisons du Monde organises conference calls for financial analysts and institutional investors as part of the release of its quarterly sales and annual and interim results. Meetings between officers of the Company and institutional investors are also held several times a year at roadshows and conferences organised by financial intermediaries in France and internationally.

Investor Relations contact

Christopher Welton

Investor Relations Director

MAISONS DU MONDE
Le Portereau
Route du Port aux Meules
BP 52402
44124 Vertou Cedex
France

Tel.: +33 (0)2 51 71 17 17
E-Mail: investor.relations@maisonsdumonde.com
Website: https://corporate.maisonsdumonde.com

9.3.2 FINANCIAL INTERMEDIARY FOR REGISTERED SHAREHOLDERS

Maisons du Monde has entrusted the management of registered shareholder accounts to Société Générale Securities Services.

SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES
32, rue du Champ-de-Tir
BP 81236
44312 Nantes Cedex 3
France
Tel.: +33 (0)2 51 85 50 00
Website: www.securities-services.societegenerale.com

9.3.3 INDICATIVE FINANCIAL COMMUNICATION CALENDAR

Maisons du Monde's indicative financial communication calendar for 2021 is as follows:

Date	Event
10/03/2021	Full year 2019 results
22/04/2021	Filing of the 2020 Universal Registration Document with the AMF
12/05/2021	First quarter 2021 sales
04/06/2021	Combined Shareholders' Meeting
28/07/2021	First half 2021 results
27/10/2021	Third quarter 2021 sales

9.3.4 2020 ANNUAL INFORMATION DOCUMENT

For 2020, the list of press releases and financial documents published by Maisons du Monde is as follows (information available on the Company's website: https://corporate.maisonsdumonde.com):

Date	Topic
03/01/2020	Monthly information on treasury share buybacks for December 2019
03/01/2020	Monthly information on voting rights and shares comprising the share capital for December 2019
17/01/2020	Half-yearly summary of the liquidity contract at 31 December 2019
30/01/2020	Update on activity for 2019
05/02/2020	Monthly information on voting rights and shares comprising the share capital for January 2020
05/02/2020	Monthly information on treasury share buyback programmes for January 2020
05/03/2020	Monthly information on voting rights and shares comprising the share capital for February 2020
05/03/2020	Monthly information on treasury share buyback programmes for February 2020
11/03/2020	Peter Child and Michel-Alain Proch were appointed members of Maisons du Monde's Board of Directors
11/03/2020	Full year 2019 results
16/03/2020	Information on the compensation awarded to Julie Walbaum
16/04/2020	Monthly information on treasury share buyback programmes for March 2020
16/04/2020	Update on performance and measures related to Covid-19
16/04/2020	Monthly information on voting rights and shares comprising the share capital for March 2020
20/04/2020	Information on the availability of the 2019 Universal Registration Document
20/04/2020	Publication of the 2019 Universal Registration Document
30/04/2020	Appointments of Thierry Falque-Pierrotin and Laure Hauseux as members of Maisons du Monde's Board of Directors, submitted for approval to the 2020 Shareholders' Meeting
13/05/2020	Monthly information on voting rights and shares comprising the share capital for April 2020
13/05/2020	Monthly information on treasury share buyback programmes for April 2020
22/05/2020	Provision and consultation of information and documents to the Shareholders' Meeting of 12 June 2020
04/06/2020	Maisons du Monde strengthen its liquidity position with a State-guaranteed loan of €150 million
17/06/2020	Monthly information on voting rights and shares comprising the share capital for May 2020
17/06/2020	Monthly information on treasury share buyback programmes for May 2020
18/06/2020	Treasury share buyback programmes approved by the Shareholders' Meeting of 12 June 2020
02/07/2020	Monthly information on treasury share buyback programmes for June 2020
02/07/2020	Monthly information on voting rights and shares comprising the share capital for June 2020
07/07/2020	Half-yearly summary on the liquidity contract at 30 June 2020
28/07/2020	Half-year 2020 results
28/07/2020	Half-year 2020 results - Presentation (in English only)
05/08/2020	Publication of the Half-Year 2020 Financial Report
28/08/2020	Monthly information on voting rights and shares comprising the share capital for July 2020
28/08/2020	Monthly information on treasury share buyback programmes for July 2020
08/09/2020	Monthly information on treasury share buyback programmes for August 2020
08/09/2020	Monthly information on voting rights and shares comprising the share capital for August 2020
07/10/2020	Monthly information on voting rights and shares comprising the share capital for September 2020
07/10/2020	Monthly information on treasury share buyback programmes for September 2020
27/10/2020	Third quarter 2020 sales - Presentation (in English only)
27/10/2020	Third quarter 2020 sales
16/11/2020	Monthly information on treasury share buyback programmes for October 2020
16/11/2020	Monthly information on voting rights and shares comprising the share capital for October 2020
11/12/2020	Performance shares vesting to Ms Julie Walbaum
16/12/2020	Monthly information on voting rights and shares comprising the share capital for November 2020
16/12/2020	Monthly information on treasury share buyback programmes for November 2020

9.3.5 DOCUMENTS ON DISPLAY

The documents relating to the Company to be made available to the public, and in particular the bylaws, minutes of Shareholders' Meetings, Statutory Auditors' Reports and other corporate documents, as well as historical financial information, may be consulted in accordance with the applicable law at the registered office (Maisons du Monde, Le Portereau 44120 Vertou, France). Regulated information within the meaning of the provisions of the General Regulation of the AMF, is also available on the website of the Company (https://corporate.maisonsdumonde.com).

9.4 Information incorporated by reference

Pursuant to Article 19 of European Commission Regulation (EC) 2017-1129, the following information is incorporated by reference into this Universal Registration Document:

- the consolidated and annual financial statements as well as the corresponding audit reports presented in sections 6.1 to 6.4 of the 2019 Registration Document filed with the Autorité des marchés financiers on 20 April 2020 under number D. 20-0304;
- the consolidated and annual financial statements as well as the corresponding Audit Reports in Chapter 5.1 to 5.4 of the 2017 Registration Document filed with the Autorité des marchés financiers on 20 April 2018 under number R. 18-021.

These reference documents are available on the website of the Company (https://corporate.maisonsdumonde.com) and of the Autorité des marchés financiers (www.amf-france.org).

9.5 Information on the Group's business and markets, and third-party information

This Universal Registration Document contains statistics, data and information on the Group's businesses and markets, including information on the size, historical developments and outlook for these markets, Maisons du Monde's market positions and the competitive environment, as well as other segment and macroeconomic information. Unless otherwise specifically indicated to the contrary, this information was obtained from third parties, including public sources, such as the Banque de France, INSEE (the French national institute of statistics and economic studies) and IPEA (the French institute for the outlook and studies on the furniture market). To the best of the Group's knowledge, no facts have been omitted which would render the information provided inaccurate or misleading.

9.6 Material contracts

9.6.1 MATERIAL CONTRACTS SIGNED IN 2020

9.6.1.1 State-guaranteed loan (PGE)

The Group obtained a term loan of €150 million, entered into under the PGE scheme (loan guaranteed up to 90% by the French State) with a syndicate of six banking groups. This loan has a maturity of one year with an extension option for up to five additional years (June 2026). The rate is 0% for the first year.

However, the Group is subject to a guarantee premium of 0.5% of the amount borrowed. For further information, see Note 22 "Net debt" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.

9.6.1.2 Logistics credit facility

As part of its project to set up a new logistics platform in the north of France, the Group has set up a new loan of €47.5 million consisting of a confirmed line of credit for €40.3 million and an unconfirmed line for €7.2 million.

This loan will make it possible to finance the mechanisation and development of this new warehouse. This loan will be repayable between 30 June 2022 and 31 December 2029.

For more information, please refer to paragraph 27.6 of Note 27 "Off-balance sheet commitments and contingent liabilities" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.

9.6.2 MATERIAL CONTRACTS SIGNED IN 2019

9.6.2.1 Shareholders' agreement with SDH LIMITED

In 2006, the Group signed a shareholder's agreement with the Hong Kong-based company SDH Limited for the creation of Chin Chin Limited, a limited liability company governed by Hong Kong law, and thereby subscribed to 50% of the share capital.

On 13 November 2019, the Group signed a memorandum of understanding for the sale on 13 December 2019 of its stake to its partner for HK$1. Maisons du Monde France owned a 50% stake in Chin Chin Limited, which was accounted for using the equity method.

This disposal also includes the sale of its wholly-owned direct (Shanghai Chin Chin Furnishings Company Limited) and indirect (Wujiang Chin Chin Furniture and Wujiang Henghui Machinery) subsidiaries.

For further information, refer to note 1 "Significant events" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial statements" of the 2019 Universal Registration Document.

9.6.2.2 Shareholders' agreement with SAVANE VISION (Rhinov)

On 13 June 2019, as part of its acquisition of a 70% majority stake in the share capital of Savane Vision ("Rhinov"), the Group entered into a shareholders' agreement with the three founders, Xavier Brissonneau, Bastien Paquereau and Jérôme Schurch.

For further information, refer to note 1 "Significant events" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial statements" of the 2019 Universal Registration Document.

9.7 Information on payment terms

In accordance with Articles L. 441-4-4 and D. 441-4 of the French Commercial Code, the following table presents the information relating to supplier and customer payment terms:

	Article D. 441 I 1: Invoices received, unpaid and overdue at the reporting date						Article D. 441 I 2: Invoices issued, unpaid and overdue at the reporting date					
	0 day (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**	**0 day (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payment categories												
Number of invoices concerned	3	-	-	-	-	7	0	-	-	-	-	0
Total amount of invoices concerned, excl. tax	3,156	11	-	-	16,648	16,648	-	-	-	-	-	-
Percentage of the total amount of purchases for the year	0.10%	0.00%	0.00%	0.00%	0.55%	0.55%	-	-	-	-	-	-
Percentage of revenue for the year	-	-	-	-	-	-	0%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to disputed or unrecognised debts and claims												
Number of invoices excluded	-	-	-	-	-	-	-	-	-	-	-	-
Total amount of invoices excluded, excl. tax	-	-	-	-	-	-	-	-	-	-	-	-
(C) Reference payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payment												

9.8 Cross-reference tables

9.8.1 UNIVERSAL REGISTRATION DOCUMENT

This cross reference table sets out the headings defined by Annexes I and II of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and refers to those pages of this Universal Registration Document on which reference is made to the information relating to each of these headings.

No.	Information	Section(s)	Page(s)
1.	Persons responsible, information provided by third parties, expert reports and approval from the competent authority		
1.1	Identity of the persons responsible for the information contained in the document	9.1.1	300
1.2	Declaration of the persons responsible for the document	9.1.2	300
1.3	Declaration or report by any individual acting in the capacity of expert	9.5	304
1.4	Statement relating to information provided by third parties	9.5	304
1.5	Declaration by the issuer	AMF insert	1
2.	Statutory auditors		
2.1	Name and address of the statutory auditors of the issuer's accounts	9.2.1	301
2.2	Statutory auditors having resigned, been removed or not reappointed during the period	4.1.1.12	147
3.	Risk factors	Chapter 2	51
4.	Information about the issuer	7.1	272
5.	Overview of activities		
5.1	Principal activities	1.4.5	33
5.2	Main markets	1.4.2	26
5.3	Important events in the development of business	1.2	20
5.4	Strategy and targets	1.4.4	32
5.5	Dependency on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	1.7	48
5.6	Competitive position	1.4.2	26
5.7	Investments	1.6	47
6.	Organisational structure		
6.1	Summary description of the Group	1.3.1	21
6.2	List of material subsidiaries	1.3.2	22
7.	Review of financial position and earnings		
7.1	Financial position	5.3	178
7.2	Operating profit (loss)	5.2	173
8.	Capital resources		
8.1	Information on capital	6.1.6 - Note 21 7.3	223 274
8.2	Source and scale of cash flow	5.3.1	178
8.3	Information on financing requirements and funding structure	5.3.2 6.1.6 - Note 22	179 224
8.4	Restrictions on the use of capital	7.3.3	275
8.5	Anticipated sources of funding	5.3	178
9.	Regulatory environment	1.4.5	33

No.	Information	Section(s)	Page(s)
10.	Trend information	5.5 6.1.6 - Note 31	181 241
11.	Profit forecasts or estimates	5.6	182
12.	Administrative, Management and Supervisory Bodies and Senior Management		
12.1	Board of Directors and Senior Management	4.1	134
12.2	Conflicts of interest within administrative, management or supervisory bodies and the Senior Management	4.1.2.5	148
13.	Compensation and benefits		
13.1	Compensation and benefits in kind	4.2	154
13.2	Provisions recorded or acknowledged elsewhere by the issuer for the payment of pensions, retirement benefits or other benefits	4.2	154
14.	Board and management practices		
14.1	Date of expiry of current appointments	4.1.1.1	134
14.2	Service agreements binding upon corporate officers	N/A	N/A
14.3	Information on the Audit Committee and the Nomination and Compensation Committee	4.1.3	151
14.4	Declaration of compliance with the applicable Corporate governance regime	4.2.4	166
14.5	Potential material impacts on Corporate governance	4.1.2	148
15.	Employees		
15.1	Number of employees and breakdown of workforce	3.5.1	110
15.2	Profit-sharing and stock options	4.2.3 6.1.6 - Note 2.7	162 198
15.3	Agreement for investment by employees in the capital of the issuer	7.4.4	280
16.	Major shareholders		
16.1	Crossing of thresholds	7.4.3	279
16.2	Existence of different voting rights	7.2	273
16.3	Control of the issuer	7.4.2	279
16.4	Description of arrangements, known to the issuer, whose implementation could, at a subsequent date, result in a change in control of the issuer	7.4.6	281
17.	Transactions with related parties	6.3.3 - Note 24	261
18.	Financial information concerning assets and liabilities, financial position and profits and losses		
18.1	Historical financial information	1.1 6.3.3 - Note 27	18 264
18.2	Interim and other financial information	N/A	N/A
18.3	Audit of annual financial information	6.2 6.4	242 265
18.4	*Pro-forma* financial information	N/A	N/A
18.5	Dividend policy	7.6.1	284
18.6	Legal and arbitration proceedings	2.2.2 6.1.6 - Note 24	55 230
18.7	Significant change in the issuer's financial or trading position since the end of the last fiscal year	5.5 6.1.6 - Note 28	181 264
19.	Additional information		
19.1	Share capital	7.3	274
19.1.1	Amount of issued capital	7.3.1	274
19.1.2	Shares not representing capital	N/A	N/A
19.1.3	Shares held by the issuer itself or on its behalf, or by its subsidiaries	7.3.4	276
19.1.4	Convertible or exchangeable securities or securities with warrants	6.1.6 - Note 22	224
19.1.5	Acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital	7.3.3	275

No.	Information	Section(s)	Page(s)
19.1.6	Options or agreements relating to the share capital of Group members	N/A	N/A
19.1.7	Past record of the share capital	7.3.2	274
19.2	**Articles of association and bylaws**	**7.2**	**273**
19.2.1	Corporate purpose	7.2	273
19.2.2	Rights, preferences and restrictions attached to the shares	7.2	273
19.2.3	Provisions liable to delay, defer or prevent a change of control	7.4.6	281
20.	**Material contracts**	**9.6**	**305**
21.	**Documents on display**	**9.3.5**	**304**

9.8.2 ANNUAL FINANCIAL REPORT

This Universal Registration Document includes all elements of the Annual Financial Report as listed in Article L. 451-1-2 of the French Commercial Code and Article 222-3 of the General Regulation of the Autorité des marchés financiers.

No.	Information	Section(s)	Page(s)
1.	Annual financial statements	6.3	246
2.	Statutory Auditors' Report on the annual financial statements	6.4	265
3.	Consolidated financial statements	6.1	186
4.	Statutory Auditors' Report on the consolidated financial statements	6.2	242
5.	Management Report containing at least the information referred to in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 paragraph 2 of the French Commercial Code	9.8.3	310
6.	Statement by the person responsible for the Annual Financial Report	9.1.2	300
7.	Fees of the Statutory Auditors	6.1.6 Note 29 9.2.2	237 301

9.8.3 MANAGEMENT REPORT

This Universal Registration Document includes all elements of the Management Report as listed in Articles L. 225-100 *et seq.*, L. 232-1.II and R. 225-102 *et seq.* of the French Commercial Code.

No.	Information	Section(s)	Page(s)
1.	Situation and activity		
1.1	Situation and activity of the Company and the Group, progress made or difficulties encountered, during the course of the past fiscal year	1.2 1.4 5.4	20 23 180
1.2	Objective and comprehensive analysis of the Company's and Group's business, results and financial position	5.2 5.3	173 178
1.3	The Company's key financial and non-financial operating metrics	1.1 3.1.7	18 82
1.4	Significant events occurring between the close of the fiscal year and the date on which the Management Report is prepared	5.4 5.5 6.1.6 - Note 39	180 181 241
1.5	Foreseeable developments in the Company's and Group's situation and future prospects	5.5	181
1.6	Research and development activities	1.7	48
2.	Accounting and financial information		
2.1	Investments made by the Company during the last three fiscal years	1.6	47
2.2	Changes made to the method of presentation of the Company's annual financial statements	6.1.6 - Note 2	196
2.3	Amount of dividends paid by the Company during the last three fiscal years	7.6.2	284
2.4	Table of results of the Company over the last five years	6.3.3 - Note 27	264
2.5	Information on supplier payment terms	9.7	306
2.6	Amount of non-deductible tax expenses	N/A	N/A
2.7	Injunctions or financial penalties for anti-competitive practices	N/A	N/A
3.	Subsidiaries and holdings		
3.1	List of subsidiaries	6.1.6 - Note 30	238
3.2	Significant shareholdings in or takeovers of companies having their registered office in France	6.1.6 - Note 1	194
4.	Risk factors and internal control		
4.1	Description of the main risks and uncertainties	2.2.2	55
4.2	Financial risks related to the effects of climate change and measures taken by the Company to reduce them through the implementation of a low-carbon strategy	2.2.2 3.4.3	55 102
4.3	Hedging objectives and policy and the Company's exposure to price, credit, liquidity, treasury and share price risk	2.2.2 6.1.6 - Note 25	55 231
4.4	Internal control and risk management procedures relating to the preparation and processing of accounting and financial information set up by the Company	2.4	71
4.5	Information on facilities classified as at risk	N/A	N/A
5.	Environmental, social and societal information		
5.1	Non-financial performance statement	9.8.5	312
5.2	Vigilance plan and report on its effective implementation	3.1.1	74
6.	Shareholders and capital		
6.1	Breakdown of the Company's capital and voting rights	7.4.1	277
6.2	Statement of employee shareholdings in the share capital of the Company	7.4.4	280
6.3	Acquisitions and disposals by the Company of its own shares	7.3.4	276
6.4	Information on transactions carried out by management and related parties on the Company's shares	7.4.3	280
6.5	Information on the allocation of free shares to executives and employees	8.4	162
6.6	Names of controlled companies and share of the Company's capital held	6.1.6 - Note 30	238
6.7	Disposal of shares in order to settle cross-shareholdings	N/A	N/A
6.8	Information on elements liable to have an impact in the event of a public offering	7.4.6	281

No.	Information	Section(s)	Page(s)
7.	Other information		
7.1	Report on Corporate governance	9.8.4	311
7.2	Information on payment terms	9.7	306

9.8.4 REPORT ON CORPORATE GOVERNANCE

This Universal Registration Document includes all elements of the Corporate Governance Report as listed in Articles L. 225-37 et seq. of the French Commercial Code.

No.	Information	Section(s)	Page(s)
1.	Principles and criteria used to calculate the compensation paid to corporate officers	4.2.1 4.2.2	154 156
2.	Elements of the compensation and benefits of all kinds paid to corporate officers	4.2.4	156
3.	Level of compensation paid to corporate officers with regard to the average compensation paid on a full-time equivalent basis to employees of the Company	4.2.1.3	155
4.	Level of compensation paid to corporate officers with regard to the median compensation paid on a full-time equivalent basis to employees of the Company	4.2.1.3	155
5.	Offices and positions held by the corporate officers	4.1.1.1 4.1.1.10	134 138
6.	Agreements signed between a corporate officer or significant shareholder and a subsidiary of the Company	4.2.2.3	161
7.	Table summarising current delegations granted by the Shareholders' Meeting in respect of share capital increases	7.3.3	273
8.	Operating methods used by Senior Management	4.1.1.3	135
9.	Potential limitations of the powers of the Chief Executive Officer	4.1.2.1	148
10.	Composition, preparation conditions and organisation of the Board of Directors	4.1.2.2	148
11.	Application of the principle of gender equality within the Board of Directors	4.1.1.4	135
12.	Diversity policy applied to members of the Board of Directors	4.1.1.5	135
13.	Diversity policy in terms of gender equality within the executive bodies and in positions with particularly significant responsibilities	4.1.4	153
14.	Reference Code of Corporate governance	4.2.4	166
15.	Specific procedures governing shareholder participation in Shareholders' Meetings	7.2	271
16.	Procedure put in place by the Company in order to assess on a regular basis whether agreements relating to day-to-day transactions concluded under ordinary terms and conditions are indeed compliant with these conditions	4.2.2.3	161
17.	Provisions having an impact in the event of a public offering	7.4.6	279
18.	Statutory Auditors' Report on the Corporate Governance Report	4.3.1	167

9.8.5 NON-FINANCIAL PERFORMANCE STATEMENT

This Universal Registration Document includes all elements of the non-financial performance statement as listed in Articles R. 225-102-1 and R. 225-105 of the French Commercial Code.

No.	Information	Section(s)	Page(s)
I.	**Company's business model**	**Profile**	**5**
II.	**Analysis of the Company's risks**		
1.	**Description of the main risks in connection with the Company's activity**	**3.1**	**74-76**
2.	**Description of the policies applied by the Company to plan for, identify and mitigate the occurrence of the risks listed in 1.**	**3.1**	**76**
3.	**Results of these policies, including key performance indicators**	**3.1**	**76**
III.	**Declaration of relevant information with regard to the key risks or policies listed in II.**		
1.	**Social information**		
1.1	Employment		
1.1.1	Total headcount and distribution of employees by gender, age and geography	3.5.1	110-112
1.1.2	Hiring and dismissals	3.5.1	112
1.1.3	Compensation and changes thereto	3.5.1	113
1.2	Working hours		
1.2.1	Organisation of working time	3.5.1	113
1.2.2	Absenteeism	3.5.2	114
1.3	Health and safety		
1.3.1	Health and safety in the workplace	3.5.4	117-118
1.3.2	Workplace accidents, in particular, frequency and degree of seriousness thereof, and occupational illness	3.5.4	117-118
1.4	Employer-employee relations		
1.4.1	Organisation of social dialogue, notably procedures for the provision of information to and consultation with employees and negotiations with the latter	3.5.3	115-116
1.4.2	Outcome of collective bargaining agreements, notably in relation to health and safety in the workplace	3.5.3	115-116
1.5	Training		
1.5.1	Training policies implemented, in particular in relation to the protection of the environment	3.5.4	117-118
1.5.2	Total number of hours of training	3.5.4	117
1.6	Equal treatment		
1.6.1	Measures taken to promote gender equality	3.5.6	121
1.6.2	Measures taken to promote the employment and inclusion of persons with disabilities	3.5.6	121
1.6.3	Anti-discrimination policy	3.5.6	121
1.7	Promotion and observance of the provisions of the fundamental conventions of the International Labour Organisation		
1.7.1	Respect for freedom of association and the right to collective bargaining	3.2.2	87-91
1.7.2	Elimination of professional and job-related discrimination	3.2.2	87-91
1.7.3	Elimination of forced or mandatory labour	3.2.2	87-91
1.7.4	Effective abolition of child labour	3.2.2	87-91
2.	**Environmental information**		
2.1	General policy on environmental matters		
2.1.1	Organisation of the Company to take into account environmental issues and, if applicable, environmental assessment or certification measures	3.4	95-109
2.1.2	Resources devoted to the reduction of environmental risks and pollution	3.4	95-109
2.1.3	Provisions and guarantees securing environmental risks, subject to this information not being liable to cause serious harm to the Company in any on-going litigation	3.4.5	107-108

No.	Information	Section(s)	Page(s)
2.2	Pollution		
2.2.1	Measures taken to prevent, reduce or mitigate any air, water or soil pollution have a serious impact on the environment	3.4.5	107-108
2.2.2	Inclusion of any form of pollution specific to an activity, notably noise and light pollution	3.4.5	107-108
2.3	Circular economy		
2.3.1	Waste management and reduction	3.4.1	96-97
a.	*Measures taken to reduce, recycle, re-use, add value to and eliminate waste*	*3.4.1*	*96-97*
b.	*Measures to prevent food waste*	*N/A*	*N/A*
2.3.2	Sustainable use of resources		
a.	*Consumption of water and water supply based on local constraints*	*3.4.5*	*107-108*
b.	*Consumption of raw materials and measures taken to improve the efficiency of their use*	*3.2.1*	*83-86*
c.	*Consumption of energy, measures taken to improve energy efficiency and use of renewable energies*	*3.4.2*	*98-102*
d.	*Use of land*	*3.4.5*	*107-108*
2.4	Climate change		
2.4.1	Significant sources of the greenhouse gas emissions generated by the Company's activity, notably by the use of the goods and services produced thereby	3.4.3	102-105
2.4.2	Measures taken to adapt to the consequences of climate change	3.4.3	102-105
2.4.3	Reduction targets set on a voluntary basis in the medium- and long-term to reduce greenhouse gases and measures implemented in this respect	3.4.3	102-105
2.5	Protection of biodiversity		
2.5.1	Measures taken to protect and promote biodiversity	3.4.5	107-108
3.	**Societal information**		
3.1	Societal commitments to promote sustainable development		
3.1.1	Impact of the Company's activity in terms of local development and employment	3.2.2	87-89
3.1.2	Impact of the Company's activity on local or neighbouring communities	N/A	N/A
3.1.3	Relations with the Company's stakeholders and detailed methods used to dialogue with the latter	3.1.6	80-81
3.1.4	Partnership or philanthropic actions	3.6	123-126
3.2	Subcontracting and suppliers		
3.2.1	Inclusion of social and environmental challenges in purchasing policies	3.2.2	87-89
3.2.2	Inclusion in relations with suppliers and sub-contractors of their own corporate and environmental responsibility	3.2.2	87-89
3.3	Fair trade practices		
3.3.1	Actions to prevent corruption	3.4.7	109
3.3.2	Actions to prevent tax evasion	3.4.7	109
3.3.3	Measures taken in favour of consumer health and safety	3.2.3	90-91
3.4	Others		
3.4.1	Actions to promote human rights	3.2.2	87-89
3.4.2	Actions taken to promote animal welfare	3.2.1	83-86

9.9 Glossary

Glossary

AMF

Autorité des marchés financiers
Independent public authority that regulates French financial market participants and products.

AFEP-MEDEF CORPORATE GOVERNANCE CODE

Set of recommendations relating to the corporate governance and compensation of executive corporate officers of listed companies, issued by the *Association Française des Entreprises Privées* (AFEP) and the *Mouvement des Entreprises de France* (MEDEF).

LIKE-FOR-LIKE SALES GROWTH

Represents the percentage change in sales from the Group's retail stores, website and B2B activities, net of product returns between one financial period (n) and the comparable preceding financial period (n-1), excluding changes in sales attributable to stores that opened or were closed during either of the comparable periods. Sales attributable to stores that closed temporarily for refurbishment during any of the periods are included.

EBIT

EBIT is defined as EBITDA after depreciation, amortisation, and allowance for provisions. EBIT margin is defined as EBIT divided by sales.

EBITDA

EBITDA is defined as current operating profit, excluding depreciation, amortisation, and allowance for provisions, the change in the fair value of derivative financial instruments, and store preopening expenses. EBITDA margin is defined as EBITDA divided by sales.

NET DEBT

Net debt is defined as the Group's convertible bonds ("OCEANE"), term loan, the State-Guaranteed Loan (SGL), revolving credit facilities, lease debt, deposits, guarantees and bank borrowings, net of cash and cash equivalents (excluding bank borrowings).

FREE CASH FLOW

Free cash flow is defined as the net cash flow from operating activities less: property, plant and equipment and intangible assets, changes in amounts payable on fixed assets and the reduction in interest on lease liabilities, and plus: proceeds from sale of non-current assets.

GROSS MARGIN

Gross margin is defined as sales minus cost of sales. Gross margin is also expressed as a percentage of sales.

LEVERAGE RATIO

Leverage ratio is defined as net debt divided by EBITDA (excluding payables relating to the Modani put option).

SALES

Sales represent the revenue from sales of decorative items and furniture through the Group's retail stores, website and B2B activities.
They mainly exclude customer contribution to delivery costs, revenue for logistics services provided to third parties, and franchise revenue.

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