MAISONS DU MONDE

Half-Year 2017 Financial Report

AT JUNE 30TH

Contents

Half-Year 2017 Financial Report
at June 30th

Maisons du Monde, a creator of original homeware universes, offers a unique range of decoration items and furniture at affordable prices in a wide variety of styles and themes, allowing its customers to express their own styles and tastes.

Half-year activity report

1

1.1 Results of operating activities

1.1.1 KEY METRICS

KEY FINANCIAL METRICS FOR THE FIRST HALF OF 2017

	Six-month period ended June 30		
(in € millions)	**2016**	**2017**	**% change**
Customer Sales	**389.6**	**456.6**	**+17.2%**
% like-for-like change	*+16.6%*	*+9.0%*	*n/a*
Gross margin	**257.2**	**298.2**	**+15.9%**
As a % of Customer Sales	*66.0%*	*65.3%*	*(70) bps*
EBITDA	**40.3**	**43.2**	**+7.2%**
As a % of Customer Sales	*10.3%*	*9.5%*	*(80) bps*
EBIT	**26.8**	**28.0**	**+4.4%**
As a % of Customer Sales	*6.9%*	*6.1%*	*(80) bps*
Profit/(loss) for the period	**(53.9)**	**6.2**	**n/a**
Net financial debt	**256.5**	**230.2**	**(10.3)%**
Leverage ratio *(x)*	2.4x	1.8x	(0.6)

1.1.2 ANALYSIS OF CUSTOMER SALES

SUMMARY OF CUSTOMER SALES FOR THE FIRST HALF OF 2017

	Six-month period ended June 30		
(in € millions)	**2016**	**2017**	**% change**
Customer Sales by geography			
France	250.0	279.0	+11.6%
International	139.6	177.6	+27.2%
TOTAL CUSTOMER SALES	**389.6**	**456.6**	**+17.2%**
France *(%)*	64.2%	61.1%	-
International *(%)*	35.8%	38.9%	-
TOTAL CUSTOMER SALES *(%)*	**100.0%**	**100.0%**	**-**
Customer Sales by product category			
Decoration	202.3	242.9	+20.1%
Furniture	187.3	213.7	+14.1%
TOTAL CUSTOMER SALES	**389.6**	**456.6**	**+17.2%**
Decoration *(%)*	51.9%	53.2%	-
Furniture *(%)*	48.1%	46.8%	-
TOTAL CUSTOMER SALES *(%)*	**100.0%**	**100.0%**	**-**
Customer Sales by distribution channel			
Stores	312.5	354.6	+13.5%
Web	77.1	102.0	+32.3%
TOTAL CUSTOMER SALES	**389.6**	**456.6**	**+17.2%**
Stores *(%)*	80.2%	77.7%	-
Web *(%)*	19.8%	22.3%	-
TOTAL CUSTOMER SALES *(%)*	**100.0%**	**100.0%**	**-**

In the first half of 2017, the Group's Customer Sales came in at €456.6 million, up 17.2% year-on-year on a reported basis and up 9.0% on a like-for-like basis. All product categories, geographies and channels contributed to the increase, which reflects the positive response to the new decoration and furniture collections. It also further confirmed the solidity of the Group's business model and omnichannel strategy. Online sales reached 22.3% of the Group's total Customer Sales during the period, increasing 32.3% year-on-year, particularly due to the successful completion of the rollout of free in-store delivery throughout Europe.

In the first half of 2017, the Group continued to expand its store network, with ten net openings over the period, of which two stores in France and eight outside France, with an average retail trading space of 1,200 square metres. As at June 30, 2017, Maisons du Monde operated 298 stores, of which 205 in France and 93 outside France.

A. Customer Sales by geography

In the first half of 2017, the Group's Customer Sales in France amounted to €279 million, representing 61.1% of total Customer Sales, up 11.6% year-on-year, due to sustained growth in like-for-like Customer Sales, the opening of two new stores in the period, as well as the half-year effect of store openings in 2016. In the first half of 2017, the Group's Customer Sales in the international market rose 27.2% year-on-year to €177.6 million, accounting for 38.9% of total Customer Sales, fuelled by the Group's strong online sales growth, especially in the United Kingdom and Germany, as well as the opening of eight new stores in the period.

B. Customer Sales by product category

In the first half of 2017, Customer Sales of decorative items rose 20.1% year-on-year to €242.9 million, accounting for 53.2% of total Customer Sales, while furniture sales increased 14.1% year-on-year to €213.7 million, representing 46.8% of total Customer Sales. This performance reflects the positive response to the Group's new decoration and furniture collections, as well as the successful completion of the roll-out of free in-store delivery throughout Europe during the period.

C. Customer Sales by distribution channel

In the first half of 2017, store Customer Sales grew 13.5% year-on-year to €354.6 million, or 77.7% of total Customer Sales, reflecting solid growth in like-for-like Customer Sales and the opening of 10 new stores in the period. Online sales jumped 32.3% to €102.0 million in the first half of 2017 compared to the first half of 2016. The contribution of online Customer Sales grew at 22.3% of total Customer Sales in the first half of 2017, from 19.8% in the first half of 2016, confirming the value of the Group's omnichannel strategy.

1.1.3 EBITDA ANALYSIS

BREAKDOWN OF EBITDA BY GEOGRAPHY

	Six-month period ended June 30		
(in € millions)	**2016**	**2017**	**% change**
France	45.8	51.1	+11.5%
International	20.8	22.7	+9.1%
Corporate segment (1)	(26.3)	(30.6)	+16.2%
EBITDA	**40.3**	**43.2**	**+7.2%**

(1) See note 4 "Geographical segment information" in Section 2.6 "Notes on consolidated interim income statement" of Chapter 2 "Condensed consolidated interim financial statements" of this Half-Year Financial Report.

In the first half of 2017, EBITDA stood at €43.2 million, up 7.2% year-on-year, driven by Customer Sales growth during the period. As expected, EBITDA margin was 9.5% compared to 10.3% in the first half of 2016. It reflected the anticipated currency effects. At constant currency on USD purchases, EBITDA growth would have been 20% compared to the first half of 2016.

In addition, first-half 2017 EBITDA integrated, for the first time, the inclusion of the long-term incentive plan ("LTIP") and profit sharing. Moreover, the Group continued to invest during the period in key omnichannel actions such as customer service initiatives and a CRM program.

A. EBITDA in France

In France, in the first half of 2017, EBITDA rose 11.5% year-on-year to €51.1 million, reflecting solid like-for-like Customer Sales growth and the scope effect from new store openings during the last twelve months. As a percentage of Customer Sales in France, the EBITDA margin (excluding the corporate segment) amounted to 18.3% in the first half of 2017, stable year-on-year.

B. International EBITDA

Outside France, in the first half of 2017, EBITDA rose 9.1% year-on-year to €22.7 million, reflecting robust like-for-like Customer Sales growth and the scope effect from new store openings during the last twelve months. As a percentage of international Customer Sales, the international EBITDA margin (excluding the corporate segment) amounted to 12.8% in the first half of 2017 compared to 14.9% in the first half of 2016, on account of the ramp-up of store openings in countries in which the Group has recently introduced operations (namely Germany and Switzerland).

1.1.4 INCOME STATEMENT ANALYSIS

SIMPLIFIED CONSOLIDATED INCOME STATEMENT

	Six-month period ended June 30	
(in € millions)	**2016**	**2017**
Customer Sales	**389.6**	**456.6**
Sales to franchise and promotional sales	1.3	2.8
Other revenue from ordinary activities	11.4	12.9
Total revenue	**402.4**	**472.3**
Cost of sales	(132.4)	(158.4)
Personnel expenses	(81.3)	(91.9)
External expenses	(156.0)	(184.9)
Depreciation, amortisation, and allowance for provisions	(13.5)	(15.2)
Fair value of derivative financial instruments	(11.3)	(2.4)
Other income and expenses from operations	(2.9)	(2.9)
Current operating profit before other operating income and expenses	**4.9**	**16.6**
Other operating income and expenses	(10.5)	(0.9)
Operating profit (loss)	**(5.7)**	**15.8**
Financial profit/(loss)	(67.1)	(4.2)
Share of profit of equity-accounted subsidiaries	-	-
Profit/(loss) before income tax	**(72.7)**	**11.6**
Income tax	18.8	(5.4)
PROFIT/(LOSS) FOR THE PERIOD	**(53.9)**	**6.2**

A. Revenue

In the first half of 2017, the Group's Customer Sales rose 17.2% year-on-year to €456.6 million, driven by robust 9.0% growth in like-for-like Customer Sales and a scope effect related, on the one hand, to the opening of ten new stores in the period and, on the other, to the half-year effect of store openings in 2016. The contribution from other revenue reached €15.7 million in the first half of 2017, compared to €12.8 million in the first half of 2016, mainly attributable to a higher volume of transportation services sold to customers, reflecting the growth in sales and the increase in franchise revenue. In view of all these elements, the Group's **consolidated revenue** increased by €69.9 million to €472.3 million in the first half of 2017, a rise of 17.4% compared with the first half of 2016.

B. Gross margin

The **cost of sales** increased by €26.0 million, or 19.7%, to €158.4 million in the first half of 2017, compared to €132.4 million in the first half of 2016. As a percentage of Customer Sales, the cost of sales amounted to 34.7% in the first half of 2017 compared to 34.0% in the first half of 2016. This change was mainly due to currency effects arising from the Group's long-term hedging policy (appreciation of the US dollar versus the euro). This impact was partially offset by specific action plans on purchases and a positive change in the product mix.

In the first half of 2017, the Group posted a **gross margin** of €298.2 million, or 65.3% of Customer Sales, compared with €257.2 million, or 66.0% of Customer Sales, in the first half of 2016.

C. Current operating profit

Personnel expenses increased by €10.5 million, or 13.0%, to €91.9 million in the first half of 2017, compared with €81.3 million in the first half of 2016, as the average workforce (excluding Mekong Furniture) increased from 4,470 full-time equivalents (FTE) for the first half of 2016 to 5,002 for the first half of 2017. This increase was mainly attributable to new store openings and the half-year impact of additional resources hired in 2016 for central functions.

Expressed as a percentage of Customer Sales, personnel expenses decreased from 20.9% in the first half of 2016 to 20.1% in the first half of 2017, mainly due to: (i) the relative stability of personnel expenses for comparable stores in a context of strong Customer Sales growth, and (ii) changes in the Customer Sales mix by distribution channel, with lower payroll costs for online sales (which grew at a faster rate than in-store sales during the period), partially offset by (iii) a €0.5 million increase in employee profit sharing (including social charges) (iv) the €0.5 million impact of an incentive programme, and (v) the €0.9 million impact of long term incentive plans.

External expenses rose by €28.8 million, or 18.5%, to €184.9 million in the first half of 2017, from €156.0 million in the first half of 2016. A number of factors contributed to this increase: (i) the 26.8% increase in transportation costs due to higher Customer Sales, (ii) the continued expansion of retail trading space as a result of net store openings, which expanded from approximately 310,000 square metres as at June 30, 2016 to approximately 343,000 square metres as at June 30, 2017, with a resulting increase in rents and related charges, energy expenditure and repair and maintenance costs, and (iii) increased demand for temporary staff as part of the optimisation of the sales and logistics workforces.

As a percentage of Customer Sales, external expenses amounted to 40.5% in the first half of 2017, compared with 40.0% in the first half of 2016. This change particularly reflected the end of the ramp-up of the last logistics warehouse opened in 2016. Moreover, the Group continued to invest during the period in key omnichannel actions such as customer service initiatives and a CRM programme.

Depreciation, amortisation, and allowance for provisions rose by €1.7 million, or 12.5%, to €15.2 million in the first half of 2017, compared with €13.5 million in the first half of 2016, primarily driven by amortisation of fixed assets related to new store openings.

As a percentage of Customer Sales, depreciation, amortisation, and allowance for provisions fell from 3.5% in the first half of 2016 to 3.3% in the first half of 2017, reflecting the fact that online sales growth outpaced the amortisation of fixed assets.

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, was a €2.4 million expense in the first half of 2017, compared to an expense of €11.3 million in the first half of 2016. Since January 1, 2016, the Group has applied hedge accounting, which reduces the charges in the consolidated income statement, as only the ineffective portion of the change in the fair value of the hedge is recognised. The difference between the two accounting options consists of having an equity impact (new accounting option) instead of an income statement impact (previous accounting option) for the recognition of the change in fair value of the hedging contracts. The impact on the income statement of the change in fair value of the Group's derivative financial instruments in 2016 and the first half of 2017 stems mainly from the use of the derivative financial instruments held by the Group at the end of December 2015. At June 30, 2017, all the derivative financial instruments held by the Group as at December 31, 2015 had been used.

Other operating income and expense amounted to a net expense of €2.9 million in the first half of 2017, stable compared with the first half of 2016, both overall and by item.

In the first half of 2017, the Group posted €16.6 million in **current operating profit**, up from €4.9 million in the first half of 2016. Adjusted for the effect of the change in the fair value of derivative financial instruments, current operating profit rose by €2.8 million to €19.0 million in the first half of 2017, from €16.2 million in the first half of 2016.

D. Operating profit

Other operating income and expenses amounted to a net expense of €0.9 million in the first half of 2017, compared with a net expense of €10.5 million in the first half of 2016, which had been mainly impacted by the IPO expenses of €11.3 million.

In the first half of 2017, the Group posted €15.8 million in **operating profit**, compared with a loss of €5.7 million in the first half of 2016.

E. Financial profit/(loss)

The **net financial expense** declined by €62.9 million to €4.2 million in the first half of 2017, compared with €67.1 million in the first half of 2016. The change was mainly attributable to the costs connected with the IPO in 2016, in particular: (i) €19.7 million in early redemption fees for the High Yield bond, and (ii) residual issuance costs for the former High Yield bond and revolving credit facility in the amount of €16.7 million, with no impact on cash flow, partially offset by the reduction in the cost of debt following the refinancing at the end of May 2016, which totalled €3.9 million in the first half of 2017, down from €30.5 million in the first half of 2016.

F. Income tax

Income tax represented an expense of €5.4 million in the first half of 2017, compared with an income of €18.8 million in the first half of 2016.

In the first half of 2017, income tax comprised the following: (i) €5.3 million in current income tax (compared with €2.7 million in the first half of 2016), including the French business tax (CVAE) and the Italian regional tax on productive activities (IRAP) for €2.2 million (compared with €2.1 million in the first half of 2016), and (ii) €0.1 million in deferred tax expense (compared with a €21.5 million income in the first half of 2016). The change in deferred taxes results primarily from losses carried forward born in 2016, arising from the IPO-related costs and the change in the fair value of derivative financial instruments.

G. Net profit

In the first half of 2017, the Group posted a profit of €6.2 million, compared with a loss of €53.9 million in the first half of 2016.

1.1.5 NON-IFRS FINANCIAL METRICS

RECONCILIATION OF EBITDA

	Six-month period ended June 30	
(in € millions)	**2016**	**2017**
Current operating profit before other operating income and expenses	**4.9**	**16.6**
Depreciation, amortisation, and allowance for provisions	13.5	15.2
Change in fair value – derivative financial instruments	11.3	2.4
Management fees	0.8	-
Pre-opening expenses	1.6	1.5
Prorata – catalogue-related expenses	6.8	6.7
Prorata – taxes (IFRIC 21)	1.3	0.7
EBITDA	**40.3**	**43.2**

EBIT RECONCILIATION

	Six-month period ended June 30	
(in € millions)	**2016**	**2017**
EBITDA	40.3	43.2
Depreciation, amortisation, and allowance for provisions	(13.5)	(15.2)
EBIT	**26.8**	**28.0**

1.2 Liquidity and capital resources

1.2.1 ANALYSIS OF CASH FLOWS

The table below shows the Group’s consolidated cash flows for the six-month periods ended June 30, 2016 and June 30, 2017.

	Six-month period ended June 30	
(in € millions)	**2016**	**2017**
Free cash flow from/(used in) operating activities	(2.5)	27.7
Net cash generated by/(used in) investment activities	(44.0)	(27.2)
Net cash flow from/(used in) financing activities	(2.1)	(14.9)
Net increase/(decrease) in cash and cash equivalents	**(48.6)**	**(14.4)**
Cash and cash equivalents at the beginning of the year	74.8	59.7
Net change in cash flow	(48.6)	(14.4)
Foreign exchange gains/(losses) in cash and cash equivalents	0.0	(0.0)
Cash and cash equivalents at end of period	**26.2**	**45.3**

The table below shows the statement of cash flows related to operating activities, investment activities and cash flows before financing activities for the six-month periods ended June 30, 2016 and June 30, 2017.

	Six-month period ended June 30	
(in € millions)	**2016**	**2017**
EBITDA	**40.3**	**43.2**
Change in operating working capital requirements	(17.6)	(3.4)
Income tax paid	(4.0)	(3.6)
Management fees	(0.8)	-
Pre-opening expenses	(1.6)	(1.5)
Prorata – catalogue-related expenses	(6.8)	(6.7)
Prorata – taxes (IFRIC 21)	(1.3)	(0.7)
IPO-related costs	(11.1)	-
Change in other operating items	0.4	0.4
Free cash flow from/(used in) operating activities	**(2.5)**	**27.7**
Capital expenditure	(45.2)	(24.0)
Including the buyback of Luxco 2 shares and convertible preferred equity certificates (CPECs)	*(20.6)*	-
Other non-current assets	(0.1)	1.8
Change in debts on fixed assets and proceeds from sale of non-current assets	1.3	(5.0)
Free cash flow used in investing activities	**(44.0)**	**(27.2)**
Free cash flow before financing activities	**(46.5)**	**0.5**

The Group recorded **a net cash inflow from operating activities** of €27.7 million in the first half of 2017 (versus a net cash outflow of €2.5 million in the first half of 2016), primarily reflecting: (i) a gain of €34.8 million in pre-tax profit/(loss) for the period after restatement for the cost of net indebtedness in the amount of €3.9 million and a non-cash expense of €18.1 million (corresponding primarily to a €15.7 million expense for depreciation, amortisation, and allowance for provisions, and a €2.4 million negative change in the fair value of hedging derivative instruments), (ii) a €3.4 million negative change in operating working capital requirements, and (iii) a €3.6 million cash outflow attributable to the payment of income tax.

The **change in operating working capital requirements** had a negative impact of €3.4 million on cash flow in the first half of 2017 (compared with a negative impact of €17.6 million in the first half of 2016), attributable to the €11.8 million decrease in trade payables and other payables as well as a €3.0 million increase in trade and other receivables, partially offset by an €11.4 million decrease in inventory. Inventories were at high levels at December 31, 2016 to ensure stocks of the new 2017 collections could be shipped to stores from the beginning of January 2017, whereas inventories had fallen to more normal levels at June 30, 2017.

The Group recored **a net cash outflow from investment activities** of €27.1 million in the first half of 2017 (versus a net cash outflow of €44.0 million in the first half of 2016, of which €20.6 million was attributable to the Group's purchase of certain Luxco 2 shares and CPECs as part of the management team transition agreed between Xavier Marie and Bain Capital in summer 2015), stemming primarily from investment expenses of €24.0 million, of which approximately 62% relating to development investments incurred in the opening of 15 new stores (gross data).

The Group recorded **a net cash outflow from financing activities** of €14.9 million in the first half of 2017 (versus a net cash outflow of €2.1 million in the first half of 2016), primarily composed of: (i) the repayment of €10.1 million towards the new revolving credit facility, (ii) payment of interest in the amount of €3.9 million (mainly relating to the term loan and the new revolving credit facility), and (iii) the net acquisition of treasury shares as part of a liquidity contract, which amounted to €0.3 million.

1.2.2 FINANCIAL RESOURCES

The change in net indebtedness in the period December 31, 2016 to June 30, 2017 was as follows:

		Cash impact			Without cash impact		
(in € millions)	December 31, 2016	Increase	Decrease	Issue costs	Finance leases	Interest	June 30, 2017
Term Loan	247,338	-	(2,859)	327	-	2,713	247,519
Revolving credit facilities	34,174	-	(11,058)	131	-	708	23,955
Finance leases	3,431	-	(729)	-	883	-	3,585
Deposits and guarantees	383	-	(1)	-	-	-	382
Banks overdrafts	642	4,277	-	-	-	-	4,919
Cash and cash equivalents	(60,317)	-	10,140	-	-	-	(50,177)
TOTAL NET DEBT	**225,651**	**4,277**	**(4,507)**	**458**	**883**	**3,421**	**230,183**

1.3 Subsequent events

The Group did not identify any significant subsequent event after the reporting period ended June 30, 2017.

1.4 Outlook

The solid performance achieved by Maisons du Monde in the first half of 2017 allows the Group to reiterate its 2017 targets as updated in May 2017[1]:

- Customer Sales growth at the high end of the previously announced 12-14% range;
- Like-for-like growth of around 5%;
- 25-30 net store openings;
- EBITDA margin above 13% of Customer Sales.

The targets presented above are based on data, assumptions and estimates that the Group considers to be reasonable as of the date of this Half-Year Financial Report, in light of the future economic outlook. These targets result from, and are dependent upon, the success of the Group's strategy. They may change or be adjusted, particularly as a result of changes in the economic, financial, competitive, regulatory or tax environment or as a result of other factors not under the Group's control, or of which the Group was not aware on the date this Half-Year Financial Report.

(1) Refer to Q1 2017 sales press release published by the Company on May 2, 2017.

First-half 2017 condensed consolidated interim financial statements

(Half-year ended 30 June 2017)

2

2.1 Consolidated interim income statement

(in € thousands)	Notes	Half-year 2017	Half-year 2016	Full year 2016
Retail revenue	5	459,381	390,939	885,084
Other revenue from ordinary activities	5	12,915	11,429	24,623
Revenue		**472,296**	**402,369**	**909,707**
Cost of sales		(158,386)	(132,350)	(290,087)
Personnel expenses	7	(91,886)	(81,340)	(174,212)
External expenses	8	(184,855)	(156,011)	(319,012)
Depreciation, amortization, and allowance for provisions		(15,217)	(13,522)	(29,671)
Fair value – derivative financial instruments	21	(2,381)	(11,343)	(20,592)
Other income from operations	9	1,049	966	3,977
Other expenses from operations	9	(3,976)	(3,878)	(11,574)
Current operating profit before other operating income and expenses		**16,644**	**4,891**	**68,537**
Other operating income and expenses	10	(866)	(10,542)	(22,505)
Operating profit (loss)		**15,778**	**(5,651)**	**46,032**
Cost of net debt	11	(3,893)	(30,520)	(34,709)
Finance income	11	928	788	1,598
Finance expenses	11	(1,194)	(37,328)	(38,646)
Financial profit (loss)		**(4,159)**	**(67,060)**	**(71,757)**
Share of profit (loss) of equity-accounted investees		-	-	914
Profit (loss) before income tax		**11,619**	**(72,710)**	**(24,812)**
Income tax	12	(5,402)	18,801	12,843
PROFIT (LOSS) FOR THE PERIOD		**6,218**	**(53,911)**	**(11,969)**
Attributable to:				
• Owners of the Parent		6,218	(53,911)	(11,969)
• Non-controlling interests		-	-	-
Earnings per share attribuable to the owners of the parent:				
Basic earnings per share	13	0.14	(2.00)	(0.33)
Diluted earnings per share	13	0.14	(2.00)	(0.33)

The accompanying notes are an integral part of the consolidated interim financial statements.

2.2 Consolidated interim statement of other comprehensive income

(in € thousands)	Notes	Half-year 2017	Half-year 2016	Full year 2016
PROFIT (LOSS) FOR THE PERIOD		6,218	(53,911)	(11,969)
• Remeasurements of post employment benefit obligations	24	303	(270)	(708)
• Income tax related to items that will not be reclassified		(86)	93	237
Total items that will not be reclassified to profit or loss		**217**	**(177)**	**(471)**
• Cash-flow hedge	21	(36,490)	(486)	19,137
• Currency translation differences		(539)	(90)	179
• Income tax related to items that will be reclassified		12,564	167	(6,589)
Total items that will be reclassified subsequently to profit or loss		**(24,465)**	**(409)**	**12,727**
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX		(24,248)	(586)	12,256
TOTAL COMPREHENSIVE INCOME (LOSS)		**(18,031)**	**(54,497)**	**287**
Attributable to:				
• Owners of the parent		(18,031)	(54,497)	287
• Non-controlling interest		-	-	-

The accompanying notes are an integral part of the consolidated interim financial statements.

2.3 Consolidated interim statement of financial position

ASSETS

(in € thousands)	Notes	30 June 2017	31 December 2016	30 June 2016
Goodwill	15	321,183	321,183	321,183
Other intangible assets	16	246,394	243,975	243,180
Property, plant and equipment	17	142,171	136,877	123,082
Equity-accounted investees		1,006	1,040	143
Other non-current financial assets	18	16,934	18,018	18,051
Deferred income tax assets	19	33,336	21,002	40,843
Other non-current assets	20	7,825	8,332	8,490
Non-current assets		**768,849**	**750,427**	**754,972**
Inventories		159,489	171,066	130,649
Trade receivables and other current receivables		53,539	50,103	60,553
Other current financial assets		383	419	383
Current income tax assets		16,314	15,789	12,575
Derivative financial instruments	21	-	22,658	12,285
Cash and cash equivalents		50,177	60,317	37,480
Current assets		**279,902**	**320,352**	**253,925**
TOTAL ASSETS		**1,048,753**	**1,070,779**	**1,008,896**

EQUITY AND LIABILITIES

(in € thousands)	Notes	30 June 2017	31 December 2016	30 June 2016
Share capital	22	146,584	146,584	146,584
Share premiums		134,283	134,959	135,113
Retained earnings		178,228	227,396	214,786
Profit (loss) for the period		6,218	(11,969)	(53,911)
Equity attributable to owners of the Company		**465,314**	**496,970**	**442,572**
Non-controlling interests		-	-	-
TOTAL EQUITY		465,314	496,970	442,572
Borrowings	23	250,073	249,588	247,207
Deferred income tax liabilities	19	62,823	62,823	74,789
Post-employment benefits	24	6,278	6,079	5,223
Provisions	25	13,735	13,989	1,704
Other non-current liabilities	26	11,615	10,879	10,250
Non-current liabilities		**344,523**	**343,358**	**339,172**
Current portion of borrowings	23	30,287	36,380	46,806
Trade payables and other current payables		176,912	192,885	179,404
Provisions	25	365	475	479
Corporate income tax liabilities		1,110	704	417
Derivative financial instruments	21	16,213	-	-
Other current liabilities*		14,029	6	45
Current liabilities		**238,916**	**230,451**	**227,152**
TOTAL LIABILITIES		583,439	573,808	566,324
TOTAL EQUITY AND LIABILITIES		**1,048,753**	**1,070,779**	**1,008,896**

* *The other current liability mainly consists of dividends to be paid (see note 14).*

The accompanying notes are an integral part of the consolidated interim financial statements.

2.4 Consolidated interim statement of cash flows

(in € thousands)	Notes	Half-year 2017	Half-year 2016	Full year 2016
Profit (loss) for the period before income tax		11,619	(72,710)	(24,812)
Adjustments for:				
• Depreciation, amortization, and allowance for provisions		15,683	14,657	42,937
• Net (gain) loss on disposals	9 & 10	576	(713)	(1,476)
• Share of profit (loss) of equity-accounted investees		-	-	(914)
• Change in fair value – derivative financial instruments	21	2,381	11,343	20,592
• Share-based payments		667	-	103
• Other [(1)]		-	35,965	35,965
• Cost of net debt	11	3,893	30,520	34,709
Change in operating working capital requirement:				
• (Increase) decrease in inventories		11,377	(28,464)	(68,731)
• (Increase) decrease in trade and other receivables		(3,011)	(14,369)	(3,861)
• Increase (decrease) in trade and other payables		(11,814)	25,231	31,060
Income tax paid		(3,647)	(3,969)	(7,528)
Net cash flow from/(used in) operating activities		**27,724**	**(2,511)**	**58,044**
Acquisitions of non-current assets:				
• Property, plant and equipment	17	(19,798)	(20,140)	(45,426)
• Intangible assets	16	(3,488)	(2,777)	(5,126)
• Subsidiaries, net of cash acquired		-	33	33
• Other non-current assets [(2)]		1,052	(22,355)	(22,234)
Change in debts on fixed assets		(5,188)	(462)	3,524
Proceeds from sale of non-current assets		232	1,735	3,162
Net cash flow from/(used in) investing activities		**(27,190)**	**(43,966)**	**(66,067)**
Proceeds from increases in share capital [(3)]		-	150,595	150,424
Proceeds from borrowings [(4)]		-	280,519	280,519
Repayment of borrowings [(4)]	23	(10,729)	(325,696)	(326,343)
Acquisitions (net) of treasury shares		(268)	-	(377)
Interest paid	23	(3,933)	(25,000)	(28,876)
Vendor Loan [(5)]		-	(62,798)	(62,798)
High Yield early redemption fees [(1)]		-	(19,693)	(19,693)
Net cash flow from/(used in) financing activities		**(14,930)**	**(2,073)**	**(7,144)**

(in € thousands)		Half-year 2017	Half-year 2016	Full year 2016
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(14,397)	(48,550)	(15,166)
Cash and cash equivalents at beginning of period		59,675	74,773	74,773
Exchange gains/(losses) on cash and cash equivalents		(20)	12	69
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**45,258**	**26,236**	**59,675**
Cash and cash equivalents (excluding bank overdrafts)	23	50,177	37,480	60,317
Bank overdrafts	23	(4,919)	(11,244)	(642)
CASH AND CASH EQUIVALENTS		**45,258**	**26,236**	**59,675**

(1) In 2016, of which €19.7 million related to the High Yield redemption fees reclassified in financing activities and €16.7 million related to the issuance fees of the "previous" financing not yet amortized at the date of the termination of the RCF and at the date of the repayment of the High Yield Bond (see note 1.3 of the 2016 consolidated financial statements).

(2) In 2016, of which €20.6 million of shares and other securities of Magnolia (BC) Luxco S.C.A. ("Luxco 2") following the repurchases completed in the first quarter of 2016 as part of the top management team transition arrangements agreed between Mr Xavier Marie and Bain Capital in the summer of 2015.

(3) In 2016, as part of the IPO, the Group issued new shares for €160 million and the corresponding fees amounted to €9.6 million, resulting in a net cash-in of €150.4 million.

(4) In 2016, as part of the refinancing, the Group repaid the High Yield Bond and subscribed to a new Term Loan (see note 27 of the 2016 consolidated financial statements).

(5) In 2016, the vendor loan of €62.8 million, resulting from the acquisition by the Group Bain Capital, was fully repaid (see note 1.1 of the 2016 consolidated financial statements).

The accompanying notes are an integral part of the consolidated interim financial statements.

2.5 Consolidated interim statement of changes in equity

		Attributable to owners of the parent						
(in € thousands)	**Notes**	**Share capital**	**Share premium**	**Retained earnings**	**Currency translation difference**	**Total**	**Non-controlling interest**	**Total equity**
Balance as of 1 January 2016		**5,545**	**49,905**	**(38,334)**	**250**	**17,368**	**-**	**17,368**
Impact of the corporate reorganization prior to the IPO (1)		110,545	(38,158)	253,496	-	325,883	-	325,883
Merger of Luxco 1 bis with and into Luxco 3		*-*	*-*	*325,883*	*-*	*325,883*	*-*	*325,883*
Merger of Luxco 3 with and into MDM S.A.		*40,550*	*-*	*(40,550)*	*-*	*-*	*-*	*-*
MDM S.A. as new parent of the Group		*75,540*	*11,747*	*(87,287)*	*-*	*-*	*-*	*-*
Cancellation of Luxco 3 share capital		*(5,545)*	*(49,905)*	*55,450*	*-*	*-*	*-*	*-*
Issue of ordinary shares (net of underwriting fees) (2)		30,494	123,324	-	-	153,818	-	153,818
Profit (loss) for the period		-	-	(53,911)	-	(53,911)	-	(53,911)
Other comprehensive income for the period		-	-	(496)	(90)	(586)	-	(586)
BALANCE AS OF 30 JUNE 2016		**146,584**	**135,071**	**160,755**	**160**	**442,572**	**-**	**442,572**
Balance as of 1 January 2017		**146,584**	**134,959**	**214,996**	**429**	**496,970**	**-**	**496,970**
Dividends cash-settled		-	(676)	(13,349)	-	(14,025)	-	(14,025)
Share-based payments	22.3	-	-	667	-	667	-	667
Treasury shares	22.2	-	-	(268)	-	(268)	-	(268)
Profit (loss) for the period		-	-	6,218	-	6,218	-	6,218
Other comprehensive income for the period		-	-	(23,709)	(539)	(24,248)	-	(24,248)
BALANCE AS OF 30 JUNE 2017		**146,584**	**134,283**	**184,555**	**(108)**	**465,314**	**-**	**465,314**

(1) In 2016, in the context of the IPO, the following reorganization (see note 1.1 of the 2016 consolidated financial statements) impacted the change in stockholder's equity:

- *Luxco 1 Bis merged with and into Magnolia (BC) Midco S.à.r.l. ("Luxco 3"), the latter remaining the parent entity of the Group;*
- *Luxco 3 was merged with and into Maisons du Monde S.A., its direct subsidiary, Maisons du Monde S.A. becoming the new parent entity of the Group.*

(2) In 2016, as part of the IPO, the Group issued new shares for €160 million. The related fees amounted to a gross amount of €9.6 million, so €6.2 million net of deferred tax (see note 1.1 of the 2016 consolidated financial statements).

The accompanying notes are an integral part of the consolidated interim 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 located at Le Portereau – 44120, Vertou. Maisons du Monde S.A. shares are listed on Euronext Paris.

These consolidated interim financial statements, prepared in accordance with IFRS as adopted by the European Union, cover Maisons du Monde S.A. and its subsidiaries and joint-ventures (hereafter referred collectively as "the Group" and individually as a "subsidiary" or "joint-venture").

The Group is a fast-growing multichannel retailer of stylish, affordable homeware to a wide customer base in European markets both through its network of stores and its online platform.

The product range consists of homeware products, covering a broad range of styles and categories. The product categories include small decorative items such as household textiles, tableware and kitchenware, mirrors and picture frames, as well as large decorative items and furniture such as large mirrors and lamps, tables, chairs, armchairs and sofas, cupboards, bookshelves and outdoor furniture.

The condensed interim consolidated financial statements have been authorized for issue by the Board of Directors held on 27 July 2017. All amounts are expressed in thousands of euro, unless otherwise specified.

Contents

Note 1 Significant events

Financing

On 1 March 2017, the Group entered into an additional revolving credit facility of €75 million 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 €0.4 million (see note 23).

Note 2 Accounting policies and consolidation rules

2.1 Basis of preparation

The condensed consolidated financial statements for the six-month period ended 30 June 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting. The accompanying notes therefore relate to significant events and transactions of the period, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016.

The accounting policies used in the preparation of the condensed consolidated financial statements as of 30 June 2017 comply with international financial reporting standards (IFRS) as endorsed by the European Union. The accounting policies applied as of 30 June 2017 are identical to those described in the notes to the published consolidated financial statements as of 31 December 2016.

Financial data is presented in thousands of euros. It is rounded to the nearest thousand, unless otherwise indicated. In certain cases, rounding may cause non-material discrepancies in the lines and columns showing totals.

2.2 New standards, amendments and interpretations

a) New standards, amendments to existing standards and interpretations whose application is mandatory as of 1 January 2017

Adopted by the European Union: none.

Not yet adopted by the European Union:

- amendment to IAS 7 – Disclosure Initiative;
- amendment to IAS 12 – Recognition of deferred tax assets for unrealized losses;
- IFRS 12 – Disclosure of interests in other entities.

b) New standards, amendments to existing standards and interpretations applicable in future years and not early adopted by the Group

Adopted by the European Union:

- IFRS 9 – Financial instruments;
- IFRS 15 – Revenue from contracts with customers.

Not yet adopted by the European Union:

- IFRS 16 – Leases;
- clarification to IFRS 15 – Revenue from contracts with customers;
- IFRS 17 – Insurance contracts;
- amendment to IFRS 2 – Clarification and measurement of share-based payment transactions;
- annual improvements cycle 2014-2016;
- IFRIC 22 – Foreign currency transactions and advance consideration;
- amendment to IFRS 4 – Applying IFRS 9 financial instruments with IFRS 4;
- amendment to IAS 40 – Transfer of investment property;
- IFRIC 23 – Uncertainty over income tax treatments;
- amendments to IFRS 10 & IAS 28 – Sale or contribution of assets between an investor and an associate or joint-venture.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these standards mentioned above. The Group does not expect significant impacts from these new accounting standards except for IFRS 16.

IFRS 16 removes the distinction between operating and finance leases, resulting in almost all leases being brought onto the balance sheet. The standard requires recognition of:

- an asset reflecting the right to use the leased item; and
- a liability representing the obligation to pay rentals.

2.3 Critical estimates and judgements

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates and judgments that may have an impact on the carrying amount of certain assets, liabilities, income, expenses and on the information provided in the notes to the financial statements. Estimate 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 from these estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are valuation of intangible assets (goodwill and trademarks), deferred income tax, financial instruments and their classification, provisions for litigation.

As explained in note 2.12 a) of the 2016 consolidated financial statements, goodwill is not amortized but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

To prepare the condensed consolidated financial statements, the Group uses certain specific valuation methods in accordance with IAS 34 – Interim financial reporting:

- the tax expense is calculated for each tax entity by applying to the taxable income for the period the estimated average annual effective rate for the current year;
- the cost of pension commitments calculation is based on the projected actuarial valuations carried out at the end of the previous financial year. These assessments are adjusted to take into account any amendment, reduction or winding up of the plan. In addition, in the event of significant market fluctuations having an impact on actuarial assumptions (discount rate and inflation rate), a new valuation of pension liabilities is performed by extrapolating the annual actuarial valuation.

Note 3 Seasonality

The decoration and furniture market in which the Group operates is subject to seasonal fluctuations. The Group's results for any quarter may not necessarily be indicative of the results that may be achieved for the full financial year.

The Group's quarterly results have fluctuated in the past and may fluctuate significantly in the future, depending upon a variety of factors, including, among other things, the Group's product offerings, store openings, store closings, level of home remodelings or relocations, shifts in the timing of holidays, timing of catalog releases, timing of delivery of orders, competitive factors and general economic conditions.

In addition, the Group has historically generated, and expects to continue to generate, higher results of operations and EBITDA in the fourth quarter of its financial year, corresponding to the winter selling season. However, the Group's fixed costs, including personnel costs, leases, general and administrative expenses, are more evenly distributed over the course of the year.

2.6 Notes on consolidated interim income statement

Note 4 Geographical segment information

The Customer Sales, EBITDA and Goodwill, other intangible assets and property, plant and equipment are presented by geographical segment. 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 Department 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) only for 2016, the management fees paid to the controlling shareholders of the Group (prior to the IPO) to cover their management and structural expenses (see note 35.1 of the consolidated financial statements); and

iv) store pre-opening expenses related to expenses incurred prior to the opening of new stores.

Half-yearly EBITDA uses the same definition as annual EBITDA except that it includes (i) a pro rata amount of the annual catalog related expenses that were borne in the first-half 2016 and 2017 and (ii) a pro rata amount of the annual impact of IFRIC 21 on costs related to some government levies that were accounted for in full in the first-half of 2016 and 2017.

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 Customer Sales (stores and e-commerce) for each country;
- allocation of EBITDA of the logistical entities by geographical segment is based on their respective contribution to margin.

Customer Sales and EBITDA related to B2B activity has been fully allocated to the France segment.

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Customer Sales	**456,592**	**389,596**	**881,831**
France	278,968	249,983	563,690
International	177,624	139,613	318,141
Sales to franchise and promotional sales	**2,789**	**1,343**	**3,253**
Retail revenue	**459,381**	**390,939**	**885,084**
Current operating profit before operating income and expenses	**16,644**	**4,891**	**68,537**
Depreciation, amortization, and allowance for provisions	15,217	13,522	29,671
Change in fair value – derivative financial instruments	2,381	11,343	20,592
Management fees	-	789	789
Expenses prior to openings	1,530	1,606	3,244
Pro rata – catalogs related expenses	6,696	6,815	-
Pro rata – taxes (IFRIC 21)	712	1,332	-
EBITDA	**43,180**	**40,297**	**122,833**
France	51,086	45,830	122,757
International	22,677	20,789	53,651
Corporate	(30,583)	(26,322)	(53,575)
Goodwill, other intangible assets and property, plant and equipment	**709,748**	**687,445**	**702,036**
France	335,237	330,388	333,003
International	154,677	143,949	150,719
Corporate	219,834	213,108	218,314

Note 5 Revenue

Revenue is broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Customer Sales	456,592	389,596	881,831
Sales to franchise and promotional sales	2,789	1,343	3,253
Retail Revenue	**459,381**	**390,939**	**885,084**
Transportation to customers	9,449	8,053	16,843
Supply Chain services	365	1,071	1,540
Other services	487	425	1,491
Eco-contribution	1,095	968	1,970
Capitalized production	1,506	715	2,499
Sundry revenue	13	197	280
Other revenue from ordinary activities	**12,915**	**11,429**	**24,623**
TOTAL REVENUE	**472,296**	**402,369**	**909,707**

Customer Sales are broken down by channel and product category as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Stores	354,551	312,458	712,701
Web	102,041	77,138	169,130
CUSTOMER SALES	**456,592**	**389,596**	**881,831**

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Decoration	242,935	202,269	499,776
Furniture	213,657	187,327	382,055
CUSTOMER SALES	**456,592**	**389,596**	**881,831**

Note 6 Gross margin

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Sales	456,592	389,596	881,831
Cost of sales	(158,386)	(132,350)	(290,087)
Gross margin	**298,206**	**257,247**	**591,744**
Gross margin *(%)*	**65.3%**	**66.0%**	**67.1%**

Note 7 Personnel expenses

Personnel expenses are broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Wages and salaries	(67,093)	(59,634)	(125,751)
Social security costs	(20,153)	(18,593)	(40,370)
Share-based payment (including social security costs) *	(874)	-	(124)
Employee profit-sharing (including social security costs)	(3,123)	(2,608)	(7,032)
Post-employment expenses – Defined benefit plans	(643)	(506)	(935)
TOTAL PERSONNEL EXPENSES	**(91,886)**	**(81,340)**	**(174,212)**

* *The social security costs related to share-based payments amounts to €0.2 million.*

The average number of full-time employees (FTE) is 5,002 for the first-half 2017 (excluding Mekong Furniture) and 4,470 for the first-half year 2016.

Note 8 External expenses

External expenses are broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Energy and consummables used	(9,695)	(8,033)	(17,219)
Eco-contribution	(1,049)	(975)	(2,086)
Leases and related expenses	(55,585)	(47,083)	(97,834)
Rental	(3,944)	(3,072)	(6,508)
Repairs and maintenance	(7,295)	(5,917)	(13,753)
Insurance	(842)	(835)	(1,671)
Temporary staff	(10,258)	(7,392)	(18,886)
Advertising & marketing	(22,651)	(22,689)	(31,335)
Fees	(6,123)	(5,386)	(12,689)
Transportation	(49,671)	(39,171)	(87,225)
Post & Telecom	(2,501)	(2,005)	(4,266)
Travel & meeting expenses	(4,252)	(3,704)	(6,764)
Bank services	(3,430)	(2,523)	(5,540)
Taxes other than on income	(6,751)	(6,722)	(12,004)
Other external expenses	(809)	(505)	(1,232)
TOTAL EXTERNAL EXPENSES	**(184,855)**	**(156,011)**	**(319,012)**

Note 9 Other income and expenses from operations

Other income and expenses from operations are broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Pre-opening expenses	(1,530)	(1,606)	(3,244)
Gains and losses on disposals *	(339)	128	894
Commercial disputes & losses	(921)	(1,191)	(4,920)
Leases & related expenses *	(173)	(35)	7
Other income and expenses from operations	36	(209)	(334)
TOTAL OTHER OPERATING INCOME/EXPENSES FROM OPERATIONS	**(2,927)**	**(2,912)**	**(7,596)**

* *Relate to stores relocated in the same area.*

Note 10 Other operating income and expenses

Other operating income and expenses are broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Gains and losses on disposals (1)	(1)	585	582
Provision for closure of store (1)	(13)	(35)	(23)
Restructuring costs	(197)	-	-
Other operating income & expense (2)	(656)	-	(11,697)
Fees linked to the IPO	-	(11,092)	(11,367)
TOTAL OTHER OPERATING INCOME/(EXPENSES)	**(866)**	**(10,542)**	**(22,505)**

(1) *Relate to stores not replaced by another MDM store in the same area (no relocation).*

(2) *In 2016, related to a provision for commercial dispute (see note 29 of the 2016 consolidated financial statements).*

Note 11 Financial profit (loss)

Finance income and expenses are broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Interest on High Yield bond loans	-	(13,273)	(13,273)
Interests on loans, including Revolving Credit Facility	-	(820)	(820)
Interests on PECS	-	(15,800)	(15,800)
Cost of "former" financing net debt	**-**	**(29,893)**	**(29,893)**
Interest on term loan	(3,040)	(519)	(3,723)
Interests on loans, including Revolving Credit Facility	(841)	(113)	(1,082)
Cost of "new" financing net debt	**(3,881)**	**(632)**	**(4,805)**
Proceeds from cash and cash equivalents	-	31	41
Interests on bank overdrafts	(12)	(26)	(52)
Cost of net debt	**(3,893)**	**(30,520)**	**(34,709)**
Finance leases	(42)	(28)	(51)
Exchange gains and losses	613	201	640
Commission costs	(832)	(753)	(1,591)
Other finance income & costs*	(5)	(35,966)	(36,046)
TOTAL FINANCIAL PROFIT (LOSS)	**(4,159)**	**(67,060)**	**(71,757)**

* *In 2016, of which:*

- *€19.7 million related to the high yield early redemption fees (see note 1.3 of the 2016 consolidated financial statements);*
- *€16.7 million of issuance fees not yet amortized at the date of the termination of the RCF and at the date of the repayment of the High Yield Bond (see note 1.3 of the 2016 consolidated financial statements).*

Note 12 Income tax

Income tax is broken down as follows:

(in € thousands)	Half-year 2017	Half-year 2016	Full year 2016
Current income tax	(5,261)	(2,654)	(7,299)
Deferred tax	(141)	21,455	20,142
INCOME TAX EXPENSE	**(5,402)**	**18,801**	**12,843**

The current income tax for the first half of 2017 includes the 3% contribution, introduced by the amending finance law for 2012, on the dividend distribution decided by the Shareholder's Meeting of 19 May 2017 (€0.4 million).

Note 13 Earnings per share

13.1 Basic earnings per share

(in € thousands, unless otherwise stated)	Half-year 2017	Half-year 2016	Full year 2016
Profit (loss) for the period attributable to owners of the parent	6,218	(53,911)	(11,969)
Weighted average number of ordinary shares *(in thousands)*	45,227	26,949	36,133
BASIC EARNINGS PER SHARE *(IN €)*	**0.14**	**(2.00)**	**(0.33)**

In compliance with "IAS 33- Earnings per share", the weighted average number of ordinary shares in the first half of 2016 and the year 2016 has been adjusted to take into account events that impacted the number of outstanding shares without having a corresponding impact on the entity's resources.

As a consequence of the corporate Group reorganization, Maisons du Monde S.A. became the new parent entity of the Group instead of Luxco 3 as of 31 May 2016. As part of this corporate Group reorganization and before the IPO, the initial number of ordinary shares of Maisons du Monde S.A. as of 1 January 2016 (139,889,001) has increased by 3 shares in order to proceed a reverse stock split that led to a decrease in the number of ordinary shares from 139,889,004 to 23,314,834.

For comparison purposes, this new number of ordinary shares (23,314,834) has been used for the calculation of the weighted average number of outstanding ordinary shares for the first half 2016 and the year 2016 and has been considered as the number of shares as of 1 January 2016.

In addition, the share capital increases due to the merger with Luxco 3 and the IPO have been taken into account for the calculation of the weighted average number of outstanding ordinary shares for the first-half 2016 and the year 2016. These capital increases led to a number of ordinary shares of 45,241,894 from 31 May, 2016.

The number of ordinary shares did not change during the first half of 2017, and was adjusted by the weighted average number of treasury shares which has been purchase during the period (see note 22.2).

13.2 Diluted earnings per share

The share capital of the Group as of 30 June 2017 is only composed of ordinary shares of Maisons du Monde S.A.

Diluted earnings per share consider the weighted average number of performance shares granted to employees (see note 22.3).

(in € thousands, unless otherwise stated)	Half-year 2017	Half-year 2016	Full year 2016
Profit (loss) for the period attributable to owners of the parent	6,218	(53,911)	(11,969)
Weighted average number of ordinary shares *(in thousands)*	**45,227**	**26,949**	**36,133**
Adjustment for dilutive impact of performance shares	180	-	10
Adjusted weighted average number of ordinary shares *(in thousands)*	**45,408**	**26,949**	**36,143**
DILUTED EARNINGS PER SHARE *(IN €)*	**0.14**	**(2.00)**	**(0.33)**

Note 14 Dividend per share

For the financial year 2016, an ordinary dividend of €0.31 per share was allocated at the Annual General Meeting of 19 May 2017. The dividend was detached from the share on 10 July 2017 and paid on the 12 July 2017. The dividend on the shares that the Group holds on its own was not paid. Hence, the amount corresponding to the dividends related to the treasury shares will be allocated to the retained earnings and the total amount of the dividend will be adjusted accordingly.

2.7 Notes on consolidated interim statement of financial position

Note 15 Goodwill

(in € thousands)	France	International	Total
Net carrying amount as of 1 January 2016	**240,949**	**80,234**	**321,183**
Acquisitions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	-	-
Net carrying amount as of 30 June 2016	**240,949**	**80,234**	**321,183**
Net carrying amount as of 1 January 2017	**240,949**	**80,234**	**321,183**
Acquisitions	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	-	-
Net carrying amount as of 30 June 2017	**240,949**	**80,234**	**321,183**

The impairment test as at 31 December 2016 supported the Group's opinion that goodwill was not impaired. As at 30 June 2017 the Group considers that the assumptions used to assess the recoverable value of the goodwill as at 31 December 2016 are not substantially modified.

No impairment was recorded in the first half of 2017.

Note 16 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 2016	**208,354**	**31,955**	**1,549**	**183**	**242,040**
Acquisitions	874	714	715	475	2,778
Disposals	-	(434)	-	-	(434)
Amortization charge	(654)	(145)	(382)	(33)	(1,214)
Impairment (charge)/release	-	19	-	-	19
Currency translation differences	-	(10)	-	-	(10)
Net carrying amount as of 30 June 2016	**208,574**	**32,099**	**1,882**	**625**	**243,180**
Net carrying amount as of 1 January 2017	**208,824**	**32,434**	**2,503**	**214**	**243,975**
Acquisitions	1,200	658	39	1,523	3,420
Disposals	-	(75)	-	-	(75)
Amortization charge	(697)	(165)	(548)	(8)	(1,418)
Impairment (charge)/release	-	164	-	-	164
Other	518	-	-	(190)	328
Net carrying amount as of 30 June 2017	**209,845**	**33,016**	**1,994**	**1,539**	**246,394**

As at 30 June 2017, the Group considers that the assumptions used to assess the recoverable value of the intangible assets (especially Brand) as at 31 December 2016 are not substantially modified and that no indication of impairment exists.

Note 17 Property, plant and equipment

(in € thousands)	Constructions	Technical installations, industrial equipement and machinery	Other property, plant and equipment	Fixed assets under construction	Total
Net carrying amount as of 1 January 2016	**78,936**	**7,076**	**27,795**	**2,932**	**116,740**
Acquisitions	10,589	1,738	5,803	2,011	20,141
Disposals	(351)	(125)	(202)	(10)	(688)
Amortization charge	(7,852)	(1,271)	(4,113)	-	(13,236)
Impairment (charge)/release	227	-	-	-	227
Other	1,461	-	9	(1,470)	-
Currency translation differences	(32)	(56)	(11)	(2)	(101)
Net carrying amount as of 30 June 2016	**82,978**	**7,362**	**29,281**	**3,461**	**123,082**
Net carrying amount as of 1 January 2017	**90,555**	**8,328**	**34,685**	**3,309**	**136,877**
Acquisitions	9,642	4,943	3,893	2,203	20,681
Disposals	(421)	(16)	(231)	(64)	(732)
Amortization charge	(8,212)	(1,493)	(5,181)	-	(14,885)
Impairment (charge)/release	844	-	-	-	844
Other	2,204	2	8	(2,535)	(321)
Currency translation differences	(137)	(114)	(37)	(6)	(294)
Net carrying amount as of 30 June 2017	**94,476**	**11,650**	**33,137**	**2,907**	**142,171**

Technical installations, industrial equipment and machinery mainly and also other property, plant and equipment include the following amounts where the Group is a lessee under a finance lease:

(in € thousands)	30 June 2017	31 December 2016	30 June 2016
Finance leases recorded under assets at acquisition cost	10,536	9,654	6,856
Accumulated depreciation	(6,943)	(6,229)	(5,596)
NET BOOK AMOUNT	**3,593**	**3,425**	**1,260**

Note 18 Other non-current financial assets

(in € thousands)	30 June 2017	31 December 2016	30 June 2016
Equity securities (1)	2,350	2,352	2,384
Loans	52	2	2
Other financial assets (2)	12,416	14,276	12,415
Advances and payments on property, plant and equipment	2,116	1,388	3,250
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**16,934**	**18,018**	**18,051**

(1) Equity securities mainly correspond to shares in Economic Interest Groups (Groupements d'Intérêt Économique) acquired at opening of retail stores for €2.3 million.

(2) Other financial assets relate mainly to securities deposits and guarantees paid or granted to the lessor of the retail store for €11.1 million.

Note 19 Deferred income tax assets and liabilities

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

(in € thousands)	30 June 2017	31 December 2016	30 June 2016
Deferred tax assets	33,336	21,002	40,843
Deferred tax liabilities	(62,823)	(62,823)	(74,789)
TOTAL DEFERRED TAX ASSETS/(LIABILITIES)	**(29,487)**	**(41,821)**	**(33,945)**

The deferred income tax assets and liabilities are offset when they are in the same tax jurisdiction.

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. Given the budget estimates, the Group has activated all tax loss carry-forwards, which are mainly generated as part of the French tax consolidation. They amount to €46.9 million as at 30 June 2017, compared to €52.1 million as at 31 December 2016. The change is mainly explained by the use of tax losses carried forward in connection with the French tax consolidation.

Note 20 Other non-current assets

The "Other non-current assets" correspond to the commercial leasehold rights, referred to as "Pas de porte", which are recognized as rental expense on a straight-line basis over the estimated term of the lease. The current part of the "Pas de porte" is registered in the "Trade receivables & Others current receivables".

Note 21 Derivative financial instruments

The fair value of derivative financial instruments is broken down as follows:

	30 June 2017		31 December 2016		30 June 2016	
(in € thousands)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	-	16,213	22,658	-	12,285	-
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	**-**	**16,213**	**22,658**	**-**	**12,285**	**-**

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 $638.4 million as of 30 June 2017, $442.6 million as of 31 December 2016.

The Group applied hedge accounting from 1 January 2016 (see notes 2.18 and note 24 to the 2016 consolidated financial statements).

The amount recognized directly in equity at the end of June 2017 is €(36.5) million and is dedicated to cover the forecasted cash-flows. The amount recognized in the profit or loss, in current result, for €(2.4) million corresponds to the derivatives instruments existing at the end of December 2016 and reversed during the first-half of 2017 ("spot" component), as well as the time value for the change in fair value of hedging instruments ("premium/discount" component).

Note 22 Share capital and share premium

22.1 Shares

The share capital as of 30 June 2017 is composed of 45,241,894 ordinary shares of Maisons du Monde S.A. Based on a par value of €3.24 per share, Maisons du Monde S.A.'s share capital amounted to €146,583,736.56 as at 30 June 2017.

22.2 Treasury shares

As of 30 June 2017, the Group held 22,009 treasury shares under a liquidity contract.

22.3 Share-based payments

a) Performance share plans

On 25 October 2016 and 16 December 2016, the Board of Directors decided to grant 14,411 (4 beneficiaries of the *Plan d'actions gratuites n°1*) and 153,250 (294 beneficiaries of the *Plan d'actions gratuites n°2*) performance shares to employees located in France (see note 26.3 to the consolidated financial statements for 2016).

The 13th resolution adopted by the Extraordinary Shareholder's Meeting held on 19 May 2017 authorized the Board of Directors to grant free shares to the Group's employees, up to a maximum of 2% of the Company's share over a 38-month period. Pursuant to this authorization, the Board of Directors adopted the *Plan d'actions gratuites n°3* on 19 May 2017, which granted 19,850 performance shares to 70 employees located abroad and 34,500 performance shares to the Company's Chief Executive Officer.

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 has been an employee of a Group company during a vesting period, calculated as from the grant date, of 31 months. 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 Customer Sales level and EBITDA for all the beneficiaries, identical with those relevant for the beneficiaries of the *Plan d'actions gratuites n° 2* (except for Executive Committee's members of the Group);
- an additional performance requirement for the Company's Chief Executive Officer, based on the earning per share level, identical with the one relevant for the members of the Group's Executive Committee;
- a holding requirement, for the Company's Chief Executive Officer, as from the grant date until the corporate office term.

b) Information on the fair value of attribution of performance shares

The performance conditions as defined were deemed to have been fully at the valuation date.

	Plan n°1 25 October 2016	Plan n°2 16 December 2016	Plan n°3 19 May 2017
Duration of plan	1 year	3 years	2.58 years
Fair value of performance shares *(in €)*	24.52	22.51	31.28

As part of the performance share plans, an expense of €0.7 million (excluding social charges of €0.2 million) was recognized under personnel expenses in the income statement in the first-half of 2017, with a corresponding increase in equity.

No expense was booked in the first half of 2016, as plans were implemented in the second half of 2016.

Note 23 Net debt and borrowings

23.1 Net debt

		Cash impact		Without cash impact			
(in € thousands)	31 December 2016	Increase	Decrease	Issuance fees	Finance leases	Interest	30 June 2017
Term loan	247,338	-	(2,859)	327	-	2,713	247,519
Revolving Credit Facilities	34,174	-	(11,058)	131	-	708	23,955
Finance leases	3,431	-	(729)	-	883	-	3,585
Deposits and guarantees	383	-	(1)	-	-	-	382
Banks overdrafts	642	4,277	-	-	-	-	4,919
Cash and cash equivalents	(60,317)	-	10,140	-	-	-	(50,177)
TOTAL NET DEBT	**225,651**	**4,277**	**(4,507)**	**458**	**883**	**3,421**	**230,183**

All the borrowings and other financial debts are denominated in euros as at 30 June 2017 and as at 31 December 2016.

Presentation

On 18 April 2016, the Group entered into a Senior Credit Facility with a syndicate of international banks. The Senior Credit Facility comprises a €250 million Term loan and a €75 million Revolving Credit Facility (€25 million drawn as at 30 June 2017).

On 1 March 2017, the Group subscribed to an additional revolving credit facility for €75 million (not used as at 30 June 2017), of which contractual terms' are the same as those of the Senior Credit Facility.

Conditions and terms

The Senior Credit Facility is repayable on 31 May 2021. Issuance costs of the former senior credit amounted to €4.5 million and those related to the additional revolving credit facility to €0.4 million. They are amortized over the maturity of the borrowings based on the interest effective rate method.

The interest rate applicable is the Euribor 1, 3 or 6 months plus a certain margin which was initially set at 2.25% for the first twelve months and following that is set in accordance with a margin ratchet linked to the Net Leverage Ratio for the relevant period (under which the margin may increase to a maximum of 2.50%). The applicable Euribor period depends on the interest rate period applicable to the relevant drawdown. The margin has been revised to 1.5% as of 6 June 2017.

The Senior Credit Facility agreement includes a financial covenant requiring the Leverage Ratio of any Relevant Period specified below shall not exceed the ratio set out below:

Relevant Period	Leverage Ratio
Expiring 30 June 2017	4.50:1
Expiring 31 December 2017	4.25:1
Expiring 30 June 2018	4.00:1
Expiring 31 December 2018	3.75:1
Expiring 31 December 2019	3.75:1
Expiring 31 December 2020	3.75:1

The Leverage Ratio is the ratio of Total Net Debt on the last day of that Relevant Period to Consolidated Pro Forma EBITDA in respect of that Relevant Period. No breach of financial covenant as at 30 June 2017.

23.2 Maturity of borrowings and other financial debts

As of 30 June 2017, the maturity ranges of borrowings and other financial debts are as follows:

	Maturity as of 30 June 2017			
(in € thousands)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Term loan	(405)	247,924	-	247,519
Revolving Credit Facility	24,817	(862)	-	23,955
Finance leases	956	2,629	-	3,585
Deposits and guarantees	-	-	382	382
Bank overdraft	4,919	-	-	4,919
TOTAL BORROWINGS	**30,287**	**249,691**	**382**	**280,360**

23.3 Fixed rate vs. variable rate

(in € thousands)	30 June 2017	31 December 2016	30 June 2016
Floating rate	272,632	282,425	285,513
Fixed rate	7,728	3,543	8,500
TOTAL BORROWINGS	**280,360**	**285,968**	**294,013**

Floating rate borrowings includes the Term Loan and the Credit revolving facilities.

Note 24 Post-employment benefits

The employment benefits provision relates to defined benefit pension plans.

(in € thousands)	30 June 2017	31 December 2016	30 June 2016
France	2,503	2,411	1,892
Italy	3,775	3,668	3,331
DEFINED BENEFIT OBLIGATION	**6,278**	**6,079**	**5,223**

Note 25 Provisions

(in € thousands)	**Provisions for commercial disputes**	**Provisions for labor disputes**	**Provision for rent of closed retail stores & commercial leases**	**Tax Provisions**	**Total**
Balance as of 1 January 2016	**808**	**942**	**105**	**440**	**2,295**
Additionnal provisions	50	277	235	-	562
Unused amounts reversed	(82)	(102)	-	(158)	(342)
Amounts used during the year	(85)	(114)	(67)	(67)	(333)
Currency translation differences	-	-	-	-	-
Reclassification	-	-	-	-	-
Balance as of 30 June 2016	**690**	**1,003**	**273**	**217**	**2,183**
Of which non-current	*507*	*1,003*	*72*	*122*	*1,704*
Of which current	*183*	*-*	*201*	*95*	*479*
Balance as of 1 January 2017	**12,854**	**1,039**	**239**	**332**	**14,464**
Additionnal provisions	1,273	370	14	-	1,656
Unused amounts reversed	(30)	(349)	-	-	(380)
Amounts used during the year	(1,073)	(221)	(140)	(206)	(1,640)
Currency translation differences	-	-	-	-	-
Reclassification	-	-	-	-	-
Balance as of 30 June 2017	**13,024**	**839**	**113**	**126**	**14,100**
Of which non-current	*12,659*	*839*	*113*	*126*	*13,735*
Of which current	*365*	*-*	*-*	*-*	*365*

Note 26 Other non-current liabilities

The “Other non-current liabilities” correspond to the step/free rent negotiated at the inception of a lease contract, which are recognized on a straight-line basis over the estimated term of the lease. The current part of the step/free rent is registered in the “Trade payables and other current payables”.

Note 27 Financial instruments

As at 30 June 2017, 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 21) are carried at fair value using a valuation method that relies on inputs based on observable market data.

2.8 Additional information

Note 28 Commitments

The off-balance sheet commitments are disclosed in the note 34 of the consolidated financial statements for the year ended 31 December 2016.

There were no significant changes in off-balance sheet commitments between 31 December 2016 and 30 June 2017.

Note 29 Transactions with related parties

The transactions with related parties are disclosed in the note 35 of the consolidated financial statements for the year ended 31 December 2016.

There were no significant changes in transactions with related parties between 31 December 2016 and 30 June 2017, except the settlement of the "*Plan d'actions gratuites n°3*" for the benefit of the General Manager (see note 22.3).

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 30 June 2017 and 31 December 2016.

				As of 30 June 2017		As of 31 December 2016	
Subsidiary	**Activity**	**Country of incorporation**	**Consolidation method**	**% control**	**% interest**	**% control**	**% interest**
Maisons du Monde S.A. (formerly Magnolia (BC) S.A.S.)	Holding company – Parent entity	France	Full	100%	100%	100%	100%
Abaco	Holding company	France	Full	100%	100%	100%	100%
Maisons du Monde France	Retail stores selling home furnishings and decorations in France/Main buyer	France	Full	100%	100%	100%	100%
Maisons du Monde Belgium	Retail stores selling home furnishings and decorations in Belgium	Belgium	Full	100%	100%	100%	100%
Maisons du Monde Spain	Retail stores selling home furnishings and decorations in Spain	Spain	Full	100%	100%	100%	100%
Maisons du Monde Italy	Retail stores selling home furnishings and decorations in Italy	Italy	Full	100%	100%	100%	100%
Maisons du Monde Luxembourg	Retail stores selling home furnishings and decorations in Luxembourg	Luxembourg	Full	100%	100%	100%	100%
Maisons du Monde Germany	Retail stores selling home furnishings and decorations in Germany	Germany	Full	100%	100%	100%	100%
Maisons du Monde Switzerland	Retail stores selling home furnishings and decorations in Switzerland	Switzerland	Full	100%	100%	100%	100%
Distrimag	Warehouse logistics and order preparation	France	Full	100%	100%	100%	100%
Distri-Traction	Container transport between harbor and warehouses	France	Full	100%	100%	100%	100%
Distri-Meubles	Customer delivery	France	Full	100%	100%	100%	100%
Chin Chin Limited	Holding company	Hong Kong	Equity Method	50%	50%	50%	50%
Shanghai Chin Chin	Furniture manufacturing	China	Equity Method	50%	50%	50%	50%
Mekong Furniture	Furniture manufacturing	Vietnam	Full	100%	100%	100%	100%
MDM Furniture & Decoration	Online business in United-Kingdom	United Kingdom	Full	100%	100%	100%	100%
International MDM	Dormant entity	France	Full	100%	100%	100%	100%
International MGL	Dormant entity	France	Full	100%	100%	100%	100%

Note 31 Events after the reporting period

The Group did not identify any significant subsequent event after the reporting period ended 30 June 2017.

Statutory auditors' review report on the Half-yearly Financial Information

Period from January 1 to June 30, 2017

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

Under the terms of the assignment untrusted to us by your bylaws and your Shareholders' Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Maisons du Monde S.A., for the period from January 1 to June 30, 2017;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an AFEP audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Nantes and Neuilly-sur-Seine, 4 August 2017,

The statutory auditors,

French original signed by

KPMG Audit Département de KPMG S.A. Gwenaël Chédaleux *Associé*	Deloitte & Associés Jean Paul Séguret *Associé*

Statement by the person responsible for the Half-Year Financial Report

“I declare that, to the best of my knowledge, the condensed financial statements for the half year ended 30 June 2017 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and all companies within its scope of consolidation, and that the attached half-year activity report gives a true and fair view of the significant events which occurred in the first six months of the fiscal year, their impact on the financial statements, and the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the fiscal year.”

2 August 2017

Gilles Petit

Chief Executive Officer

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

MAISONS DU MONDE

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