



MAISONS DU MONDE

INFORMATION ON THE COMPENSATION OF MS JULIE WALBAUM, CHIEF EXECUTIVE OFFICER

Nantes, 29 March 2021

Maisons du Monde (Euronext Paris: MDM, ISIN code: FR0013153541), in accordance with the AFEP-MEDEF Corporate Governance Code for Listed Companies and the recommendations of the AMF, publishes the decisions taken by its Board of Directors (hereinafter “the Board”) on 25 March 2021 concerning the components of compensation of Ms Julie Walbaum, Chief Executive Officer.

Variable compensation of Ms Julie Walbaum for the 2020 fiscal year payable in 2021

The Board, on the recommendation of the Nomination and Compensation Committee, set the variable compensation of Ms Julie Walbaum for the fiscal year 2020. In accordance with Article L. 22-10-34 II of the French Commercial Code, this compensation will only be paid after approval by the Shareholders' Meeting of 4 June 2021.

It should be noted that the Board had set the terms of this variable compensation at its meeting of 10 March 2020, one day before the first lockdown in France and at a time Maisons du Monde had already been directly affected by the situation in Italy and was implementing a comprehensive policy to tackle the health crisis and its expected impacts on business.

The Board had set the following terms and conditions for the variable compensation:

The annual variable bonus has a target value of €270,000 corresponding to 60% of gross annual fixed compensation. This amount may be between 0% and 150% of the target value, based on performance. The annual bonus is capped at 90% of the fixed annual compensation. The amount of the bonus is subject to the attainment of financial and non-financial targets and 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:
 - Operational management of the Covid-19 crisis: Target weighting 10%,
Design and implement a global prevention and business continuity plan (crisis management governance, policy to protect the brand's employees and customers, secure supply flows, etc.).
Define a post-Covid-19 recovery plan,
 - Preparation, implementation, monitoring and results of a 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: Target weighting 15%,
 - Implementation and progress on the indicators of the diversity and equality plan within the Company: Target weighting 5%.

These compensation terms 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, on the recommendation of the Nomination and Compensation Committee, had 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, on the recommendations of the Nomination and Compensation Committee, therefore assessed the overall attainment at 94% of target performance, with the following attainment rates by criterion:

	% by target	Target attainment rate	% Target bonus	% of 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 Equality indicators within the Group	5%	100%	5%	3%
Attainment rate/bonus			94%	56%
Reference fixed compensation	€450,000			
Target Bonus: 60% of fixed compensation	€270,000			
Bonus to be paid			€253,000	

The variable portion for 2020, which will be paid after the approval of the shareholders at the Shareholders' Meeting of 4 June 2021 is rounded up to €253,000, i.e. 56% of the reference fixed compensation for the period.

Assessment of the performance of the free share plan awarded in 2019 to the Chief Executive Officer

The Board, on the recommendations of the Nomination and Compensation Committee, examined the attainment of the performance conditions of the free share plan granted in 2019 to the Chief Executive Officer and other members of the Executive Committee and whose performance conditions related to the 2019 and 2020 fiscal years.

Given the impact of the health crisis and despite the Group's good performance in 2020, the targets of the plan have not been achieved. None of the performance shares that had been allocated to the Chief Executive Officer and that were to become available in 2022 will vest.

On the occasion of the renewal of her term of office as Chief Executive Officer for a period of three years, changes to certain aspects of the compensation policy of Ms Julie Walbaum were subject to the approval of the shareholders

The Board, on the recommendation of the Nomination and Compensation Committee, having noted that the three-year term of office of the Chief Executive Officer, beginning in June 2018, would expire on 30 June 2021, decided to renew this term of office for a further three-year term from 1 July 2021, and to update its terms and conditions by submitting them to shareholders' approval.

Therefore, the Nomination and Compensation Committee launched two studies on the compensation of the position of Chief Executive Officer.



First, a sector-specific study, conducted by the firm BORACAY, is based on the compensation offered by a dozen listed groups in the retail and digital industry in France and Europe with similar characteristics in terms of revenue, capitalisation, and workforce to those of Maisons du Monde.

This first benchmark was supplemented by a KORN FERRY study on the compensation based on the compensation offered by around twenty French mid-cap companies.

The results of these two studies highlighted:

- First, the significant discrepancy between the level of compensation that had been proposed to the Chief Executive Officer and those observed on the market, and
- Second, the need to review the structure of the compensation package so as to increase the relative weight of the variable remuneration as well as of the long-term incentive.

After review, the Board, on the recommendation of the Nomination and Compensation Committee, and in compliance with the AFEP-MEDEF Code, confirmed the relevance and necessity of the changes to the compensation of the Chief Executive Officer, for the following reason:

- the existing remuneration package was decided in 2018, at the time of the first appointment of Ms. Julie Walbaum, then member of the Executive Committee of the Company, as Chief Executive Officer. As her first term of office comes to an end, and on the occasion of the renewal of her term of office for a further three-year period, the review of the entire remuneration package of the Chief Executive Office became relevant,

The proposed changes to compensation recognise, on the one hand, the Group's significant growth and its internationalisation since the appointment of the Chief Executive Officer, as well as, on the other hand the increasing complexity of operational and strategic issues in a context of greater macroeconomic volatility and increased segment competition. In particular, these changes take into account the specificity of Maisons du Monde, related to its unique omnichannel model, having recently resulted in the launch of an online marketplace.

Structure of the compensation system:

The target total compensation would now comprise three portions of similar importance: fixed compensation, target annual variable compensation and a long-term incentive in the form of free shares (the performance-related portion would therefore represent approximately 70% of the overall package).

Annual fixed and variable compensation:

In line with the findings of the compensation studies, the Board, 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%).

It was also proposed to change the target variable compensation from 60% to 100% of the fixed compensation, in order to increase the weight of the variable portion in the total target package.

The maximum variable compensation in the event of outperformance is reduced to 125% of the target (versus 150% previously).



These adjustments bring the target fixed and variable compensation to an amount near the market median.

For 2021, the Board, on the recommendation of the Nomination and Compensation Committee, has also decided to increase the weight of the financial objectives in the variable portion of the Chief Executive Officer's compensation (from 70% to 90%).

Furthermore, it has also incorporated a new Free Cash Flow target in the annual variable portion to better take into account the priorities of the Group and its shareholders for the coming years.

The benefit of the annual variable compensation would therefore be subject to the achievement of financial and non-financial objectives.

Each criterion is assessed separately, in relation to a target set by the Board. To assess the attainment rate of each criterion, the Board, on the recommendation of the Nomination and Compensation Committee, has also set performance thresholds, with a target and cap. The threshold, for financial targets, corresponds to the payment of 75% of the target amount; the target corresponds to 100%, and the caps are defined as follows:

- Financial targets:
 - on the Group's sales: 30% of the target variable portion; up to 125% in the event of outperformance
 - on the Group's EBIT: 30% of the target variable portion; up to 150% in the event of outperformance
 - on the Group's Free Cash Flow: 30% of the target variable portion capped at 100%.
- Non-financial targets:
 - Proportion for the responsible offering in the Maisons du Monde offering: 10% of the Group variable portion, up to 125% in the event of outperformance.

These predetermined and precisely defined targets, together with the expected level of attainment of the non-financial criteria, are not publicly disclosed due to their confidential nature. They do however correspond to the budget approved by the Board and are in line with the information communicated to the market.

Valuation of the medium/long-term incentive:

The Chief Executive Officer is the beneficiary of free performance shares, as is the case of other senior executives, executives, and key talent Group employees. These awards enable to better recognise, retain, and motivate those who have an impact on the results and which are key to the Group's growth. They make it possible to associate the interests of beneficiaries to those of shareholders and, at the same time, better federate everyone around the same objectives in line with Maisons du Monde's medium- and long-term ambitions, thereby supporting the Group's growth.

The allocation of free shares must be subject to the following conditions:

- Continued employment conditions:
Unless otherwise provided for by the legislation in force (such as disability and death of the beneficiary), the allocation of free shares only becomes definitive after a vesting period set by the Board. This period may not be less than three years and subject to the continued employment of

the beneficiary in the Company as of the vesting date, unless otherwise decided by the Board, which must nevertheless apply at least the “prorata temporis” rule to the shares not yet vested and wait for the performance assessment of the plan to determine the number of shares to be awarded.

- Performance conditions:
All share allocations are subject to the attainment of several demanding performance conditions, which are now measured over three years, compared with two years previously, based on:
 - One or more internal indicators including at least one Corporate Social Responsibility (CSR) performance condition.
 - An additional stock market performance condition of measured by the Total Shareholder Return (TSR) relating to a panel or an index.

In addition, until the end of her term of office, the Chief Executive Officer must retain a percentage of the shares granted in registered form until she reaches an overall holding of Company shares corresponding to 200% of her annual fixed compensation.

Lastly, the Board reaffirmed that the Chief Executive Officer could not to use hedging products on Company shares as well as any related financial instruments.

The annual amount allocated to the Chief Executive Officer (measured under IFRS) must not exceed of 120% of her fixed compensation as resulting from the new system.

Mandatory PER pension scheme (Article 83):

The Board, on the recommendation of the Nomination and Compensation Committee, decided to include the Chief Executive Officer in the collective defined contribution scheme set up for certain explicitly defined categories of employees, thus enabling them to constitute a supplementary self-funded pension within the Company, while remaining within the limit of the social security contribution cap, currently 3% of the French Social Security Cap (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, in the same terms and conditions as those set on the occasion of her first term of office.

In exchange for this twelve-month commitment, starting from the termination of her corporate 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 monthly payment of 50% of the average gross monthly compensation received for the last twelve complete months of her activity.

The Company's Board could however waive the non-compete clause when Chief Executive Officer's term of office is terminated. In this case, no special fixed monthly payments would be paid.

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.

Other advantages:

During the term of her office, the Chief Executive Officer will continue to benefit from the advantages granted at the time of her first term of office, with all conditions unchanged, namely life and disability insurance, health costs coverage, directors and officers insurance coverage, unemployment insurance, and company car.

The compensation policy applicable to Ms Julie Walbaum is in any case subject to its prior approval by the Shareholders' Meeting of 4 June 2021.

Decision to award free shares to the Chief Executive Officer in respect of the 2021 fiscal year

Pursuant to the authorisation granted by the Shareholders' Meeting of 12 June 2020, the Board of Maisons du Monde decided, on the proposal of the Nomination and Compensation Committee, to grant Ms Julie Walbaum, Chief Executive Officer, 36,360 performance shares. These shares are existing Company shares or shares yet to be issued, corresponding to 0.08% of the share capital.

The allocation of these shares would be carried out at the same time of an allocation to approximately 200 employees of the Maisons du Monde Group, corresponding to 0.47% of the share capital.

The vesting of all the shares allocated to Ms Julie Walbaum is subject to a three-year continuous employment condition until 25 March 2024 and to the performance conditions defined below.

The final number of performance shares that will be allocated will be based on the achievement of performance conditions, measured as follows:

- **SALES CAGR:** Average annualised growth rate between 2020 and 2023.
- **EBIT:** Average EBIT to revenue ratio over three years.
- **TSR:** three-year rate of return measured using the **MidCap 60 index. GR (including dividends).**
- **CSR:**
 - › Increase in the proportion of responsible offering/overall offering between 2020 and 2023
 - › Employee engagement rate based on the results of the 2021 and 2023 surveys of all Group employees.

SELECTED CRITERIA	WEIGHT OF THE CRITERION
Sales CAGR	30%
EBIT/Revenue	40%
TSR	20%
CSR:	10%
- <i>Share of responsible offering</i>	5%
- <i>Employee engagement rate</i>	5%

The Board, on the proposal of the Nomination and Compensation Committee, set the expected threshold and target levels 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.
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- With regard to the TSR criterion and in accordance with the commitment made to the shareholders, the performance threshold was set at the achievement of a performance at least equivalent to the selected index. At this performance level, 75% of the shares subject to this performance condition may be vested.
 - The target for the vesting of 100% of the shares with a TSR condition is set at 105% of the index.
 - In the event of an outperformance in relation to this target for the TSR criterion, the maximum number of shares that may be vested, on a straight-line basis up to 110% of the index, may not exceed 125% of the number of shares linked to this criterion.

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 granted, the number of shares vested may under no circumstances exceed 100% of the shares granted; ultimately, if the number of shares 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 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 Ms Julie Walbaum's commitment not to use such hedging transactions including on the allocated performance shares.



About Maisons du Monde

Maisons du Monde is a creator of inspirational lifestyle universes in the homeware industry, offering distinctive and affordable decoration and furniture collections that showcase multiple styles. The Group develops its business through a complementary omnichannel approach, leveraging its international network of stores, websites and catalogues. The Group was founded in France in 1996 and has expanded profitably across Europe since 2003, reporting sales of €1,182 million and EBITDA of €241 million in 2020. At 31 December 2020, the Group operated 369 stores in 9 countries including France, Belgium, Germany, Italy, Luxembourg, Portugal, Spain, Switzerland and the United States, and derived 47% of its sales outside France. The Group has also built a successful complementary and comprehensive ecommerce platform, whose sales grew by over 30% per year on average between 2010 and 2020. This platform, enriched by the launch of a marketplace in France in November 2020, accounted for 33% of the Group's sales in 2020 and is available in the countries where it operates stores plus Austria, the Netherlands and the United Kingdom.

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