MAISONS DU MONDE

2019 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

Contents

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

MAISONS DU MONDE

2019 Universal Registration Document
and Activity Report

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

their own styles and tastes

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on 16 April 2020 with the AMF, in its capacity as competent authority in respect of (EU) regulation 2017/1129, without prior approval in accordance with article 9 of the said regulation.

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

Message from the Chief Executive Officer


Julie Walbaum

"Maisons du Monde had a new year of sustained and profitable growth in 2019, whilst placing the first cornerstones of our new 5-year strategic plan."

Dear shareholders,

Maisons du Monde experienced **another year of sustained, profitable growth in 2019,** highlighting the resilience of our business model and our omnichannel and international strategy. The Group recorded a double-digit growth in sales and EBITDA margin, as well as a significant increase in free cash flow compared to 2018. This performance mainly reflected continued strong growth in our international business, as well as an excellent momentum in online sales. Our omnichannel strategy has shown results, and our digital sales, which are the sum of online sales and click-in-store sales, that is, orders placed in the store using a digital device, represented almost 50% of the Group's total sales in 2019.

During the year, we continued to implement our strategic initiatives that aim to **reinforce the pillars of our Company's business model.** For example, we continued the agile development of our network, bringing our number of stores to 376 in Europe and the United States at end December 2019, with 27 net openings, including 12 in France, four in Spain, six in the United States and the very first Maisons du Monde store in Portugal. In-store traffic was particularly dynamic abroad, thanks especially to the effectiveness of our omnichannel marketing and more diversified and higher-impact collections.

We also focused on **improving customer satisfaction by reinforcing our omnichannel experience,** both in store (deployment of our "Deco Advice Corners" in over 200 points of sale, launch of a free return service in stores for decoration items ordered online), and on our web platform (optimised navigation on the site and from search engines, redesigned customer space). We continued our efforts regarding the home delivery of our products, notably through better customer communication and the implementation of an ambitious improvement plan with our transporters, which resulted in a six-point increase in our Net Promoter Score compared to 2018. Lastly, during the year, we launched a 360° marketing plan to **reinforce the outreach of the Maisons du Monde brand,** including better targeting efficiency and customisation of our customer communications, and a reinforced presence on the social networks, resulting in improved brand recognition across our markets.

2019 also saw **several areas of progress in sustainable development** with social and environmental support for our strategic suppliers, responsible sourcing of our wooden furniture, renewable electricity for our stores, and support for associations committed to biodiversity through our Foundation and the micro-donations of our customers collected via ROUNDING at check-out points.

These different initiatives in 2019 enabled us to **prepare the launch of our new 2020-2024 strategic plan,** unveiled in June 2019. Thanks to our continued omnichanel and international strategy, and the development of new growth drivers such as B2B, services and the marketplace, we aim to become THE reference lifestyle partner, by offering a comprehensive range of relevant solutions for the home, a smooth and inspiring customer experience, and rich dialogue between the brand and our communities, within an open, responsible rationale.

On behalf of Maisons du Monde's Executive Committee, I would like to warmly thank our teams for the good performance achieved in 2019 and the launch of our 2020-2024 strategic plan.

Since the beginning of 2020, we have been **faced with an unprecedented global health crisis,** due to the Covid-19 virus, which has impacted our supply chains and business in all our markets. In this uncertain environment, we have launched a proactive action plan to ensure the safety of our employees and customers, and to mitigate the impact of the coronavirus on our results and cash generation. We have implemented a drastic cost-cutting plan for our entire cost structure and resized our store opening plan over the year to strike the right balance between investing to support future sales growth and preserving results and cash generation over the fiscal year.

I am confident in our ability to overcome this crisis thanks to the resilience of our business model, along with our robust financial structure and our action plans. The Executive Committee and I, supported by all of Maisons du Monde's teams, are fully mobilised for this task, and I am convinced that the Company will come out of this crisis stronger as a result of these temporary difficulties.

Governance

Composition and diversity of the Board of Directors

at 25 March 2020

51 years
Average age in 2020

GENDER BALANCE

43% women

57% men

71%
Independence

88%
Attendance rate at Board meetings in 2019

8 members

5 Independent Director

Peter CHILD
Chairman ■

Sophie GUIEYSSE ✪

Michel-Alain PROCH ●

Nicolas WOUSSEN ✪

Marie-Christine LEVET ●

2 Non-Independent Director

Gilles PETIT ■

Julie WALBAUM
Chief Executive Officer

1 Directors representing the employees

Mustapha OULKHOUIR

2 committees

Audit

3 members

100%
Independence rate

77.6%
Attendance rate

Nomination and Compensation

3 members

66.6%
Independence rate

100%
Attendance rate

● Audit Committee ■ Nomination and Compensation Committee ✪ Chairperson

Representation of skills on the Board

75%
Knowledge of retail business lines

50%
Knowledge of web businesses

75%
Senior Management of an international group

38%
Human resources and Social relations

63%
Finance, risk management and control

Group Profile

Maisons du Monde is a creator of original universes in the homeware business, offering a unique range of home decoration items and furniture in a wide variety of styles and themes and at affordable prices, thereby targeting a very large customer base. The Group's business is structured around an integrated and complementary omnichannel approach, leveraging its international network of stores, e-commerce site and catalogues. With total sales of €1,225 million for the year ended 31 December 2019, Maisons du Monde is the leading player in the "original and accessible" homeware segment in France and one of the most important in Europe.

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

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

At 31 December 2019, Maisons du Monde was operating an international network of 376 stores in nine countries – France (since 1996), Spain (2003), Belgium (2004), Italy (2007), Luxembourg (2010), Germany (2013), Switzerland (2014), the United States (2018) and Portugal (2019) – and 45% of its sales were generated outside of France in 2019. In addition, the Group successfully integrated a comprehensive and complementary e-commerce platform that enables it to market its products in the countries where it operates stores, as well as in Austria, the Netherlands and the United Kingdom. This platform, which has posted average annual sales growth of more than 30% over the last ten years, represented 25% of the Group's sales in 2019.

In 2018, Maisons du Monde gained a foothold in the US market with the acquisition of a majority stake of 70% in Modani, a furniture chain present across the US through its stores and e-commerce business. Founded in 2007 and based in Miami, Modani is an aspirational lifestyle brand, offering a range of modern, contemporary and mid-century furniture at affordable prices. In 2019 Modani generated €44.1 million in sales, and as of 31 December 2019 it was operating 18 stores distributed across eight states: California, Florida, Georgia, Illinois, New York, New Jersey, Pennsylvania and Texas.

In 2019, Maisons du Monde acquired a majority stake of 70.4% in Rhinov, a start-up specialising in 3D simulation of interior design based on a plan or photo for corporates and private individuals. The company reported revenue of €1.3 million in 2018.

Key highlights

- **1996** – Opening of the first four Maisons du Monde stores in **France**
- **2003** – Opening of the first Maisons du Monde store in **Spain**
- **2004** – Opening of the first Maisons du Monde store in **Belgium**
- **2006** – Launch of the **e-commerce** platform and the general **catalogue**
- **2007** – Opening of the first Maisons du Monde store in **Italy** and launch of the **textile** product offering
- **2009** – Launch of the **outdoor furniture** line
- **2010** – Opening of the first Maisons du Monde store in **Luxembourg**
- **2011** – Launch of the **junior** collection
- **2013** – Opening of the first Maisons du Monde store in **Germany**
- **2014** – Opening of the first Maisons du Monde store in **Switzerland**
- **2016** – **IPO** on the Euronext Paris regulated market
- **2018** – Opening of the first Maisons du Monde store in the **United States** and acquisition of **Modani**
- **2019** – Opening of the first Maisons du Monde store in **Portugal** and acquisition of **Rhinov**

Key figures

376
stores

8,628
employees

444,000 m²
of storage area

432,300 m²
of sales area

45% of sales
generated outside France

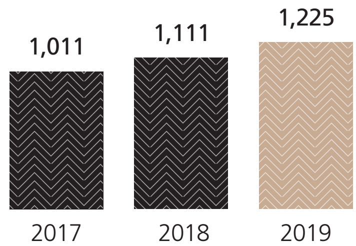
25% of sales
generated online

Decoration	Furniture
54%	46%

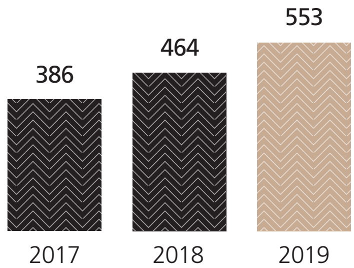
of 2019 sales

Maisons du Monde in 2019

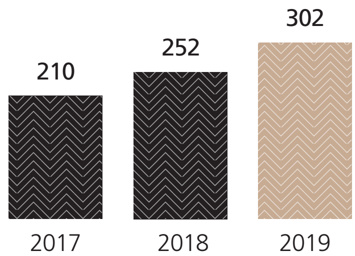
SALES (in € million)



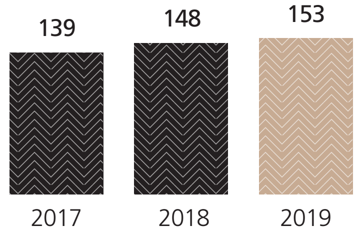
SALES OUTSIDE FRANCE (in € million)



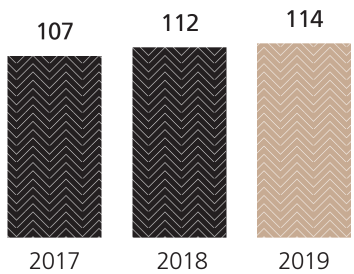
ONLINE SALES (in € million)



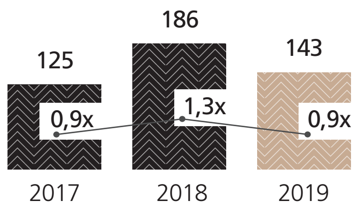
EBITDA[1] (in € million)



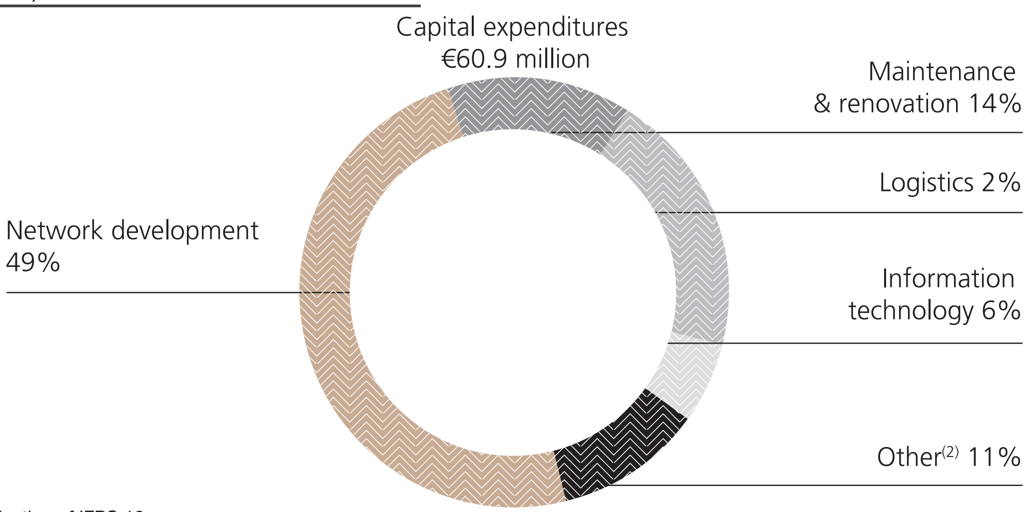
EBIT[1] (in € million)



NET DEBT (in € million) AND LEVERAGE RATIO[1] (in x)



BREAKDOWN OF CAPITAL EXPENDITURES IN 2019 (in %)



(1) Before application of IFRS 16.

(2) Mainly includinng expenses related to the Group's headquarters.

Group strategy

On 18 June 2019, Maisons du Monde presented its new strategic plan for the 2020-2024 period.

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

Maisons du Monde presented a clear roadmap to convey its vision

1

AN EVEN MORE DIFFERENTIATED OFFERING

Maisons du Monde aims to sharpen its product leadership by reinforcing its creativity through more themes and capsule collections, and by developing customisation.

2

AN INCREASINGLY DIGITAL AND DATA-DRIVEN GROUP

Maisons du Monde's aim is to make business increasingly digital, by making full use of data analysis and with more integration between its channels. By 2024, online sales will increase more than two and a half times, accounting for approximately 30%-35% of total sales, and digital sales (including click-in-store sales) will rise to around 60% of the Group's sales, with priority given to international sales. The Group will achieve this objective through increased marketing investment for better brand awareness, further improvement in the customer experience and a tailored international approach.

3

A NEW STORE EXPANSION STRATEGY TO BOOST ITS INTERNATIONAL PRESENCE

Maisons du Monde will continue to dynamically manage its network and reinforce its store concept, thanks to the optimisation of its French stores (with 10-20 net store openings over the plan period) and continued international expansion. Of the 80 to 100 net store openings planned until 2024, around 80% will be outside France, increasing the Group's European presence in the countries where it already operates. The store format will be adapted to each market and may include high-visibility locations in city centres to enhance brand awareness and boost online sales.

4

AN INDUSTRIALISED APPROACH TO SUPPLY CHAIN

In order to support digital growth and international expansion, Maisons du Monde plans to upgrade its logistics tool. Densifying storage spaces and adopting a lean approach will help to increase the logistical efficiency of the Group's central platform. Additionally, a new 65,000 m^2 logistics centre located in the North West of France will become operational in 2021 and automated in 2022. This new logistics model, combined with data-driven inventory management, is the cornerstone of the Group's future operational performance, which will further improve the customer experience.

5

A STRONGER CSR AMBITION

Convinced that companies should be leading actors in environmental and social responsibility, Maisons du Monde's new growth plan steps up its CSR ambitions. The Group aims to reduce its carbon intensity by 25% by 2024, by reinforcing supply chain transparency, reducing its carbon footprint throughout its value chain, increasing its range of sustainable products and developing circular economy services.

New avenues for growth to strengthen the Group's core business

1 BECOMING THE REFERENCE DECO CURATOR IN EUROPE WITH THE LAUNCH OF MAISONS DU MONDE'S MARKETPLACE

In 2020, Maisons du Monde will launch its selective marketplace, to promote the expansion of its curated model. Through this extended offer, the Group will increase traffic to its website and stores and raise brand awareness across all the markets in which it operates. Maisons du Monde's carefully selected marketplace sellers are expected to generate a business volume of between €160 million and €180 million by the end of the plan, while having a relative impact on the EBITDA margin.

2 EVOLVING FROM A DISTRIBUTION TO LIFESTYLE PARTNER MODEL WITH AN ENHANCED OFFER OF SERVICES

The services offered by Maisons du Monde, which are essential to the customer experience and increasing proximity with them, will be enhanced, from the process of inspiring customers to managing end-of-life products, and including delivery and financing. With Rhinov, the start-up which is reinventing the interior design business and in which Maisons du Monde has acquired a majority stake, the Group expects to generate €20 million to €40 million in sales over the life of the plan and further position itself as the reference lifestyle partner. Maisons du Monde will also step up its commitment with its user communities by gradually providing different content and encouraging interactions.

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

The B2B market offers strong development potential, as new trends in hospitality, catering and new office spaces are in keeping with Maisons du Monde's style and friendly DNA. Expanding its B2B product range and marketing efforts is expected to achieve sales of above €100 million in 2024, with a relative impact on the EBITDA margin. Franchising, through the acceleration of openings with existing partners, should lead to €60 million in sales under the brand in 2024.

4 THE UNITED STATES, A NEW ENGINE OF GROWTH FOR MAISONS DU MONDE

Following its successful integration into Maisons du Monde, Modani will be the Group's primary growth engine in the United States. Modani sales are expected to reach around $200 million by 2024, with a further acceleration of store openings (from 13 at the end of 2018 to more than 50 stores at the end of 2024), an expanded decoration offer and the development of online activity. Maisons du Monde will follow a gradual, targeted development approach for its own brand, with at least five store openings planned over the period of the plan.

2020-2024 Financial objectives (1)

Maisons du Monde aims to achieve the following objectives:

- Continued double-digit sales growth: a Compound Annual Growth Rate of over 10% to exceed €2 billion in sales by 2024, on the basis of a high-performance omnichannel model, increased international presence and the contribution from new growth avenues;
- Robust profitability: the EBITDA margin should reach 12% in 2024 and will be in the range of 11% and 12% in the intermediate years of the plan. This development is the result of strategic choices which are necessary to strengthen the Group's model and sustain its double-digit sales growth. Furthermore, sound financial management should bring the average annual growth of net income to over 10% over the period, i.e. in line with sales;
- Strong free cash flow and shareholder return policy: cumulated recurring free cash flow will be over €300 million over the 2020-2024 period, and will allow further deleveraging to 0.5x EBITDA at the end of the period, while maintaining the Group's dividend policy, with a payout ratio of 30% to 40% of net income.

(1) Before application of IFRS 16.

Societal responsibility

Our vision:

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

"COMMITTED TOGETHER!"

Our CSR approach, integrated into our corporate strategy, is structured around four pillars. The definition of our "Ambitions 2020" sets roadmaps to move forward in business line transformation.

Purchase like partners

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

2019 Performance:

71% of our strategic suppliers in India are committed to our traceability programme with the NGO Earthworm Foundation.

115 social audits of our strategic suppliers conducted in 2019.

63% of strategic suppliers audited over the last two years.

Earthworm

Design like visionaries

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

2019 Performance:

64% of our furniture SKUs meet our wood supply sustainability criteria.

47 eco-designed product ideas were submitted by students to the Maisons du Monde Sustainable Design Awards.

€51.2 million in revenue for products that contributed to **1%** for the Planet, which generated **€512,517** in support for environmental protection NGOs.

1% FOR THE PLANET

Trade like citizens

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

2019 Performance:

57% of waste generated by the retail network and logistics warehouses are collected for recovery.

23% lower energy intensity in kWh/m in our stores and warehouses since 2016.

93 % des magasins du réseau alimentés en électricité d'origine renouvelable.

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

LABEL ENSEIGNE RESPONSABLE®
generation-responsable.fr

Commit like enthusiasts

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

2019 Performance:

58% of store managers or logistics managers are promoted internally.

70% of permanent contract employees receive training during the year.

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

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

The CSR commitment is an integral part of Maisons du Monde's development strategy. Consolidating our ambitions is part of our 2024 development plan serving a central ambition: reducing our carbon intensity by 25% by 2024.

This new ambition focuses notably on the following projects:

- Reinforce transparency in our supply chain,
- Support our suppliers in their social and environmental performance,
- Reduce our carbon footprint throughout our product lifecycles,
- Broaden our responsible product offering,
- The development of new services for a circular economy.

Details of our 2024 ambitions can be found in Chapter 3 of the document.

A business model that creates sustainable value for our stakeholders

RESOURCES MOBILISED

An aspirational and responsible brand

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

A multi-style offering perfectly balanced between furniture and decoration

In-house style department with **18** stylists
40% of products designed or adapted in-house
20,500 furniture and decoration item SKUs

Expert teams

8,628 employees in **10** countries
67% network, **13%** head office,
12% production, **8%** logistics
136 employees in customer relations
66% of employees are women

Supplier partners

1,480 third-party suppliers
218 largest suppliers represent
67% of purchases
63% of strategic suppliers audited for social criteria

Solid organisation of supply chain

6 air and sea freight service providers
51 road & rail transporters
444,000 m² of warehouses

An international and omnichannel distribution network

376 stores in **9** countries
67% joint development zones (ZACs),
16% city-centres,
17% shopping centres

A robust financial model

EBITDA margin(1) of **12.5%**
Leverage ratio(1) of **0.9x** at end December 2019

Sustainably managed natural resources

81,872 MWh in energy consumption

STRATEGIC LEVERS

BECOME THE LIFESTYLE

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

1 Furniture collection,
2 Decoration item collections per year
20,500 Furniture and Decoration item SKUs
64% of the furniture offering meets a sustainability criterion

Continue the digitalisation and development of the international network

75.3% of sales generated by stores
24.7% by the web
45.1% of revenue generated outside France
€40.7 million in revenue for the B2B activity

2019 RESULTS

Sales of **€1,225 million** of which €1,085 million for MDM
EBITDA(1) of **€152.7 million**
Net income(1) of **€62.4 million**

Market challenges:

FRAGMENTED AND COMPETITIVE SECTOR

GROWTH IN E-COMMERCE

(1) Before application of IFRS 16

CREATION DRIVERS

REFERENCE PARTNER

Consolidate our positioning as an interior decoration expert

Consolidate Rhinov's business in order to support the **16,000** development projects for our **7,000** active customers.

Deployment of **226** advice corners in stores.

Integrated production and logistics

6% of furniture produced in the Group's manufacturing sites

11 logistical warehouses, over **440,000** m²

Over **2.6 million** new customers

27 new stores of which **5** for Modani (US)

DIGITALISATION

CHANGE IN CONSUMER TRENDS

Stakeholders:

INVESTORS

EMPLOYEES

CUSTOMERS

SUPPLIERS AND ECONOMIC PARTNERS

PUBLIC AUTHORITIES

NON-PROFITS AND ENVIRONMENT

IMPACTS AND VALUE SHARING

A shared financial value:

€13.7 million paid out in incentives and profit sharing

Ambassador teams:

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

4,414 employees trained

557 employees promoted

245 CSR ambassadors in stores

A community of loyal customers:

19.1 million registered customers

Net Promoter Score **50**

Over **3.2 million** Instagram followers and **2.1 million** Facebook followers

13 million visits per month on Pinterest

€408,506 collected through ROUNDING UP at check-out

A real social impact:

333 permanent contract employees in stores opened in 2019

25 projects supported by the Maisons du Monde Foundation in **10** countries

€888,953 allocated to the budget of the Maisons du Monde Foundation

A controlled environmental impact:

93% of stores supplied with renewable energy

57% of waste produced sorted for recycling

Presentation of the Group

1

1.1 Key figures

SELECTED FINANCIAL INFORMATION [1]

(in € millions)	2019	2018	2017
Sales	**1,225.3**	**1,111.2**	**1,010.6**
Change *(%)*	+10.3%	+10.0%	+14.6%
Of which Maisons du Monde	1,181.4	1,085.4	1,010.6
Change *(%)*	+8.8%	+7.4%	+14.6%
Like-for-like change *(%)*	+3.6%	+3.1%	+7.4%
Of which Modani	44.1	25.9	-
Gross margin	**800.4**	**734.4**	**673.5**
As a% of sales	65.3%	66.1%	66.6%
EBITDA	**152.7**	**148.0**	**138.8**
As a% of sales	12.5%	13.3%	13.7%
EBIT	**113.8**	**111.6**	**106.8**
As a% of sales	9.3%	10.0%	10.6%
Net income	**62.4**	**60.7**	**63.0**
Dividend per share *(€)*	_	0.47	0.44
Net cash flow from/(used in) operating activities	**150.3**	**51.6**	**153.9**
Net capital expenditure	**60.9**	**45.8**	**49.4**
As a% of sales	5.0%	4.1%	4.9%
Free cash flow [2]	**84.1**	**13.3**	**99.9**
Net debt	**142.9**	**185.5**	**125.5**
Leverage ratio *(x)*	0.9x	1.3x	0.9x
Equity	**628.6**	**590.6**	**525.0**

(1) Before application of IFRS 16. For more information, see note 2.2 "New standards, amendments and interpretations" of Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" and Section 5.2.6 "Non-IFRS financial metrics" of Chapter 5 "Notes to financial year 2019" of this Universal Registration Document.

(2) Before acquisition of subsidiaries (net of cash acquired).

BREAKDOWN OF SALES

By geography	2019	2018	2017
Sales *(in € millions)*	**1,225.4**	**1,111.2**	**1,010.6**
Of which France	672.6	647.4	624.8
Of which International	552.8	463.8	385.8
Sales *(%)*	**100.0%**	**100.0%**	**100.0%**
Of which France	54.9%	58.3%	61.8%
Of which International	45.1%	41.7%	38.2%

By distribution channel	2019	2018	2017
Sales *(in € millions)*	**1,225.4**	**1,111.2**	**1,010.6**
Of which Stores	923.0	859.5	800.6
Of which Online	302.4	251.8	210.0
Sales *(%)*	**100.0%**	**100.0%**	**100.0%**
Of which Stores	75.3%	77.3%	79.2%
Of which Online	24.7%	22.7%	20.8%

By product category	2019	2018	2017
Sales *(in € millions)*	**1,225.4**	**1,111.2**	**1,010.6**
Of which Decoration	662.2	619.0	583.9
Of which Furniture	563.2	492.2	426.6
Sales *(%)*	**100.0%**	**100.0%**	**100.0%**
Of which Decoration	54.0%	55.7%	57.8%
Of which Furniture	46.0%	44.3%	42.2%

SELECTED OPERATING INFORMATION

As of 31 December	2019	2018	2017
Number of stores	**376**	**349**	**314**
Of which France	233	221	213
Of which International	143	128	101
Sales area *(thousand sq. m.)*	**432**	**398**	**363**
Of which France	224	210	199
Of which International	208	188	164
Storage area (1) *(thousand sq. m.)*	**444**	**444**	**444**
Number of employees	**8,628**	**7,648**	**7,279**
Of which France	5,020	4,496	4,498
Of which International	3,608	3,152	2,781

(1) Excluding Modani.

1.2 History of the Group

Maisons du Monde is a creator of original universes in the homeware business, offering a unique range of home decoration items and furniture in a wide variety of styles and themes and at affordable prices, thereby targeting a very large customer base. The Group's business is structured around an integrated and complementary omnichannel approach, leveraging its international network of stores, e-commerce platform and catalogues. The Group's sales, which have shown a CAGR (Compound Annual Growth Rate) of approximately 20% since 2001, were €1,225.3 million for the year ended 31 December 2019, making Maisons du Monde the leading player in the "affordable inspirational" homeware segment in France and one of the most important in Europe.

The Group was established in 1996, when Xavier Marie, founder and former Chief Executive Officer, opened the first four Maisons du Monde stores in France (Bordeaux, Lyon, Quimper and Vichy). The "Maisons du Monde" brand was originally focused on home decoration items within the bazar du monde theme, offering products infused with styles and designs from different parts of the world. The Group's initial concept then gradually evolved into the creation of "inspiring" universes dedicated to a home furnishing approach that combines decoration items and furniture in a wide variety of styles and themes. The Group has also expanded its offering, by adding new product ranges such as home textiles in 2007, launching an outdoor furniture line in 2009, and a junior collection in 2011, and by developing a B2B sales activity for professionals. Each of these ranges currently occupies an important place in the Group's broader range. In 2019, the outdoor furniture range accounted for 4.7% of the Group's sales, the junior collection 4.7%, and B2B activity 3.3%.

Following the opening of its first stores, Maisons du Monde continued to expand its network in France and has also penetrated new markets. Originally, the Group located its stores primarily in city centres. In the mid-2000s, it began opening comparatively larger stores located principally in retail parks and shopping centres in order to better showcase its wide range of home decoration items and furniture and to accelerate its growth. At 31 December 2019, the Group operated an international network of 358 stores under the Maisons du Monde brand in nine countries, including France (since 1996), Spain (2003), Belgium (2004), Italy (2007), Luxembourg (2010), Germany (2013), Switzerland (2014), the United States (2018) and Portugal (2019).

As part of a broader omnichannel sales and marketing strategy, in 2006 the Group launched its general catalogue, as well as a comprehensive and complementary e-commerce platform, enabling it to more effectively market its range of furniture products. Maisons du Monde currently markets its products through its four catalogues (general, outdoor furniture, junior, B2B), and also through its e-commerce platform to its customers in all the countries where it operates stores, as well as Austria, the Netherlands and the United Kingdom. Sales via this platform, which have shown a CAGR of over 30% over the past ten years, accounted for 24.7% of the Group's sales for the year ended 31 December 2019.

As for logistics, Maisons du Monde also expanded its capabilities, opening 11 warehouses since 1999 located in the port area of Marseille-Fos, in the South of France, which house most inventory and provide logistics support to all of its distribution channels, including e-commerce and international stores. The Group has also developed its production capacity through the creation of its Chinese joint-venture Chin Chin, specialising in furniture manufacturing, in 2006 (sold in November 2019 to its partner), and the opening of its own manufacturing facility in Vietnam in 2013.

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

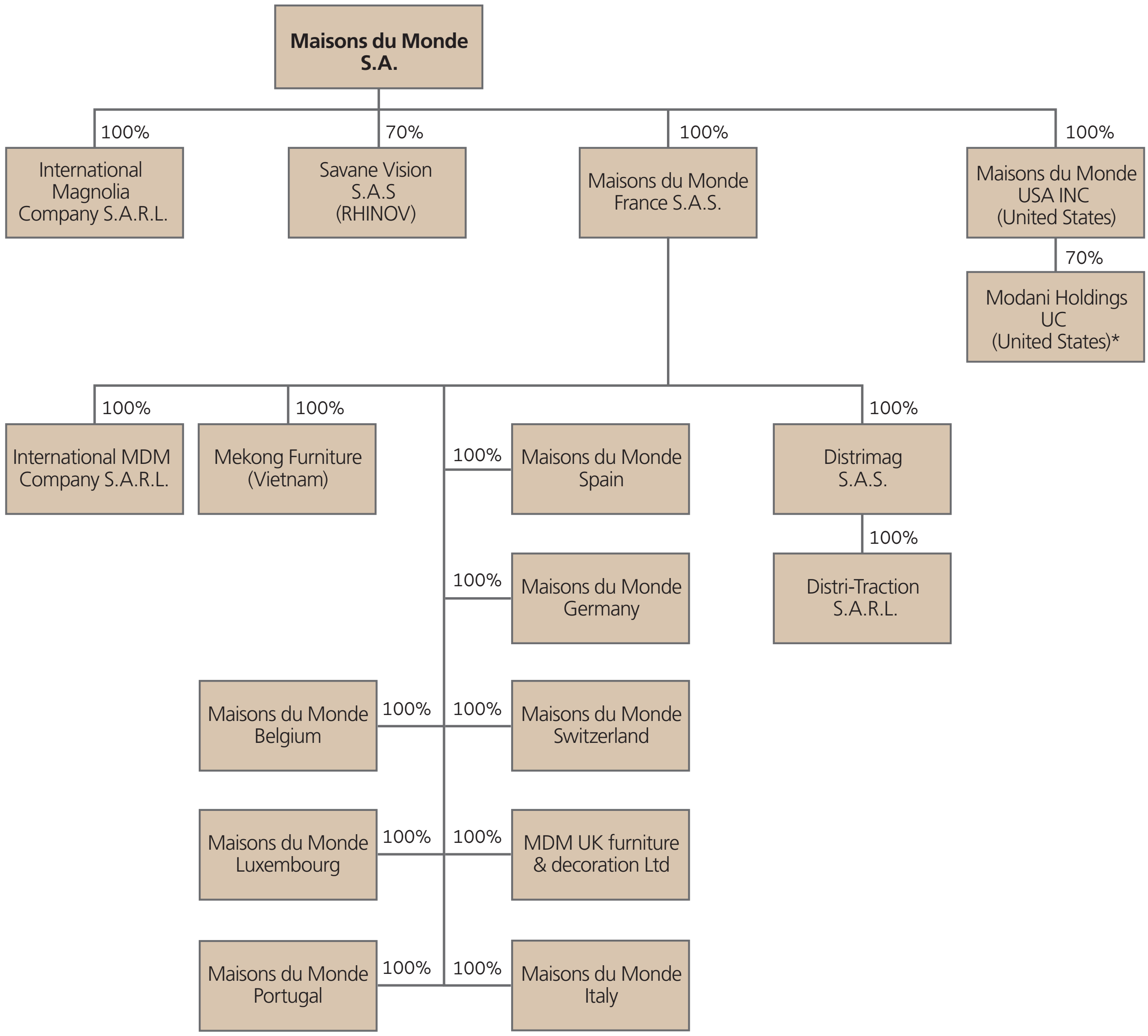
In 2018, Maisons du Monde gained a foothold in the US market through the acquisition of a majority stake of 70% in Modani, a furniture chain present across the US through its stores and e-commerce business. Founded in 2007 and based in Miami, Modani is an aspirational lifestyle brand, offering a unique range of modern, contemporary and mid-century furniture at affordable prices. For the year ended 31 December 2019, Modani recorded sales of €44.1 million and operated, at 31 December 2019, a network of 18 stores in the United States.

In 2019, Maisons du Monde acquired a majority stake of 70.4% in Rhinov, a start-up specialising in 3D simulation of interior design based on a plan or photo for corporates and private individuals. The Company reported sales of €1.3 million in 2018.

1.3 Group structure

1.3.1 SIMPLIFIED GROUP STRUCTURE

The organisational chart below shows the Group's simplified legal organisation as of 31 December 2019. The percentages correspond to percentages of share capital owned.



* Sub-level bringing together all the activities of Modani Group, for which the details can be found in note 38 of Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.

1.3.2 LIST OF MAIN SUBSIDIARIES AND HOLDINGS

Maisons du Monde S.A. is the holding company of a consolidated Group comprising 49 companies. The Group's main subsidiaries as of 31 December 2019 are presented in the table below.

The complete list of companies included in the Group's scope of consolidation is presented in note 38 of Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.

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

1.4 Description of the Group's business and strategy

This section contains all information on Group businesses, its competitive position, including the size of the markets in which it operates. In addition to internal estimates, the Group bases its statements on facts from studies, estimates, research, information and statistics provided by independent third-party bodies and industry associations, and data made available by the Group's competitors, suppliers and customers (for more information, refer to Section 8.5 "Information on the Group's business and markets, and third party information" of Chapter 8 "Additional information" of this Universal Registration Document).

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

1.4.1 GROUP PROFILE

Overview

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

Maisons du Monde has developed a differentiated business model, combining a unique ability to inspire customers with a fully developed industrial-scale design-to-cost process, as well as an integrated approach to sourcing. Its design-to-cost process is focused on capturing emerging design trends in the apparel and homeware markets, and translating them into inspirational but affordable home decorative items and furniture. These products are then showcased in scenic environments in the Group's stores, catalogues and on its e-commerce platform. The Group's ability to offer a differentiated and immersive shopping experience to its customers, whatever their tastes or budget, helps to improve their satisfaction and enables it to deliver best-in-class financial results, with sales growth outperforming its benchmark market index on a like-for-like basis [1] throughout its business cycles.

Founded in France in 1996, the Group has sought to expand across Europe since 2003 and the United States since 2018. Maisons du Monde demonstrated its capacity to quickly expand in new markets, building on an excellent operating performance through the uniform and centralised implementation of its merchandising processes within countries requiring very little adaptation to local market practices. At 31 December 2019, the Group operated 358 stores under the Maisons du Monde brand in nine countries – including France (1996), Spain (2003), Belgium (2004), Italy (2007), Luxembourg (2010), Germany (2013), Switzerland (2014), the United States (2018), Portugal (2019), and generated 45.1% of its sales abroad during the year ended 31 December 2019.

(1) Index of change in the furniture market in France published by the Institute for the Outlook and Studies on the Furniture Market (Institut de prospective et d'études de l'ameublement).

Maisons du Monde's broader product offering includes approximately 20,500 stock-keeping units[1] ("SKUs"), available in a wide range of prices. The offer falls into two main categories: (i) decoration products, such as home textiles, tableware and kitchenware, mirrors and picture frames, which includes around 16,000 SKUs, with an average selling price ("ASP") of approximately €12, and (ii) furniture, such as beds, tables, chairs, armchairs and sofas, wardrobes, bookshelves, junior furniture and outdoor furniture which includes around 4,500 SKUs, with an ASP of approximately €226.

Maisons du Monde has successfully replicated its model across all its different channels, using its store network, e-commerce platform and catalogues, all complementary to each other. Sales via its online platform have shown a CAGR of over 30% over the past ten years and accounted for 24.7% of the Group's sales for the year ended 31 December 2019. The Group's online platform, which is active in the nine countries where it operates stores, has also allowed Maisons du Monde to expand in Austria, the Netherlands and the United Kingdom, without opening physical stores.

The Group's like-for-like sales growth was 3.6% for the year ended 31 December 2019

Creator of Universes

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

Maisons du Monde has developed a design process enabling it to capture and develop emerging trends in homeware and furnishing. To this end, the Group relies on its experienced in-house team, which includes professionals in the fields of design, collections and sourcing (18 designers and graphic artists, and about 90 members in total).

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

Attractive merchandising

Maisons du Monde's commercial strategy relies on an engaging merchandising concept that uses scenic universes to display products in homelike settings, combining a variety of home decoration items and furniture coherently and harmoniously. The Group universes are constantly recreated across all its distribution channels, taking in new products almost every week, which helps to promote customer traffic in stores and on the website. Additionally, although the in-store displays are designed to inspire customers with interior design ideas, most items are offered on a self-service basis. This dynamic marketing combines a boutique feeling with mass merchandising techniques, which encourages impulse purchases, and drives conversion rates. The Group applies this approach uniformly across all of its stores, whatever their format or channel, and in all the countries where it operates, using a centralised merchandising strategy. The Group's in-store staff offer timely and knowledgeable support to customers, particularly in interior design. Lastly, this merchandising approach allows the Group to limit the use of promotions and markdowns, which accounted for 7.7% sales in the year ended 31 December 2019, reintegrating less successful products in stores' bestseller universes.

Cutting-Edge Design and Sourcing

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

(1) Based on the number of SKUs that generated at least €5,000 in sales during the year ended 31 December 2019.

To deliver customers affordable and high-quality products, the Group's business model relies on a significantly integrated and particularly flexible sourcing strategy that leverages its long-standing relationships with its suppliers. Through its more than 20 years of sourcing in Asia, the Group has developed a deep understanding of manufacturing processes and related cost drivers, allowing it to create and source distinctive, high-quality products while maintaining affordable prices. In addition, the Group manufactures about 6% of its furniture internally (in terms of furniture purchases), through its manufacturing facilities in Vietnam, which allows it to secure quality production of the most sophisticated items and develop an even better understanding of production processes. The Group also leverages historical sales data to determine the optimal level of orders for the launch of a new collection. Further orders are then made in the light of sales over the first two to three weeks. This helps to optimise inventories and reduce the risks associated with product obsolescence. Approximately one third of the SKUs in a collection are reordered during the season; the proportion is higher for products readapted from previous collections.

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

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

Omnichannel and multi-format international strategy

Maisons du Monde has been able to successfully replicate its business model across several markets in Europe since 2003 and has also been present in the United States since 2018 following the acquisition of a majority stake of 70% in the furniture chain Modani and the opening of the first store under its brand in Miami. As of 31 December 2019, the Group operated 143 stores spread across eight countries outside France (including 125 Maisons du Monde and 18 Modani stores), compared with six in 2005 and 32 in 2010. The Group also operates its e-commerce platform in three additional countries, namely Austria, the Netherlands and the United Kingdom. The fast and efficient rollout of the Group concept outside France was made possible mainly thanks to the Group's scalable and centralised approach to network development and management. For the year ended 31 December 2019, international sales accounted for 45.1% of the Group's sales, compared with approximately 3% in 2005 and 20% in 2010.

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

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

For example, Maisons du Monde launched two new concepts in 2017, with the opening of a corner at Printemps Nation and a showroom in Paris. In 2018, the Group opened two new corners in the Printemps brand stores in France (for more information, refer to Section 1.4.5 "Description of the Group's business" of Chapter 1 "Presentation of the Group" of this Universal Registration Document). Moreover, Maisons du Monde operated seven franchises at the end of 2019, including one in Martinique, two in Réunion Island, one in Morocco and three in the Middle East (for more information, refer to Section 1.4.4 "Group strategy" of Chapter 1 "Presentation of the Group" of this Universal Registration Document).

Maisons du Monde also provides its customers with its catalogues, laid out as magazines, to encourage them to let their imaginations run free and to project themselves in a newly decorated or redesigned home. In 2019, the Group distributed approximately 11.3 million free catalogues across all the countries in which it is located in Europe, including approximately 6 million general catalogues, 3 million outdoor furniture catalogues, 2.3 million catalogues for the junior collection and 26,000 catalogues for professionals.

Lastly, Maisons du Monde is also at the forefront of e-commerce among homeware retailers. In addition to offering a direct sales channel, the Group's e-commerce platform seeks to inspire customers and help them prepare for their next store visit. Maisons du Monde actively engages with its customers using product launch videos, do-it-yourself decorating tips, personalised newsletters and social networks. For the year ended 31 December 2019, online sales reached €302.4 million, representing 24.7% of the Group's sales up 20.0% compared with the year ended 31 December 2018.

1.4.2 PRESENTATION OF THE MARKET AND COMPETITIVE ENVIRONMENT

The European Decoration and Furniture Market

Maisons du Monde is evolving in the very large European decoration and furniture market, [1] which generated revenues of approximately €132 billion in 2018 and which should show a Compound Annual Growth Rate ("CAGR") of 1.9% by 2023. [2]

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

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

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

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

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

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

General European Market Drivers

Consumer trends

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

(1) The term "European decoration and furniture market" as used herein refers mainly to France, Belgium, Italy, Spain, Germany and the United Kingdom.

(2) Source: Euromonitor.

E-commerce and mobile technologies

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

Nevertheless, e-commerce sites remain complementary channels to in-store shopping. Customers may actually be inspired by products they have discovered and viewed online but may prefer to view products in-store before making their purchase. For example, a customer can visit a Maisons du Monde store to test a sofa but may choose to purchase it online on the Group's website, where it may be available in a particular colour or fabric. Accordingly, each channel complements the other and optimises the customer's experience. E-commerce sites also provide additional ways for retailers to drive in-store traffic. Online tools such as store locators and inventory checks allow customers to consult product information and availability, both online and in stores before purchasing, driving footfall in stores as well as online traffic. The Group's free in-store delivery option, which has been available for decoration items ordered online in all its stores in Europe since mid-2017, also encourages customers to visit stores after making an online purchase. The Group estimates that approximately 8% customers buy additional items when they come to collect their online order from the store. As a result, e-commerce sites have become a key driver for both online and offline purchasing. Decoration and furniture retailers who are omnichannel have competitive advantages over those who are not.

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

Macroeconomics

The European decoration and furniture market is generally correlated with macroeconomic indicators, such as GDP, consumer confidence, and residential construction, but has proven to be resilient in challenging economic climates, especially when compared with other retail categories, including consumer electronics and apparel and footwear. This is largely due to the fact that some decoration and furniture purchases are not purely discretionary. For example, certain household items become obsolete or require replacement fairly frequently, even during periods when macroeconomic indicators are trending down. Maisons du Monde benefits in particular from its wide price range, which addresses a wide range of consumer budgets. Likewise, when macroeconomic indicators trend up, consumer spending on discretionary items tends to increase. Thus, while expenditures on home decoration items and furniture generally increase in line with positive macroeconomic trends, it does not tend to decrease as sharply when macroeconomic are negative. For example, following the 2008-2009 financial crisis, the European home decoration and furniture market proved relatively resilient. In 2009, the market in France declined by only 1.4%, while the consumer confidence index declined by 10%, residential construction by 7% and GDP by 3%.

Demographics

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

Competitive environment

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

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

The Group's main geographic markets (1)

France

France, which is Maisons du Monde's principal market, is the third largest decoration and furniture market in Europe, with revenues of approximately €18 billion in 2018, which should increase at a 2.6% CAGR by 2023.

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

Maisons du Monde is the leader of the "affordable inspirational" segment in France, which is characterised by a small number of larger competitors and many small independent retailers. The Group's main competitors in this segment include Casa, Habitat, H&M Home, Zara Home and AM.PM. The functional segment appears to be less fragmented than the "affordable inspirational" segment and is dominated by large players, namely IKEA, Conforama, BUT and Alinéa. The Group's sales in France reached €672.6 million for the year ended 31 December 2019, i.e. 54.9% of total sales.

Italy

In Italy, the Group competes with independent retailers as well as homeware specialists brands. The Italian market appears to be highly fragmented, with the top five generalist retailers (IKEA, Mondo Convenienza, Mercatone Uno, Grancasa and Conforama) accounting for less than 25% of the market in terms of revenues, while other decoration and furniture retailers, including independent retailers, account for the remainder of the market's revenues.

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

Spain

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

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

Belgium

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

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

Germany

Germany is the largest decoration and furniture market in Europe, with revenues of approximately €29 billion in 2018, which should increase at a 2.4% CAGR by 2023.

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

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

United-States

The United States is the largest decoration and furniture market in the world, with revenues of approximately €140 billion in 2018, which should increase at a 2.4% CAGR by 2023.

(1) Source: Euromonitor.

The US market is highly fragmented comprising numerous players with national networks, including notably IKEA, CB2, Crate & Barrel, Pottery Barn, Restoration Hardware and West Elm. All these players have developed their networks in a similar way, starting with their states of origin and then moving on to cover the country's major cities. IKEA, CB2 and West Elm have an entry-level price positioning, whereas Restoration Hardware has a high-end positioning. The Modani brand is positioned in between these two groups – close to the mid-range positioning of Crate & Barrel and Pottery Barn – with a range of modern, contemporary and mid-century furniture at affordable prices.

With regard to e-commerce, the online retail penetration in the decoration and furniture market in the United States is very high. The websites of the players mentioned, as well as those of the pure-play online retailers, such as Wayfair and Amazon, are set out above.

1.4.3 THE GROUP'S ASSETS AND COMPETITIVE STRENGTHS

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

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

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

Maisons du Monde differentiates itself from traditional players European in the decoration and furniture market. Where many such players tend to be monostyle, with products that are "picked" from manufacturers that supply multiple retailers, Maisons du Monde offers products in many different themes and styles, which are largely designed in-house. In 2019, approximately 36% of the Group's decoration items were designed or adapted in-house (over 75% for certain product lines, such as crockery and kitchen linen). This percentage was lower for furniture (21% in 2019), as many product categories are more standardised (e.g. tables, sofas, etc.). The Group's entire collection is sold under its own brand, enhancing the uniqueness of the Maisons du Monde universes.

The Group's collectioning approach balances design and commercial efficiency by re-using and adapting historical bestsellers and leveraging in-depth historical sales data to gradually refresh and create new collections and universes matching emerging market trends. While traditional players tend to offer unique styles within a restricted price range, the Group, through its wide range of products, which has about 20,500 SKUs, is able to offer original articles inspired by many different themes and styles at affordable prices, which avoids any reliance on a particular theme or style.

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

A model focused on customer inspiration and satisfaction

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

In 2019, the Group launched several initiatives to improve customer satisfaction through an enhanced omnichannel experience, both in stores (creation of Deco Advice Corners at over 200 points of sale, launch of a free in-store returns service for decoration items ordered online, training programmes for sales teams) and on its online platform (optimised website browsing and search engine, redesigned online personal account). The Group also focused on improving the customer home delivery experience, specifically via better notification in terms of order-taking and delivery-tracking, or the launch of an ambitious improvement plan with its carriers, resulting in a 6-point increase in the Net Promoter Score for home delivery in 2019 year-on-year. Furthermore, the Group implemented a 360° marketing plan during the year aimed at strengthening the reach of the Maisons du Monde brand, specifically including more effective targeting and personalisation of its customer communications, and increased presence on social networks, resulting in increased brand awareness across all markets in which the Group operates (in particular : +9 points in Italy, +5 points in France and Spain, +2 points in Germany, +1 point in Belgium).

In addition, Maisons du Monde appears in several rankings of the best French brands carried out by independent firms. For example, according to the 2019 OC&C brand ranking, Maisons du Monde is the second favourite Frenchbrand in the Furniture category, with a score of 81.3, just behind IKEA and before But, Alinéa and Conforama. Among the Top 30 French brands, all categories combined, Maisons du Monde is in 20th place, up three places compared to the 2018 ranking.

The Group believes that this strong recognition on the part of customers translates into consistent market outperformance, as shown by the sales growth which outperformed its benchmark market index on a like-for-like basis throughout its business cycles. In addition, between 2014 and 2019, Maisons du Monde opened 48 new French stores, on a net basis, and 69 international stores. Driven by both its stores and a strong performance on a like-for-like basis, the Group has increased its market share in the countries in which it operates, to the detriment of independent retailers in particular.

A scalable business model geared towards value

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

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

To manufacture its products, Maisons du Monde works with approximately 1,500 third-party suppliers, located in China, India, Indonesia and Vietnam, among others. Specifically, the Group has developed close long-term partnerships with about 40 such suppliers, supporting the organisation in developing its unique products at an attractive cost. Additionally, the Group operates its own furniture production facilities in Vietnam, which provides it with an in-depth understanding of the production process and associated costs.

The Group operates 11 warehouse facilities, which house most inventory and provide backend logistics support to all of its distribution channels, including e-commerce and international stores. Stores typically have a relatively small amount of stock of approximately €140,000 per store on average, thereby maximising square footage at retail locations for product display and increasing sales densities.

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

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

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

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

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

The Group has also been at the forefront of e-commerce in the homeware industry, using its online platform not only as a distribution channel, but also as a source of inspiration for its customers, a way to discover the Group's collections and universes and prepare a store visit. The Group has today emerged as a leader in e-commerce in the French home decoration and furniture market, with 24.7% of its online sales in the year ended 31 December 2019 generated online, compared with approximately 7% in 2010. This compares very favourably with the moderate e-commerce penetration rate on the French decoration and furniture market, with most large bricks-and-mortar players generating online sales below 10% of their total sales.

Maisons du Monde seeks to further fuel the success of its omnichannel model with web-to-store and store-to-web applications, the creation of delivery options, such as free in-store delivery [(1)] or click-in-store [(2)] sales, which represented €309.5 million for the year ended 31 December 2019. Additionally, the Group has continued to use significant cross-channel data collected from its customers through its customer relationship management platform in order to improve the effectiveness of its marketing and drive growth further.

The Group also provides its customers with its catalogues. These catalogues are available in several languages, and come in four different versions (general, outdoor furniture, junior and B2B). They cover the Group's entire range of furniture items and help attract customers to its stores and website. In 2019, the brand's general catalogue presented roughly 2,730 furniture SKUs and approximately 2,660 SKUs in home decoration items. The outdoor furniture catalogue had roughly 490 furniture SKUs and approximately 150 SKUs in home decoration items. Lastly, the junior catalogue presented approximately 310 furniture SKUs and 700 SKUs in home decoration items. In 2019, the Group distributed a total of 11.3 million free catalogues across the countries in which it operates.

This omnichannel approach, combined with the Group's lifestyle universes, is in contrast to the methods adopted by traditional players, which often only display their products in stores, in comparatively unattractive product aisle formats. The combination of these two complementary distribution channels and a differentiated merchandising approach allows the Group to sell a wide range of products in relation to its average store space and the number of products displayed in stores. On average, 7% of furniture SKUs are displayed in-store, but, using its catalogues and online platform, the Group is able to make all its offering available to its customers. This is illustrated by the fact that around 55% of in-store furniture sales were generated by products that were not physically displayed in-store in the year ended 31 December 2019.

A proven track record replicated internationally

Maisons du Monde replicated its business model across Western Europe and also gained a foothold in the United States in 2018. As of 31 December 2019, the Group operated 125 stores spread across eight countries outside France, and also had an exclusively online presence in two additional countries. For the year ended 31 December 2019, international sales accounted for more than 45% of the Group's sales, compared with 3% in 2005 and 20% in 2010. For the same year, six of the ten largest stores in terms of sales were located outside France and about 52% of the Group's online sales were made internationally.

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

The success of the Group's international growth strategy is further demonstrated by the similarity of ramp-up [(3)] and the payback [(4)] inherent in new stores, as well as the comparable nature of EBITDA [(5)] margins between the French stores and the international stores, in the countries mature where the store network and brand are established (such as Italy, Spain and Belgium).

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

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

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

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

(5) Store EBITDA is defined as store sales less related expenses (cost of sales, personnel expenses) but excluding overheads, marketing and structural expenses. The store EBITDA margin refers to store EBITDA as a percentage of sales.

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

Maisons du Monde's business model has delivered strong financial results since its creation, based on continued sales growth and a high level of profitability. The Group's sales grew from €604.7 million in the year ended 31 December 2014 to €1,225.3 million in the year ended 31 December 2019, representing a CAGR of approximately 15% over the last five years, with a positive contribution from all distribution channels, geographical areas and product categories, which represents a stellar performance compared with other European players in the homeware industry. In addition, the Group's EBITDA recorded an average CAGR of about 16% between 2014 and 2019, recorded a from €72.9 year ended 31 December 2014 to €152.7 million in the year ended 31 December 2019. The EBITDA margin also improved from 12.0% to 12.5% during the same period.[1]

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

1.4.4 GROUP STRATEGY AND OUTLOOK

On 18 June 2019, Maisons du Monde presented its new strategic plan for the 2020-2024 period. Onthat date, the Group's goal is to become the reference lifestyle partner, by offering a range of appropriate home-based solutions, a smooth and inspiring customer experience and rich dialogue between the brand and its communities, to promote openness and responsibility.

Maisons du Monde presented a clear roadmap to convey its vision

An even more differentiated offering

Maisons du Monde aims to sharpen its product leadership by reinforcing its creativity through more themes and capsule collections with partners, and by developing product customisation.

An increasingly digital and data-driven Group

Maisons du Monde's aim is to make business increasingly digital, by making full use of data analysis and with more integration between its channels. Accordingly, the Group's objective is that its, online sales increase more than two and a half times by 2024, bringing them up to approximately 30%-35% of total sales, and that digital sales (including click-in-store sales) represent around 60% of total sales, with priority given to international sales. The Group intends to achieve this objective through increased marketing investment to increase brand awareness, further improvement in the customer experience and a tailored international approach.

A new store expansion strategy to boost its international presence

Maisons du Monde will continue to dynamically manage its network and reinforce its store concept, with the optimisation of its French stores (with 10-20 net store openings over the plan period) and continued international expansion. Of the 80 to 100 net store openings planned until 2024, around 80% should be outside France, thereby increasing the Group's European presence in the countries where it already operates. The store format should be adapted to each market and may include high-visibility locations in city centres to enhance brand awareness and boost online sales.

An industrialised approach to supply chain

In order to support digital growth and international expansion, Maisons du Monde plans to upgrade its logistics tool. Densifying storage spaces and adopting a lean approach should contribute to increase the logistical efficiency of the Group's central platform. Additionally, a new 65,000 square metres logistics centre located in the North West of France should become operational in 2021 and automated in 2022. Maisons du Monde is seeking that this new logistics model, combined with data-driven inventory management, be the cornerstone of the Group's future operational performance, and that it further contribute to improving the customer experience.

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

A stronger CSR ambition

Convinced that companies should be leading actors in environmental and social responsibility, intends to step up its CSR ambitions. The Group's ambition is to reduce its carbon intensity by 25% by 2024, by reinforcing supply chain transparency, reducing its carbon footprint throughout its value chain, increasing its range of sustainable products and developing circular economy services.

New avenues for growth to strengthen the Group's core business

Becoming the reference deco curator in Europe with the launch of Maisons du Monde's marketplace

In 2020, Maisons du Monde is planning to launch its selective marketplace, to promote the expansion of its curated model. This extended offer should enable the Group to increase traffic to its website and stores and raise brand awareness across all the markets in which it operates. Maisons du Monde's carefully selected marketplace sellers are expected to generate a business volume of between €160 million and €180 million by the end of the plan, while having a relative impact on the EBITDA margin.

Evolving from a distribution to lifestyle partner model with an enhanced offer of services

Maisons du Monde intends to expand its service offering, which is essential to the customer experience and increasing proximity with them, from the process of inspiring customers to managing end-of-life products, and including delivery and financing. With Rhinov, the start-up which is reinventing the interior design business and in which Maisons du Monde has acquired a majority stake, the Group aims to generate €20 million to €40 million in sales over the life of the plan and confirm its position as the reference lifestyle partner. Maisons du Monde will also step up its commitment with its user communities by gradually providing different content and encouraging interactions.

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

The B2B market offers strong development potential, as new trends in hospitality, catering and new office spaces are in keeping with Maisons du Monde's style and friendly DNA. Expanding its B2B product range and marketing efforts is expected to achieve sales of above €100 million in 2024, with a relative impact on the EBITDA margin. Franchising, through the acceleration of openings with existing partners, should lead to €60 million in sales under the brand in 2024.

The United States, a new engine of growth for Maisons du Monde

Following its successful integration into Maisons du Monde, Modani should represent the Group's primary growth engine in the United States. The Group's ambition is that Mondani sales to reach around $200 million by 2024, with a further acceleration of store openings (from 13 at the end of 2018 to more than 50 stores at the end of 2024), an expanded decoration offer and the development of online activity. In addition, The Group's objective is that the gradual, targeted development approach for its own brand, with at least five store openings planned over the period of the plan.

2020-2024 financial objectives[1]

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

- **sales growth**: the Compound Annual Growth Rate should reach over 10% over the period, to exceed €2 billion in sales by 2024, on the basis of a high-performance omnichannel model, increased international presence and the contribution from new growth avenues;
- **profitability:** the EBITDA margin should reach 12% in 2024 and will be in the range of 11% and 12% in the intermediate years of the plan, as the result of strategic choices which are necessary to strengthen the Group's model and sustain its double-digit sales growth. Furthermore, sound financial management should bring the average annual growth of net income to over 10% over the period, i.e. in line with sales;
- **free cash flow and shareholder return policy:** cumulated recurring free cash flow should be over €300 million over the 2020-2024 period, and will allow further deleveraging to 0.5x EBITDA at the end of the period, while maintaining the Group's dividend policy, with a payout ratio of 30% to 40% of net income.

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

1.4.5 DESCRIPTION OF THE GROUP'S BUSINESS

Products

Overview

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

Through this unique broad product range, Maisons du Monde is able to satisfy a wide variety of consumer tastes. Each style is typically available for each room or function of the home and spans a large number of product categories. The range of Maisons du Monde products includes over 16,000 decoration SKUs (54.0% of sales in 2019) and almost 4,500 furniture SKUs (46.0% of sales in 2019), and is designed to appeal to a broad customer base with its multi-style, multi-price approach. The Group constantly innovates to respond to changing tastes and the preferences of successive age groups by adding new themes, styles and universes. Approximately half of the Group's current furniture styles were launched in the last ten years.

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

Decoration Items

Decoration items generally consist of products that customers can use to accent and accessorise their homes and add colour and personal style to their living spaces. The Group offers approximately 16,000 SKUs in the decoration items category Its range in this product category includes bedding, rugs and mats, candles, pillows and cushions, clocks, tableware, lamps, kitchenware, mirrors and frames, vases, storage articles, window treatments and bath products. The Group's average selling price (ASP) is approximately 12 euros for decoration items. Occasionally, new categories of decoration items are introduced in order to broaden the Group's customer base and provide its customers with even more home decoration choices. For example, the Group launched its junior collection, featuring decoration items for babies, children and teenagers in 2011. This range currently consists of approximately 1,400 SKUs, including baby crib mobiles, lamps, wall art for children and storage containers.

In addition to its furniture styles, the Group also curates and presents a variety of "themes" for decoration items, which are presented alongside furniture in Maisons du Monde's universes. These decoration item collections reflect new themes and trends, which often leverage existing pieces, that are either integrated "as-is" or are adapted to the new theme. Additionally, the Group is able to reuse and adapt approximately 36% of small decoration items in a given collection in subsequent collections, which are items the Group considers to be "best-sellers".

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

Furniture

The Group offers roughly 4,500 SKUs in the furniture category, across a wide range of styles. The Group's furniture range includes sofas, chairs, beds, mattresses and bedframes, floor lamps, tables, junior furniture, tables and storage units such as bookshelves, wardrobes and cupboards. The Group also offers a range dedicated to outdoor furniture, which includes approximately 600 SKUs. The Group's ASP for furniture is approximately €226. The Group presents one new furniture collection per year. Substantially all of the Group's furniture is assembled and delivered to the customer's home. The Group has also expanded this range over the last few years. For example, it introduced a dedicated outdoor furniture collection in 2009 and a junior collection in 2011.

Product display and merchandising

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

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

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

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

Design, Sourcing and Pricing Strategy

Overview

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

Product Design

Maisons du Monde's team of 18 designers and graphic artists define the collections and manage product design according to a well-established collection creation process. They are part of and work closely with the design and purchasing team of more than 90 staff members overall. For decoration items, the Group presents two major collections per year, in Autumn/Winter and Spring/Summer, each of which generally consists of six themes. For furniture, the Group presents one new collection per year, which includes multiple styles.

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

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

Maisons du Monde’s in-house design capabilities enhance the originality of its products and position its brand among consumers as a unique source of homeware inspiration. In 2019, approximately 36% of the decoration items were designed or adapted in-house (a rate of over 75% for certain product lines, such as crockery and kitchen linen), the remainder selected from external suppliers, to align with the season’s collection.

Pricing Strategy

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

The Group aims to offer items across a wide range of price points in every product category, in order to address to a broad range of customers and budgets. For example, the Group offers two-seater sofas from an entry-level price of €199 for an upholstered model to €1,399 for a leather model. The majority of the Group’s price points are clustered in the affordable category as demonstrated by average selling prices (ASPs) of approximately €12 for decorative items and approximately €226 for furniture for the year ended 31 December 2019.

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

Furthermore, in order to preserve its margins and brand image, the Group maintains a policy of engaging in limited promotions and markdowns, which accounted for only 7.7% of sales for the year ended 31 December 2019, a proportion that is low compared to a number of other decoration and furniture retailers. The Group has developed a system of private sales, routine end-of-season sales and promotions for display products as tools to manage inventory. However, the volume of such sales has historically been low due to the Group’s ability to correctly anticipate demand and recycling of end-of-life products in its stores and on its e-commerce platform.

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

Sourcing

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

Based on the total value of purchases for the year ended 31 December 2019, approximately 90% of the Group’s products were manufactured in Asia, primarily China, Vietnam, India and Indonesia, providing it with access to a low-cost supply base. The Group’s remaining products were manufactured in Europe, with France accounting for approximately 4% of the Group’s manufacturing (primarily sofas) and the rest of Europe accounting for approximately 6% of the Group’s manufacturing (primarily glassware).

A. INTERNAL MANUFACTURING

For the year ended 31 December 2019, the Group produced approximately 6% of its furniture (in terms of furniture purchases) at its manufacturing site in Vietnam (via its subsidiary, Mekong Furniture, created in 2013). The Group mainly focuses its in-house manufacturing capabilities on the production of the more high-end furniture, the more design-intensive furniture items as well as on its junior furniture collection. Moreover, the Group is able to gain useful information with respect to the costs and dynamics of the supply chain, which it uses to its advantage as a benchmark in negotiations with external manufacturers. Accordingly, it believes that the flexible nature of its external supply base means that the Group is able to optimise its supply chain across the geographic locations in which its suppliers are based, particularly in the face of changing market conditions. Furthermore, the Group’s significant sales volumes generate strong buying power and enable it to achieve economies of scale and efficiencies across its supply chain.

The Group’s joint venture in China, Chin Chin, created in July 2006 with SDH Limited, a company registered in Hong Kong, was sold by Maisons du Monde to its partner in November 2019.

B. EXTERNAL SUPPLIERS

The Group regularly works with more than 1,500 third-party suppliers. The Group’s top 15 suppliers (including Mekong Furniture) represented approximately 28% of its purchases for the year ended 31 December 2019. No external supplier accounted for more than 5% of its purchases for the same period.

The Group does not enter into formal contractual arrangements with its external suppliers. Instead, purchases are made through purchase orders of individual SKUs or groups of related SKUs on an order-by-order basis. In Asia, the Group typically makes a down payment of one-third of an order's value at the point of order and pays the remainder on shipment. The Group's sourcing strategy focuses on identifying and using suppliers that can provide the quality materials and fine craftsmanship at accessible prices that its customers expect.

Partners

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

Other External Suppliers

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

C. RAW MATERIALS

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

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

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

Quality Control, Inventory Management and Logistics

Quality Control

Quality control is applied across all phases of the Group's sourcing, manufacturing and logistics operating model and is key to cultivating, maintaining and enhancing the "Maisons du Monde" brand among its customers and thus to preserving profitability. Quality control also extends to the selection process for third-party suppliers and providers. For example, the Group generally prefers suppliers that have received recognised international certifications, such as those granted by the International Standards Organisation ("ISO"). The Group also performs ongoing monitoring, inspection and control procedures, which take place during the manufacturing process, at receipt of the products at the Group's warehouses and upon arrival of products at the Group's stores. In particular, the Group seeks to achieve consistent quality across its suppliers' products by selectively inspecting both pre-production samples and deliveries at its warehouses in Marseille-Fos. The Group has a quality control team, consisting of about 20 employees, the majority of whom are based in China, Indonesia and India, who conduct site visits, inspections and are responsible for supervising suppliers' adherence to the Group's standards.

Inventory Management

The Group uses a data-intensive process for inventory management in order to optimise product allocation among its stores, which carry relatively low levels of inventory, as the majority of its inventory is kept in the warehouses. As of 31 December 2019, approximately 7.5% of the Group's decoration inventory and approximately 2% of the Group's furniture inventory was aged more than one year and the Group had 181 average days of inventory outstanding.

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

Logistics

A. SHIPPING FROM POINT OF PRODUCTION

The vast majority of the Group's products are manufactured in Asia, primarily in China, Vietnam, India and Indonesia, and are shipped by sea to Marseille-Fos from the port closest to the point of production (Shanghai or Ho Chi Minh City) pursuant to standard freight contracting with third-party shippers. The Group rarely relies on air cargo for shipments, in an effort to maintain its low cost of production. The Group's maritime contracts are renewed annually, negotiated one year in advance and paid in US dollars. The Group hedges its US dollar exposure by buying US dollars under forward and option contracts to cover its expected purchases for 15 to 18 months. For further discussion of the impact of exchange rates on the Group's results of operations, see Chapter 2 "Risk factors" of this Universal Registration Document. Distri-Traction, the Group's dedicated transfer subsidiary, handles the transport of the containers from the port of Marseille-Fos to the Group's warehouses. For products that are manufactured outside of Asia, such as sofas made in France, terrestrial shipping to the Group's warehouses in Marseille is arranged (rail freight or trucking).

B. WAREHOUSING

Distrimag centralises the Group's warehousing and inventory management activities. The Group's central warehouses service all of the Group's operations, which helps it harness efficiencies in quality control and reduce inventory at individual stores, maximising selling space. The Group stores its products in 11 warehouse facilities, each of which serves all of the Group's sales channels, in preparation for distribution to stores and end-customers. As of 31 December 2019, the Group managed approximately 444,000 square metres of leased warehousing and distribution space in the Marseille area.

The Group continuously improves its supply chain and distribution operations by expanding and upgrading its warehousing and logistics operations. The Group has put in place a scalable infrastructure with significant capacity to support its future growth and has been able in recent years to increase the storage space of its existing warehouses by optimising shelf space. The Group believes that its enhanced supply chain and fulfilment operations allow it to manage customer orders and distribute products to stores and customers in an efficient and cost-effective manner. The Group intends to continue to strengthen its supply chain operations through a number of initiatives designed to improve its fulfilment and delivery logistics performance and achieve greater efficiencies in the management of its inventories. The Group also plans to open a new logistics centre in north-western France by 2021 in order to increase its storage capacity and optimise its distribution activities.

C. DISTRIBUTION TO STORES AND END-CUSTOMERS

The Group outsources the road transport of its products to its stores and to its customers located both in France and abroad to a number of third-party transportation and logistics providers. For the year ended 31 December 2019, the average home delivery time within France for decorative products was two to five days and seven to ten days for furniture.

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

Distribution Channels

Overview

The Group distributes its products through a fully-integrated and complementary omnichannel platform that includes stores, catalogues and a website. The complementarity of the Group's channels is illustrated by the range of SKUs offered through each channel. At any given point, the Group's stores typically offer a wide range of decoration items (an average of approximately 7,700 SKUs as of 31 December 2019) but a more limited range of furniture (an average of approximately 250 SKUs as of 31 December 2019). The Group's online channel showcases most of its product range, displaying an average of approximately 8,900 decoration item SKUs and approximately 4,100 furniture SKUs at any given point. [1]

(1) Average number of references available on the Group's website at any given time during the financial year ended 31 December 2019.

The Group's catalogues constitute an additional source of information allowing it to disseminate and promote its products. The online channel is an increasingly important source of sales growth for the Group. In 2019, the Group's website attracted an average of 8.7 million unique visitors per month. Online sales attributable to desktops increased by 14% between 2018 and 2019, whilst online sales attributable to visits from smartphones increased by 50% over the same period. For the year ended 31 December 2019, online sales represented 24.7% of the Group's sales.

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

The Group also operates a business-to-business (B2B) sales channel that accounted for €40.7 million in sales in the year ended 31 December 2019.

Stores

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

As of 31 December 2019, the Group directly operated a total of 358 stores under the Maisons du Monde brand throughout France, Italy, Spain, Belgium, Luxembourg, Germany, Switzerland, USA and since 2019, in Portugal with approximately 417,200 square metres of retail trading space in total. The Group closed its corners at Debenhams in the United Kingdom at the end of December 2019, retaining only a presence there via its online platform. The Group's square metres of retail trading space have grown by approximately 24,000 net square metres *per annum* since 2004, accelerating to growth of approximately 33,500 square metres per annum net since 2014. Since 2014, the Group has opened 27 to 36 new stores gross *per annum*.

In the United States, at 31 December 2019, Modani was operating a network of 18 stores in eight U.S. states as of 31 December 2019 - including California, Florida, Georgia, Illinois, New York, New Jersey, Pennsylvania and Texas - with a sales area of approximately 15,100 square meters.

All of the Group's store locations are leased pursuant to commercial agreements with the relevant landlord. The Group's French network is the largest, with a total of 233 stores at the end of December 2019.

The following table sets forth the number of stores, average retail trading space per store and store openings in each country where the Group operates, as of 31 December 2019:

Country	**Number of stores**	**Average retail trading space per store** *(m^2)*	**Number of stores opened in 2019** *(gross)*	**Number of stores closed in 2019**	**Number of stores opened in 2019** *(net)*
France	233	960	18	(6)	12
Italy	48	1,770	5	(2)	3
Spain	27	1,565	4	-	4
Belgium	24	1,290	3	(1)	2
Germany	11	1,505	1	-	1
Switzerland	9	1,670	2	-	2
Luxemburg	3	1,025	-	-	-
Portugal	1	630	1	-	1
United Kingdom	-	-	-	(4)	(4)
United-States	20	870	7	(1)	6
TOTAL	**376**	**1,150**	**41**	**(14)**	**27**

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

A. STORE FORMATS

The Group's stores are primarily located in high-traffic areas and the product offering in each of the stores has been adapted to the customer demographics of the area as well as the size of the store. The Group's stores can be characterised principally by location: city centres, retail parks and shopping centres. As of 31 December 2019, the majority of the Group's stores were located in retail parks (67% of stores) or in shopping centres (18% of stores) which are attractive due to lower rents and high conversion rates, and the remainder are in high traffic city centres (15% of stores). The Group believes that situating its stores in locations with strong catchment potential is critical to the success of its business.

City Centre Stores

City centre stores have approximately 300 to 800 square metres of retail trading space and primarily sell decoration items (on average, 73% of city centre store product mix by sales for the year ended 31 December 2019), with a limited offering of furniture (on average, 27% of city centre store product mix by sales for the year ended 31 December 2019). City centre stores tend to generate high footfall, and are important for generating future sales either in the Group's larger retail park and shopping centre locations or online. For the year ended 31 December 2019, each city-centre store generated average sales of approximately €1.5 million and the Group's 56 city-centre stores generated around 10% of in-store sales [(1)].

Shopping Centres

Shopping mall stores have approximately 300 to 1,000 square metres of retail trading space and primarily sell decoration items (on average, 76% of shopping mall store product mix by sales for the year ended 31 December 2019), with a limited offering of furniture (on average, 24% of shopping mall store product mix by sales for the year ended 31 December 2019). The shopping centres where the Group opens stores may be inside city centres, though the majority are outside city centres. Shopping centres are selected based on, among other factors, the target demographics of the particular shopping centre accessibility and the mix of the other retail and entertainment tenants. For the year ended 31 December 2019, each shopping centre store generated average sales of approximately €1.9 million and the Group's 63 shopping centre stores generated approximately 14% of the Group's in-store sales[(1)].

Retail park stores

Retail park stores have approximately 500 to 4,500 square metres of retail trading space (with most stores having 1,000 to 2,000 square metres of retail trading space) and generally offer a wider range of furniture (on average, 37% of the product range sold by retail park stores for the year ended 31 December 2019) but a more limited offering of decoration items (on average, 63% of the product range sold by retail park stores for the year ended 31 December 2019) as compared with the shopping centre or city-centre stores. Retail park stores are typically located near key transportation arteries and connected to mass transportation, generally with on-site or adjacent parking facilities. For the year ended 31 December 2019, each retail park store generated average sales of approximately €2.8 million, and the Group's 239 retail park stores generated approximately 77% of the Group's in-store sales [(1)].

B. MANAGEMENT OF THE STORE NETWORK

The Group's store network is the result of an industrialised and data-driven process to centrally identify promising new locations. Additionally, the Group's centralised store management team receives weekly reports enabling it to respond proactively when an existing store's performance is not consistent with the Group's standards. As a result of this strong management of the store network, stores exhibit a relatively homogeneous profitability level. For the year ended 31 December 2019, six of the ten largest stores in terms of sales were located outside France.

New Store Selection

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

(1) Excluding Modani.

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

The Group rigorously monitors store payback, which refers to store net fixed assets (1) divided by the related store EBITDA (2), and store ramp-up, which refers to the amount of time it takes for a store to generate sales per square metre in line with the Group's average. Stores located in countries with high brand recognition, such as France, Italy, Spain and Belgium have shorter average payback and ramp-up periods than in the other markets where the Group operates.

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

Store Refurbishment, Repositioning and Closure

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

E-commerce

Maisons du Monde was one of the first to develop an online sales platform and innovate in this area, and was a leader in the development of this activity in the French decoration and furniture market. E-commerce represents a constantly growing sales channel for the Group and is complementary to its network of stores. The e-commerce channel has bolstered international penetration thus enabling the Group to expand into new markets at lower cost. For example, for the year ended 31 December 2019, Germany was the Group's second largest market in terms of online sales, although it has a comparatively limited network of stores compared to France.

Maisons du Monde offers its products online through its primary website, www.maisonsdumonde.com, which has been optimised for computer, smartphone and tablet navigation and is accessible in multiple languages. The Group launched its online platform in 2006. In 2019, the Group's website attracted an average of 8.7 million unique visitors per month (compared to 7.4 million in 2018). Online sales amounted to €302.4 million for the year ended 31 December 2019, representing 24.7% of the Group's sales, an increase of 20.1% over the year ended 31 December 2018.

In 2019, approximately 52% of total online sales for the Group were generated outside of France (compared to 49% in 2018). Additionally, about 74% of the Group's online traffic was from mobile devices (compared to 70% in 2018). Lastly, furniture accounted for 70% of online sales, and decoration items for 30% (compared to 71% and 29% respectively in 2018).

The Group's e-commerce platform allows customers to discover and experience the universes found in its catalogues and stores in a simple and easy-to-use format. The Group's online channel showcases most of its product range, displaying an average of approximately 7,700 decoration item SKUs and approximately 4,100 furniture SKUs at any given point (3). Online sales consist mainly of furniture, however, sales of decoration items have increased over the last few years. The Group has promoted online sales of decoration items by investing in delivery options such as its free in-store delivery. The Group's website also offers universe-based and room-based navigation, which allows its customers to conceptualise their home's redesign and shop for items by product category, style, theme or universe, thereby improving their shopping experience. For example, customers can search for products by size or colour, browse through its extensive product categories and see detailed information about each product and collection, such as dimensions, materials used and care instructions. Customers can select colour swatches and view merchandise displayed with different colour and fabric options. The Group's website has also introduced curated pairings of decoration items and furniture which assemble unique assortments of SKUs based on a current trend, allowing customers to redo a room in a new theme or style and add additional personalisation options assembled from the Group's universes and collections, in order to encourage a "shop the look" purchasing experience. The Group regularly updates its website to reflect product availability and new releases and also implements system improvements for its e-commerce platform.

(1) When analysing the performance of its stores, the Group uses their net fixed assets as a basis for estimating capital expenditure.

(2) Store EBITDA is defined as a store sales less related store expenses (cost of sales, personnel expenses, rent and lease expenses and other direct expenses), but excluding overheads, marketing and structural expenses.

(3) Average number of references available on the Group's website at any given time during the financial year ended 31 December 2019.

In the last few years, the Group recorded a significant increase in the percentage of consumers accessing its website from tablets and mobile phones, which enables its product offering to be accessible on multiple devices that customers use to navigate and shop. For example, in the year ended 31 December 2019, approximately 70.4% of hits on the Group's website were logged from mobile devices, up 29% from the year ended 31 December 2018. For the year ended 31 December 2019, online sales from smartphones recorded growth of 50% compared to the year ended 31 December 2018.

The Group's website is an important part of its omnichannel sales approach. It includes a store inventory check feature, which directs consumers to the nearest store stocking the desired item. In 2015, the Group piloted a free in-store delivery initiative for decoration items ordered online in eight stores in two regions in France. According to data analysed from this pilot, more than 10% of customers made additional in-store purchases upon visiting the store to collect their online purchase. The free in-store delivery initiative was then expanded nationwide in France and Switzerland in February 2016, in Italy in September 2016, and in other European markets where the Group is present from February to April 2017, to provide additional convenience to customers and encourage additional purchases. Furthermore, the Group's focus on the management of its online inventory has also had a positive effect on in-store sales. Customers visiting a Maisons du Monde store increasingly make purchases of products that are not physically displayed in-store, but instead appear either in the catalogues distributed in-store or on tablets available in the store, or, alternatively are identified through discussions with sales associates. The Group identifies these transactions as in-store digital sales, or click-in-store [(1)] sales, which together amounted to €309.5 million in the year ended 31 December 2019. To enhance its in-store digital sales, Maisons du Monde started to install tablet computers in its stores in France at the beginning of 2016. At the end of December 2019, this programme was available in 356 stores, or 99% of the Group's stores.

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

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

Business-to-Business Sales (B2B)

Over the last few years, Maisons du Monde has developed a secondary sales activity dedicated to professional customers (business-to-business or "B2B"). The Group's B2B activity consists of sales of Group decoration items and furniture to a variety of end-users, namely hotels, architects/interior designers, offices, retailers and others. B2B sales are managed by an internal sales force and utilise the Group's existing retail and delivery network. The Group's B2B activity accounted for €40.7 million in sales in the year ended 31 December 2019, as compared with €31.2 million in the year ended 31 December 2018. In 2019, the Group's offering included approximately 140 product SKUs dedicated to professionals (compared to approximately 70 in 2018), as well as a catalogue presenting the different universes on offer to professional customers.

Marketing and Customer Services

Overview

The Group's track record of strong sales growth and like-for-like sales growth that is greater than the market average is in large part attributable to its loyal customers. In the past few years, the Group has dedicated an increasing number of resources to getting to know its customers and to interacting with them through the deployment of omnichannel initiatives such as its free in-store delivery service for decoration items ordered online. It has also equipped its in-store sales force with tablets, and offered new customer services, including the ability for customers to give their opinion during all phases of their shopping experience (in stores, on the Internet, during home delivery), as well as strengthening its investments and visibility on social networks and launching its customer relationship management and targeted marketing programme to enhance the attractiveness of its product offering and develop cross-fertilisation operations of its distribution channels to promote in-store and online traffic. The Group also successfully deployed its deco advice service in stores and in digital format, including a 3D application enabling customers to visualise the furniture at home, and a new service allowing them to call on interior architects for their layout projects in partnership with Rhinov. At the end of December 2019, 110 Maisons du Monde stores, or more than 30% of the network, had a Decoration Consulting corner for customers.

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

In 2019, Maisons du Monde acquired a majority stake of 70.4% in Rhinov, a start-up specialising in 3D simulation of interior design based on a plan or photo for corporates and private individuals. The company had a turnover of €1.3 million in 2018.

Marketing Strategy

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

New initiatives in the marketing space have focused on digitisation of the retail experience and increasing cross-channel interaction. The installation of tablet computers in the stores has assisted sales personnel in cross-selling and providing better advice to customers. Additionally, the Group has begun to install video screens in its stores to present Maisons du Monde original content in-store and prompt customers to navigate fully through the Group's product offering. Moreover, during 2017, the Group launched an internal Net Promoter Score (NPS) system, allowing customers to give their opinion during all phases of the shopping experience. This system was first launched in stores in March 2017, and was then expanded to the Group's website in June 2017, and to home deliveries in September 2017. During 2019, the Group continued its efforts to strengthen its ties with customers through the continuous optimisation of its online marketing investments with a customer centric approach, the development and retention of its customer base and the improvement to brand visibility through the reinforcement of its presence on the social networks and the development of ambassador communities.

Marketing Functions and Expenses

Marketing is a key component of the Group's ability to implement its business strategy, attract footfall and engage with customers. The Group's advertising and marketing expenditures for the year ended 31 December 2019 were €46.4 million and represented 3,8% of sales.

One of the Group's primary marketing expenses is the publishing and production of its catalogues. During the financial year ended 31 December 2019, the Group distributed approximately 11.3 million free catalogues in the countries in which it operates. Additionally, The Group also invests in online marketing, both to acquire new customers as well as to build its brand.

Catalogues

The Group's catalogues are a very powerful marketing tool to inspire its customers and illustrate the Group's unique offering by presenting the breadth of its universes and its various styles and themes. The Group's catalogues look and feel like a design magazine, displaying high quality photos shot in real home settings in compelling locations. With over 500 pages in the 2019 edition, the Group's standard catalogue showcases its full furniture product range complemented with a selected range of decoration items. The Group additionally produces two specialised catalogues that focus on outdoor furniture, junior decoration items and furniture, as well as a B2B catalogue presenting its offer dedicated to professional customers. They are a key marketing tool for the Group and increase in-store and online sales by encouraging customers to explore the various distribution channels.

Customer Engagement and Social Media

In January 2013, the Group began creating and maintaining a CRM database of its customers who buy its products in its stores, in order to better understand their shopping habits and preferences. At the end of 2015, the Group created a unified database of customers combining its online and offline customer bases. This database, compliant with GDPR requirements, includes their detailed purchasing information, demographic data, geographic locations and postal and email addresses. The Group has significantly increased its database of customers and, as of 31 December 2019, it had a base of approximately 19.1 million contacts (compared to around 16.5 million contacts at end December 2018). The Group launched its Customer Relationship Management (CRM) system during 2017. The Group's CRM system provides it with the information necessary to develop new products and categories that respond to current trends and evolving customer preferences, as well as to more effectively promote the current product offering thanks to a targeted marketing approach that involves, among other things, sending personalised newsletters to customers. In 2019, the Group continued to reinforce its CRM strategy through targeted marketing actions involving sending emails to customers selected on the basis of their omnichannel purchasing behaviour, promoting the rate of conversion into sales. The Group also increased the average spending per active customer by 6% in 2018 compared to 2017.

Social media outreach is another key component of the Group's marketing strategy. The Group is present on various online platforms such as YouTube, Facebook, Instagram and Pinterest. The Group's YouTube account shows original video content presenting new collections and product launches as well as providing "do it yourself" instructional videos for home decorating. Its Facebook pages allow it to share new product launches, showcases newly opened stores and other news from the Group. At 31 December 2019, almost 2.1 million users had "liked" the Group's Facebook pages. The Group's digital strategy for the social networks mainly focuses on Instagram and Pinterest, which are true visual inspiration platforms. The Group has an Instagram account with over 3.2 million followers, positioning it in second place behind IKEA for this platform. The Group also engages its customers on Pinterest, which allows it to present a number of functionalities, such as by style or theme; it had over 346,000 followers at 31 December 2019, placing it in first place for this network. In 2019, around 10 million visitors consulted the photos and videos of products posted online by the Group on Pinterest each month.

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

Customer Service and Returns

Part of maintaining the "Maisons du Monde" brand image includes providing a high standard of customer service, which encompasses in-store service, online technical and sales support and after-sales service. The Group has a team of approximately 100 employees who handle after-sales services such as returns and respond to customer queries in relation to deliveries and product quality. The Group's after-sales services do not directly generate any revenue. To support its e-commerce channel, the Group maintains a hotline dedicated solely to its online customers' sales inquiries and handles certain over-the-phone sales. Over-the-phone sales thus represented €40.5 million for the financial year ended 31 December 2019. Outside working hours, a service provider answers the calls or e-mails from customers. Additionally, e-commerce customers are encouraged to fill out satisfaction surveys, which are analysed in order to assess and improve the online experience, check-out process and post-purchase support. For example, in response to customer feedback, more visuals and detailed product information were added, and new delivery and payment options are proposed. The Group has partnered with the consumer financing firm Cetelem, a member of the BNP Paribas Group, to offer its customers the possibility of paying for purchases from €150 up to €16,000 in 3, 10, 20 or 30 monthly instalments, depending on the purchase price. In the year ended 31 December 2019, approximately 11% of furniture sales were generated using consumer financing obtained by customers from Cetelem. In addition, the Group offers a "privileged customer card" programme, offering customers longer guarantees on some of their purchases.

Information Technology

The Group's business depends on the ability of its employees to process transactions on secure information systems and its capacity to store, retrieve, process and manage information. The Group's IT systems are supervised by the Group's Chief Technology Officer and are managed in-house by a team of around 150 IT and data professionals supported by third parties and who are led by a team of managers with in-depth e-commerce experience. Two fully redundant data centres support the continuity and connectivity of the Group's IT systems supplemented by an architecture to ensure high a level of availability and processing of data in the cloud. The Group's IT systems provide a full range of business process support and information to the store, design, merchandising, sourcing and finance teams. The Group believes that the combination of its business processes and systems provides it with improved operational efficiencies, scalability, increased management control and timely reporting that allow it to identify and respond to trends in its business. The Group utilises a combination of customised and industry standard software systems to provide various functions related to:

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

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

Regulation

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

Regulation of Furniture Production and Products Liability

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

A. EUROPEAN UNION REGULATIONS

Since the furniture that the Group produces and sells incorporates timber, the Group must take into account the Forest Law Enforcement Governance and Trade ("FLEGT") action plan that the EU adopted in 2003, which is aimed at reducing deforestation by regulating imports of timber and timber products into the EU. FLEGT regulates where the Group can source its timber and timber products. FLEGT includes a timber licensing system to certify the legality of imported wood products: in order to obtain a FLEGT licence, voluntary partnership agreements ("VPAs") must be signed between timber-producing countries and the EU. As of 31 December 2019, six countries have signed a VPA with the EU and are developing the systems needed to control, verify and license legal timber. Nine other countries are in negotiations with the EU and others have expressed interest in joining.

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

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

- regulation 2019/1021 (known as the Regulation on Persistent Organic Pollutants or "POPs"), which, among other things, limits the presence of certain substances in items placed on the market, such as C10-C13 chlorinated alkanes;
- directive 2001/95/EC (known as the General Product Safety Directive), which requires manufacturers to put only safe products into the market place, requiring the Group to supply products that comply with general safety requirements, monitor the safety of products on the market, provide the necessary documents guaranteeing product traceability and to provide consumers with information that enables them to evaluate the potential risk of a product if the risk is not easily apparent;
- directive 1999/44/EC which regulates certain aspects of the sale of consumer goods and associated guarantees. This Directive regulates fitness for purpose of consumer goods and the liability of the seller by providing basic protection to consumers against inferior products. Under the Directive, consumers are entitled to a guarantee period of half a year. Consumers may also hold the seller liable in cases where the lack of conformity has become apparent within two years of the delivery of the goods;
- directive 94/62/EC, which regulates the packaging requirements for shipments made to end-consumers. This Directive is designed to reduce waste through and provides for recycling of packaging materials to help achieve this goal.

B. MANDATORY REGULATIONS IN INDIVIDUAL MEMBER STATES

France

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

United Kingdom

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

Regulation of the Group's Retail Activities in France

A. LAWS ON COMMERCIAL LEASES

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

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

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

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

B. EMPLOYMENT REGULATIONS

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

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

C. PROTECTION OF PRIVACY AND PERSONAL DATA

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

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

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

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

D. IMPORT-EXPORT RESTRICTIONS

The Group sources many of its products from Asia, mainly China, Vietnam, India and Indonesia. Within the European market, the principle of free movement of goods applies. With respect to the import and export of goods from countries which are not members of the EU, the Group must comply with national and EU foreign trade and customs regulations. At the EU level, the Group's relevant regulatory framework is based on the Modernised Customs Code (Regulation (EC) No. 450/2008). Whereas imports and exports within the European Economic Area ("EEA") are in principle not liable to customs duty, the movement of goods beyond the frontiers of the EEA is subject to customs control. The customs control charges include statutory import duties. Customs offices may from time to time initiate customs inspections to assess whether customs regulations have been infringed. In France, the Group may also pay specific stamp duties, such as the tax for the development of the wood and furnishing industries *(taxe pour le développement des industries de l'ameublement ainsi que des industries du bois)*, currently set at 0.20% of the value of the goods imported.

1.5 Property, plant and equipment

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

As of 31 December 2019, the property portfolio formed by these sites was as follows:

- two offices housing the Group's registered office, one located at Le Portereau, 44120 Vertou, France and the other at ZAC de Bel Air, 44120 Vertou, France. The Group leases these premises from its founder, Xavier Marie, pursuant to commercial leases entered into on an arm's-length basis;
- premises housing offices leased from third parties and used for the Group's web and network services (55 rue d'Amsterdam 75008 Paris, France and 32-38 Lemon Street E18EW London, United Kingdom), development teams (140 rue Galliéni 92100 Boulogne-Billancourt, France), and finally B2B and import-logistics services (6 rue Anne de Bretagne (Immeuble Viséo), 44120 Vertou, France);
- 11 warehouse buildings serving all of the Group's sales channels;
- a showroom located at 30 avenue de la Vertonne, 44120 Vertou in France, and a warehouse used for photo shoots for the Group's catalogues, located in rue de la Voyette, 59810 Lesquin, France, leased from a third-party landlord;
- 376 stores located in France (including corners and a showroom located in 100 rue du Bac, 75007 Paris), Italy, Spain, Belgium, Germany, Switzerland, Luxembourg, Portugal, the United Kingdom and the United States;
- a furniture manufacturing facility in Vietnam operated by the Group's wholly owned subsidiary Mekong Furniture.

1.6 Investment policy

1.6.1 MAIN INVESTMENTS MADE

Acquisitions of Intangible and Tangible Assets

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

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

For the year ended 31 December 2019, the Group's capital expenditures amounted to €60.9 million, or 5.0% of sales, of which:

- €33.0 million in expenditures for store network development (including openings and extensions), indicative mainly of the 41 gross store openings five renovations and one extension by the Group;
- €8.3 million in expenditures on maintaining and renovating existing stores;
- €3.9 million in expenditures relating to logistics activity;
- €12.0 million in information systems investments;
- €3.7 million in other expenditures, primarily including expenditures related to the Group's head offices.

1.6.2 MAIN FUTURE INVESTMENTS

In terms of future capital expenditure, the Group plans to gradually increase its capital expenditure to a level of approximately 3.5% of sales by 2024 (excluding logistics investments, linked in particular to the opening of a new logistics centre in north-western France by 2021). Most of the capital expenditure is expected to correspond to investments relating to the development and management of the Group's store network, as well as more structural investments to support its digital transformation, including investments in IT systems and data.

1.7 Research and development, patents and licenses

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

The Group's Proprietary Rights

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

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

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

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

Third-Party Licences

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

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

Security inherent to the Group's intellectual property rights

Not applicable.

Risk factors and internal control

2

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

2.1 Internal control and risk management system

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

DEFINITION AND OBJECTIVES OF THE GROUP'S INTERNAL CONTROL

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

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

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

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

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

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

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

RISK MANAGEMENT PROCESS

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

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

As part of an ongoing drive to improve the Internal Control system, the Group continued with its efforts in 2019 by notably taking the following actions:

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

- the distribution of a book of procedures relating to inventory management to all Group stores;
- the operational set of standards and procedures was enhanced (purchases other than goods, management of cash flow): the process for identifying and managing risks made it possible to classify risks by means of mapping, ranking them by likelihood of occurrence and estimated impact on the Group;
- the performance of 153 audit assignments in France and abroad on controls of the operational cycles of stores such as cash management and cash receipts, the fight against breakage and mark-down, the management of store inventories and customer orders or the physical security of goods and people.

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

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

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

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

2.2 Risk factors

2.2.1 EVALUATION METHODOLOGY

In 2019, the Group updated its risk matrix, which summarizes the risks according to their scale of impact and probability of occurrence. It is reproduced below to visualise the issues, but does not replace the developments explained that follow. The scale of impact is assessed according to three criteria:

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

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

As part of the application of the new Prospectus 3 regulations, applicable from 21 July 2019, the Group has overhauled its chapter on risk factors, insurance and risk coverage in order to simplify and improve readability of the presentation of information relating to the main risk factors. Only significant risks specific to the Group are presented below.

PROBABILITY

Risks of theft/misappropriation of inventories			Unfavourable change in the economic situation in those markets in which the Group operates
Risks related to talent and employee management	Risks related to the failure of information systems Risks of corruption or fraud Damage to the Group's brand image and reputation Risks related to intellectual protection Risks related to legal proceedings/major litigation	Risks related to the competitive environment Currency risks	Risks related to an upstream supply disruption Risks related to the logistics chain: in warehouses or on inbound/outbound transport flows
	Lack of attractiveness of locations and pressure on the cost of commercial leases	Poor anticipation of market developments/consumer preferences Risks related to the management of external growth Major incident or nonconformity at a third-party supplier or in a Group plant Risks related to changes to or non-compliance with laws and regulations	Risks of Cyber Attack Risks related to the protection of personal data
			Risks of quality or conformity problems with the products sold

IMPACT

2.2.2 PRESENTATION OF THE MAIN RISK FACTORS

The following paragraphs set out the main risks identified in 2018-2019 and measures for dealing with these risks. These are divided into four categories:

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

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

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

Risks related to the Maisons du Monde business segment

Unfavourable change in the economic situation in those markets in which the Group operates
Risks linked to the competitive environment
Poor anticipation of market developments/consumer preferences

Company Strategy and Organisational Risks

Risks related to the logistics chain: in warehouses or on upstream/downstream transport flows
Risks related to an upstream supply disruption
Risks of Cyber Attack
Risks related to the management of external growth
Major incident or nonconformity at a third-party supplier or in a Group plant (CSR)
Risks of quality or conformity problems with the products sold
Risks related to the failure of information systems
Risks of corruption or fraud
Damage to the Group's brand image and reputation
Lack of attractiveness of locations and pressure on the cost of commercial leases
Risks of theft/misappropriation of inventories
Risks related to talent and employee management

Legal and regulatory risks

Risks related to the protection of personal data
Risks related to intellectual protection
Risks related to legal proceedings or major litigation
Risks related to changes to or non-compliance with laws and regulations

Financial risks

Currency risks

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

The COVID-19 epidemic which emerged in China in December 2019 could have a significant impact on the Group's business. While the impacts of this epidemic are, as of the date of filing of this Universal Registration Document, difficult to quantify, the key risk factors generated by this epidemic have been identified. These are in particular described without being exhaustive in the risks listed under i. Unfavourable change in the economic situation in those markets in which the Group operates, ii. Risks related to an upstream supply distribution and iii. Risks related to the supply chain: in warehouses or on upstream/downstream transport flows, described in greater detail below.

RISKS RELATED TO THE MAISONS DU MONDE BUSINESS SEGMENT

Unfavourable change in the economic situation in those markets in which the Group operates

Description of the risk	Potential effects on the Group
The Group is active in the decoration and furniture market. Consumer purchases, particularly of furniture, are essentially discretionary and could be affected by economic factors such as: • Employment situation; • Level of wages; • Household debt ratio; • Inflation; • Interest rates; In addition, since consumers often purchase furniture as part of the purchase, leasing or renovation of a home, the demand for the Group's products is generally closely related to: • Housing prices; • Trends in the real estate market; • Situation of the real estate lending sector; • Other aspects of consumer financing in the housing sector. The Group may be impacted by a deterioration in market condition or in the overall economic or political situation or of any other kind, like a global public health crisis such as the Covid-19 crisis which could impact all of the countries in which the Group does business.	In an uncertain economic environment characterised by decreasing or stagnant disposable income or during periods with fewer housing starts or reduced expenditures by consumers on their homes, consumers may curtail their visits to decoration and furniture stores, reduce overall spending on decoration and furniture or opt to purchase products with lower average selling prices (ASPs). For the Maisons du Monde Group, this would have an unfavourable impact on store footfall and on the average consumer shopping basket, and thus more generally on the Group's revenue. As of the date of filing of this document, the Group's business has in particular been impacted by the Covid-19 pandemic. In application of the measures imposed by the authorities to contain the spread of the virus, the Group closed all of its stores in Italy on 12 March 2020 for an initial period of one week. All of the Maisons du Monde brand stores in France and its various outlets in Europe and the USA were then closed. Nevertheless, the Group continues to sell its products and serve its customers in its various geographies through its e-commerce activity. This situation could change further if the authorities decide to introduce further measures to combat Covid-19 and order the complete cessation of all non-essential business activities. Faced with this unprecedented and extremely rapidly developing situation throughout the world, the Group believes that it is very difficult to quantify the impact of the limitation of its activity in the various countries in which it operates on its 2020 sales and results.

Management of the risk

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

The best way for the Group to protect itself against this risk is to diversify its activities, both geographically and by category. Indeed, Maisons du Monde's international development leads to a geographical distribution of its activities that contributes to diversifying and, to a lesser extent, limiting the concentration of risk related to the economic situation.

Certain household items become obsolete or require replacement, even during periods when macroeconomic indicators are trending down. Maisons du Monde benefits in particular from its wide price range, which addresses a wide range of consumer budgets.
The Group is continually exploring new opportunities to attract new customers. The Group believes that franchising and BtoB sales represent attractive platforms to drive long-term growth.

Finally, against the background of the current global public health crisis, the Group is implementing a proactive action plan covering its entire cost structure, including in particular the application of partial furlough measures for staff, and aimed at attenuating the impact of COVID-19 on its results and the generation of cash flow for the Group. A special committee comprised of the key executives has been set up to monitor the development of COVID-19 in the situation on a day-to-day basis and the implementation of this action plan. In addition, the Group is working on resizing its store opening plan in order to strike to right balance between investing for future sales growth and preserving results and cash generation.

Risks related to the competitive environment

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

Management of the risk

Maisons du Monde limits the effects of competition from the main players in its markets through its strategy:

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

The Group seeks to further fuel the success of its omnichannel model with web-to-store and store-to-web applications and the creation of options such as free in-store delivery or click-in-store sales.

The Group believes that its strong online presence and seamless integration across distribution channels provides it with a distinct advantage over its competitors. For example, a customer may view a product in a Maisons du Monde store and later decide to purchase this product *via* the Group's website. Similarly, a customer may view a product on the Group's websites or catalogue and then visit one of the stores before making a final decision.

During 2019, the Group continued to strengthen its relationships with its customers, focusing on:

- the personalisation of its communication;
- increasing and optimising its marketing investments to 5-7% of revenue by 2024, in line with the Group's 2020-2024 strategic plan;
- strengthening its brand visibility through social media, influence and press relations.

Poor anticipation of market developments/consumer preferences

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

Management of the risk

The Group constantly innovates to respond to changing tastes and the preferences of customers by adding new themes, styles and universes. Approximately half of the Group's current furniture styles were launched in the last ten years.
During 2019, the Group recruited an artistic Director, in charge in particular of controlling the evolution of market trends, and a Style Director in charge of creation.

The Group's ability to renew its collections with new and innovative designs differentiates it from other homeware retailers. The Group relies on the analysis and gradual adaptation of its product offering, following an "early adopter" approach. Maisons du Monde's in-house team of designers identifies emerging design trends in the market and shapes subsequent collections around these trends.
The CRM (Customer Relationship Management) system, launched in 2017, provides the Group with the information needed to develop new products and categories that respond to current trends and changing customer preferences. The Group also carries out an annual assessment to measure the level of satisfaction on a panel of customers and prospects.

In addition, the Group continues to strengthen its omnichannel model, for example, since 2019, consumers have been able to return their purchases made on the website to the store. The Group also focuses on improving the customer experience, particularly its after-sales service, in order to meet new consumer requirements at all points of contact with Maisons du Monde.

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

2

Company strategy and organisational risks

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

Description of the risk	Potential effects on the Group
The Group currently uses independent external logistics providers to import its products and to ship its products to customers. The outsourcing of such services by the Group is subject to certain risks such as: • the unfavourable modification or loss of agreements with these providers; • strikes, work stoppages and inclement weather may impact the providers' ability to provide delivery services that adequately meet the Company's needs; • changes in freight regulations: diesel taxes, customs duties, national or local regulatory environments concerning CO2 emissions, freight transport in urban and peri-urban areas with increasing environmental requirements, etc., which may have a negative impact on the Group's logistics costs; • rise in fuel prices. Lastly, for its logistics requirements, the Group operates 11 warehouses located in the port area of Marseille-Fos, in the South of France. This is where much of the Group's inventories are housed. The sites provide backend logistical support to all distribution channels. A blockage or unavailability of the port of Fos-sur-Mer or the warehouses due to a work stoppage, strikes, fire, another major incident or a malicious act could impact the supply chain and the shipment of products to stores and customers. In December 2019 and January 2020, the Group faced the Port de Fos-sur-Mer dockers' strike. A part of the imported goods was blocked there and cargos were redirected to other ports such as the Barcelona port, thereby enabling the Group to improve its restocking capacities, but as a result, causing an additional logistical cost in the early 2020 fiscal year.	Energy costs have fluctuated dramatically in the past. For the Group, these fluctuations may lead to an increase in transport costs inherent in freight and distribution. More generally, any change in the regulatory environment relating to freight and logistics could result in higher transport and delivery costs for the Group. A blockage of the port of Fos-sur-Mer, an interruption or deterioration of delivery services or the services of other logistics companies chosen by the Group could result in delivery delays or product shortages affecting the Group's ability to deliver to its customers or stores in a timely manner, which could affect its revenue and harm its relationship with its customers. In the context of the global health crisis linked to the Covid-19 virus, the Group's supply chain could be exposed to a shutdown of activity in its warehouses, if it is no longer possible to ensure employees' health or if decisions were taken in this direction by the authorities as part of the cessation of non-essential activities. Likewise, delivery activities may be affected. As of the filing date of this Universal Registration Document, and given the highly evolving and uncertain conditions of this health crisis, the Group is unable to give a more precise estimate of the impact of Covid-19 on its results.

Management of the risk

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

- In its 2020-2024 strategic plan, the Group's ambition is to create a new 65,000 m2 logistics centre located in the north-west of France. This new logistics model, in addition to improving the Group's operational performance and contributing to the continuous improvement of the customer experience, will make it possible to secure and limit the risk related to the blockage or unavailability of the port of Marseille-Fos, currently the only port through which all products imported from Asia by the Group transit.
- The Group's eleven warehouses, located in the port area of Marseille-Fos in the south of France, are independent cells, all equipped with sprinklers. Some of the sites also have 24-hour security.
- To mitigate the risk of strikes or work stoppages at its logistics warehouses, the Group implements a number of measures to maintain close social dialogue. At Distrimag, employees and management are the focus of social dialogue, in both directions and there are many opportunities for discussion.
- Maisons du Monde engages in an annual bidding process with its freight forwarders, which enables the Group to maintain a competitive process between its service providers and limit the risk of untimely changes in contractual and pricing conditions.
- Finally, for delivery of the Group's products to its stores and customers, the Group outsources the road transport to a number of third-party transportation and logistics providers. The Group's internal distribution capabilities allow it to understand the cost and quality dynamics associated with its retail network and benchmark its external transportation and logistics providers in a multi-partner and tender-based territorial approach in order to reduce costs and delivery times.

Risks related to an upstream supply disruption

Description of the risk	Potential effects on the Group
The Group is dependent on third-party suppliers to manufacture the products it markets. If the Group's suppliers do not deliver quality goods within a suitable period of time, the Group's reputation and activities may suffer serious consequences. The Group purchases more than 90% of its products from approximately 1,500 third-party suppliers. The use of third-party suppliers entails a number of risks, including that inherent in the termination of business relationships. A number of the Group's suppliers, particularly its artisan suppliers, may have limited resources, production capacities and operating histories. Also, the Group's suppliers may face: • financial difficulties, bankruptcy, insolvency or a lack of liquidity; • failures of production facilities or disruption of the production process for reasons internal or external to the supplier's organisation exposing Maisons du Monde to a risk of disruption of its supply chain. For some products, the Group depends on a limited number of external suppliers. This is the case, for example, with fabric sofas. The use of a limited number of third-party suppliers entails a number of risks, including that inherent in the termination of business relationships. The Group's products are manufactured mainly in Asia, more particularly in China, India, Indonesia and Vietnam. The Group is therefore exposed to the various usual risks associated with importing products from these countries, including, among others: • political and economic instability; • the strengthening of security requirements for foreign goods; • compulsory taxes or other charges and restrictions on imports; • risks related to labour practices and social conflicts, manufacturing and product safety standards; • environmental issues; • natural or health disasters, such as the Covid-19 crisis, can severely disrupt the Group's supplies, since they affect countries, where a large part of the Group's products are manufactured.	Any instability that disrupts the production cycle of a partner supplier or the Group's strategic stock could result in an operating loss in relation to: • an increase in supply lead times and therefore the Group's inability to deliver products to its customers at the right time, which could adversely affect its relationship with its customers and impact its revenue; • an impairment of the Group's ability to adequately supply its warehouses and therefore face inventory shortages on certain products, which could cause the Group to lose sales and damage its reputation with customers; • an increase in procurement costs for the Group, should it have to find alternative suppliers with less competitive prices, thus negatively affecting the operating result. More particularly, the Group's supplies have been severely affected in the context of the global health crisis linked to the Covid-19 virus. In fact, this pandemic, which began initially in China and then spread to other countries, in Europe and the United States especially, led to product supply difficulties for the Group starting in mid-February, following the closure of its plant in Vietnam and the stoppage of production by its Chinese suppliers for more than a month. Since then, production has gradually resumed in China, as well as at the Group's plant in Vietnam, but with reduced capacity and a still uncertain ramp-up. As of the filing date of this Universal Registration Document, and given the highly evolving and uncertain conditions of this health crisis, the Group is unable to give a more precise estimate of the impact of Covid-19 on its results.

Management of the risk

The results of Maisons du Monde would be affected by a major upheaval or crisis in the countries in which it sources its supplies.

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

Other external suppliers consists of a large range of manufacturers that the Group draws upon on an order-by-order basis, comprising suppliers that the Group has worked with for several years as well as, on an opportunistic basis, new suppliers that pass the Group’s “know your supplier” screening.

Risks of Cyber Attack

Description of the risk	Potential effects on the Group
The digital transformation, which the Group has been implementing for several years, has resulted in greater exposure to the risk of cyber attacks. Despite the computer security measures implemented, the Group cannot guarantee that it may not be subject to a cyber attack affecting its ability to ensure the confidentiality and integrity of data or that could affect the Company's business continuity. The Group could be exposed to: • material-specific risks, such as theft, fire or other malicious damage to electronic equipment; • building-specific risks such as intrusion, destruction or sabotage; • risks specific to the processing, such as a logical attack, cyber attack, illicit modification of or interference with algorithms, disclosure of information or personal, strategic and confidential data, or any other manipulation for the purpose of misappropriation; • risks specific to telecommunications.	Any vulnerability to phishing, hacking and system breach which could expose the Group to financial losses, regulatory action or consumer complaints that could damage its reputation and its business, in particular: • material losses; • direct non-material losses, such as the cost of expert appraisals and restoration of the affected systems (operating system, data, programs, procedures, etc.); • loss of margins due to additional costs and operating losses related to the costs of interim measures to maintain the functionality and performance of the systems and to enable continuity of operations; • loss of information that cannot be retrieved, resulting in operational impacts related to the loss of this data; • loss of confidential information and know-how. Any breach and/or questioning of security could result in: • adversely impacting the Group's reputation with existing and potential customers; • leading to a loss of stakeholder confidence; • giving rise to litigation or fines; • forcing the Group to allocate financial and management resources away from more profitable uses.

Management of the risk

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

- the presence of an Information System Security Manager, reporting to the Group's Information System Director and in direct collaboration with the Data Privacy Officer;
- periodic assessments of the security level of the information system, for example with innovative "ethical hacking" intrusion tests;
- provision by the Group's Information Security Officer (CISO), who is also in charge of the digital Workplace, of secure work and collaboration tools;
- the implementation of a single sign-on (SSO) technology for all of the Group's new and critical applications, at least;
- procedures for regular checks on authorisations and access;
- the revision, in 2019, of the Group's IT charter;
- raising employee awareness of the risk of cybersecurity through practical IT security guides to limit the risk of unintentional disclosure of confidential information or intrusion.

Risks related to the management of external growth

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

Management of the risk

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

The Group pays particular attention to the drafting of the shareholders' agreements it signs. They are drafted, at the Group's request, by a lawyer specialising in mergers and acquisitions.
As an indication, in connection with the integration of Modani and more recently of Rhinov, the integration programme includes in particular:

- the implementation of adapted governance;
- regular site visits by Maisons du Monde teams;
- a follow-up of the activity and results of the joint ventures through monthly business reviews and a process of joint construction and approval of budgets.

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

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

Management of the risk

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

For several years now, the Group has been committed to a continuous improvement process to support the progress of its suppliers' social performance. The supplier support programme aims in particular to respond to the priority risks relating to failure by a supplier to comply with the social requirements of Maisons du Monde, the identification of a situation of corruption or the occurrence of an environmental incident in a factory. This programme includes in particular:
- conducting social audits in order to regularly evaluate the performance of strategic suppliers on social issues;
- inter-supplier training sessions, organised since 2017 by Maisons du Monde for its strategic suppliers on social issues;
- a specific training programme for the Group's product managers. This training in the field is of paramount importance when it comes to enabling the product managers to understand the challenges faced and be responsible for the daily management of their suppliers.

Risks of quality or conformity problems with the products sold

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

Management of the risk

Quality control is present during all phases of the Group's sourcing, manufacturing and logistics operating model.
The Group regularly implements monitoring, inspection and control procedures, which take place during the selection or manufacturing process and upon receipt of products in the Marseille-Fos warehouses.
In particular, the Group seeks to achieve consistent product quality from one supplier to another by selectively controlling:

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

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

Risks related to the failure of information systems

Description of the risk	Potential effects on the Group
Information systems support all Group processes on a daily basis. The Group's operations might be interrupted or adversely affected as a result of a failure in its systems. Despite the measures implemented, there is no guarantee that the Group will be able to fully protect itself in the future against: • the non-availability or disruption of data communication infrastructures, applications or networks, preventing from carrying out its activities; • the non-integrity of data relating to both transactions and financial statements; • difficulties to adapt to the digital transformation. If changes in technology cause the information systems to become obsolete, or if they prove to be inadequate to handle growth, this could negatively impact the Group's business. • In addition, costs and potential interruptions associated with the implementation of new technologies or with the maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of the Group's operations; • the failure of the formalised disaster recovery plan.	Any material disruption or slowdown of the Group's systems could cause information, including data related to customer orders, to be lost or delayed, which could result in delays in the delivery of products to its stores and customers or lost sales. Moreover, a failure that causes the Group's website to become unavailable could materially and adversely affect online product viewing and online sales or even footfall to the Group's stores, any of which could have a material adverse effect on its business. More generally, any significant breakdowns or interruptions in information systems or any loss or communication of sensitive data could result in: • blocking or slowing down the normal operation of the Group's business; • bias in some decision-making; • more generally, have unfavourable financial, operational or image consequences for Maisons du Monde.

Management of the risk

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

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

Finally, the IT department works jointly with each of the Group's business lines on end-to-end data integrity control.

Risks of corruption or fraud

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

Management of the risk

With regard to the challenges posed by corruption, since 2017, Maisons du Monde has rolled out a series of procedures and practices to identify and manage the risks that are specific to the Group's business operations. These mechanisms fulfil the requirements of the "Sapin II" law on anticorruption and influence peddling. Thus, the Group formalised:
- an anticorruption risk map, compiled as a result of twenty or so interviews with the Group's key functions, conducted by an external firm of consultants. This map, updated in 2019, makes it possible to identify, analyse and prioritise the Company's risk of exposure to corruption and to scale internal procedures;
- the Maisons du Monde professional Code of Conduct aims to formalise the ethical and legal frame of reference within which Maisons du Monde and its employees perform their day-to-day professional activities;
- a whistle-blowers' charter and an ethics hotline enable any situation that contravenes the Code of Conduct to be reported confidentially by telephone or email.

In 2018, the Group also rolled out training for those employees most exposed to the risk of corruption as well as for all service managers. This classroom-based training, focused on:
- a general presentation of the challenges of corruption, its forms and sanctions, the behaviour to adopt, as well as the roles and responsibilities of each party in a situation that may resemble corrupt practices;
- presentation of the anticorruption mechanism in place within the Group.

Almost 120 people were trained on issues and procedures in connection with anticorruption in 2018 and training courses are planned to be organised every two years. Thus, the Group will implement training sessions for new hires in the course of 2020.

In addition, the Supplier Code of Conduct, which sets out all the requirements relating to the social compliance expected of suppliers, was supplemented in 2018 to include the issue of the fight against corruption, which was identified as a risk in the vigilance plan. This document, which is sent out by buyers direct, is annexed to specifications for furniture suppliers and was also forwarded to key suppliers of decoration items since 2018. Signing must be systematic by end 2020.

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

Damage to the Group's brand image and reputation

Description of the risk	Potential effects on the Group
Maison du Monde's business depends in part on its brand recognition and reputation. The Group believes that the “Maisons du Monde” brand has contributed significantly to the success of its business to date by driving footfall to its stores and generating unique visits to its websites. The Group also believes that maintaining and enhancing its brand are integral to the success of its business and to the implementation of its expansion strategies. This asset can be a weakness in the event of an inability to maintain brand positioning or an ineffective or insufficient marketing and communication strategy in terms of return on investment. The Group may be exposed to negative campaigns in the media or on social networks, in good or bad faith, which may damage its image or reputation, for example applying to: • the level of quality of products and services; • failure to provide a satisfactory customer experience; • compliance with ethical, social and environmental standards in all its operations and activities; • compliance with laws and regulations. The Group is also exposed to the risk of inefficient external communication affecting the confidence of shareholders and financial markets.	A malicious attack intended to tarnish the Group's reputation or a genuine incident related to the products or activity could seriously tarnish the Group's image and reputation. Widespread unfavourable media coverage could erode the confidence of: • consumers, leading to a decrease in footfall in store and site traffic and negatively affecting the Group's revenue and operating results; • investors, with a bearish impact on the share price. The Group may be exposed to additional costs related to the need to invest in brand image management, online presence and relationships adapted to the brand positioning, as well as increased marketing costs.

Management of the risk

In order to reduce the risks thus exposed, the Group has a system for monitoring, tracking and managing the risks of negative publicity affecting its image and reputation, particularly on the Web, in the press and social networks. The Group also has tools enabling it to monitor the brand's e-reputation.

In addition, the Group's Code of Professional Conduct stipulates that each employee, as a brand ambassador, must positively convey the image of Maisons du Monde and, as such, apply the fundamental rules of communication laid down by the company, in particular with regard to:

- information or statements concerning the Group's operations, performance, strategic projects or outlook;
- any personal position or communication in the media and on social networks.

Finally, the Group invests in online marketing, both to acquire new customers as well as to bolster its brand image.

Lack of attractiveness of locations and pressure on the cost of commercial leases

Description of the risk	Potential effects on the Group
The Group currently leases all of its store locations. Rent may be fixed, variable or include a fixed portion and a variable portion. (i) fixed rent, with rent reviews every year or set rent increases at certain intervals during the subsequent years of the relevant leasehold term or for a number of stores (ii) rent that is set according to a fixed percentage of the revenue of the relevant store, with certain guaranteed minimums. In France, fixed rent commercial leases that the Group signs with its landlords typically provide for a rent adjustment in accordance with changes in certain national indices, in particular the commercial rent index (*indice trimestriel des loyers commerciaux*). In other countries where the Group operates, the Group's leases typically include adjustment mechanisms referencing national consumer price indices. As a result, Maisons du Monde may have to face: • an inability or difficulty in renewing its expired leases and maintaining current rental levels, which depend on numerous factors, including applicable real estate laws and regulations, conditions in the local real estate market, competition in prime locations and the Group's relationship with lessors. • having to terminate certain commercial leases for unprofitable stores. Maisons du Monde's ability to negotiate termination or to modify current leases may be limited or even impossible with strict termination conditions. Moreover, the Group's sales at these stores is dependent, to a significant degree, on the volume of consumer traffic in those retail destinations and the surrounding areas. The Group's stores can benefit from the ability of other tenants in those retail destinations to generate consumer traffic and the continuing popularity of those areas as retail destinations. However, the Group does not have control on the availability or cost of appropriate locations, competition with other retailers for prominent locations or the success of individual shopping centres.	Increases in rental costs due for example to an adjustment related to national consumer price indices could have an adverse effect on the Company's profitability. The renewal of commercial leases and on less favourable terms could have an impact on the growth and profitability of Maisons du Monde. Similarly, the Group's inability to terminate certain commercial leases on favourable terms may result in the Group incurring significant expenses related to the termination of leases or maintaining unprofitable or empty stores.

Management of the risk

In order to improve its operating profitability and also reduce the risks related to pressure on commercial lease costs, the Group renegotiates its leases as often as necessary, monitors its lease expenses and optimises the indexation conditions of its rents to make them as flexible as possible with, for example, commercial leases with progressive rent increases over the first few years: to support revenue growth.
The Development Committee periodically reviews the performance of the stores opened, store opening and renovation projects, in order to make the necessary trade-offs.
Finally, the Group believes that its stores located in commercial zones or in retail parks are less sensitive to pressure on lease costs than stores located in city centres or in malls, due to a lower lease cost per square metre.

Risks of theft/misappropriation of inventories

Description of the risk	Potential effects on the Group
In the normal course of its activities, the Group incurs the risk that products in stores or warehouses will be stolen. Products may also be misappropriated during transportation. The Group's stores may also be the targets of successful or unsuccessful robbery attempts by third parties. During the year ended 31 December 2019, the Group suffered a loss representing approximately 0.4% of its sales due to the theft of products in stores and warehouses.	Any such theft or misappropriation may have a material adverse effect on the Group's business, financial position, results of operations and reputation.

Management of the risk

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

Risks related to talent and employee management

Description of the risk	Potential effects on the Group
To carry out its strategic plan, the Group relies on its management and employees. Insufficient and inadequate human resources or the inability to attract and retain talent could prevent the Group from achieving its objectives. • Inability to recruit suitable profiles to maintain strategic capabilities. The Group faces the challenge of attracting, training and retaining qualified personnel while controlling labour costs. The risk is accentuated in certain businesses (rare skills and competition in the digital sector, for example) and certain geographical sectors. • Risks of loss of "key" skills: the Group's success depends in part on its ability to retain "expert" employees in the furniture and home furnishings market, particularly product designers and buyers. Because the Group's collections are often based on a style or theme, etc., designers are particularly important to defining the brand's image, maintaining the brand's positioning and executing the Group's strategy of Meeting and adapting to changing consumer preferences. The Group can provide no assurance that such key employees will remain with the Group. The Group may also be exposed to the risk of major disruptions to its operations due to strikes, work stoppages or other labour disputes specific to the Group. Finally, as part of its duty of vigilance, Maisons du Monde must ensure the health, safety and security of its employees at all sites. Failure to provide an appropriate level of safety and security could compromise the level of employee commitment and damage the Group's reputation, particularly in the event of an accident.	The Group is aware that talent management remains an area of long-term vigilance to ensure the sustainability of the business and guarantee the transmission of key know-how within the organisation. Difficulties in recruitment, high turnover rates, long vacancies could result in: • a slowdown in the implementation of the Group's key development projects; • the demotivation of the teams in place; • a rise in labour costs that could adversely affect the Group's business, financial position and results of operations. The occurrence of strikes, work stoppages or other labour disputes could disrupt its operations, result in a loss of reputation, increased wages and benefits, or otherwise have a material adverse effect on the Group's business and results of operations.

Management of the risk

Maisons du Monde relies on its human resources strategy to:

- Attract talent: The Group, which hired 1,500 people on permanent contracts in 2019, has a recruitment platform to promote to potential candidates the advantages of joining the Group, the commitments and the employer promise of Maisons du Monde in terms of integration, training, mobility and development. A social survey is carried out every two years to monitor employee engagement;
- Implementing training and development levers for its employees. The development and adjustment of managerial skills internally is necessary in order to manage the Group's growth and the increasingly complex organisational structure. The Group has processes and tools to optimise the evaluation of skills and performance and thus professionalise the detection of high potential and promote internal mobility;
- In addition, the Group is making efforts to guarantee the development of the skills of its employees to the benefit of customers, with programmes such as:
- The "Grandir" Programme: this development programme, specifically tailored to the brand and the reality of life in stores, offers deputies ways of working towards becoming managers, via the "Manager d'Univers Marchand" certification, recognised by the Government and by the world of retail.

The "Customer Priority" Programme, to teach in-store teams to pay genuine attention to the customer via 10 professional actions.

Finally, in order to retain its "key" employees, the Group has set up people reviews which aim to identify, with the help of managers, the key people in their teams and to draw up action plans to develop, hire and succeed them. A profit-sharing system has been set up for all Group employees, and a free share allocation plan has been set up for certain "key" employees.

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

Legal and Regulatory Risks

Risks related to the protection of personal data

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

Management of the risk

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

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

Risks related to intellectual protection

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

Management of the risk

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

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

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

Risks related to legal proceedings or major litigation

Description of the risk	Potential effects on the Group
The Group could be faced with litigation in the normal course of its business, which could have criminal and/or civil consequences, as it may be subject to: • procedures related to business practices; • claims for damages for personal injury caused by the products it sells and not covered by the suppliers' liability; • complaints from employees, including complaints about discrimination, protection of privacy, work and employment and disability; • legal proceedings in the event of injury caused in the store due to poor safety conditions. The Group may therefore be exposed to the risk of liability from lawsuits or reputational harm if its customers are injured at the Group's premises, either through no fault of the Group or due to unsafe conditions caused by crowded conditions or the Group's failure to use adequate care in installing and maintaining retail spaces.	Litigation and other claims may engage the Group's liability and give rise to substantial legal expenses and costs. Lawsuits and proceedings arising from in-store injuries or from product quality or compliance issues can tarnish the Group's reputation. While such occurrences are rare, any liability resulting from such injuries, including reputational damage, could adversely affect the Group's business and give rise to: • employee or customer claims; • fines and penalties; • legal sanctions.

Management of the risk

The legal department is organised around three divisions (corporate and company law, purchasing and consumer law, employment law) and ensures the protection of the Group's interests.
In order to prevent any litigation, the Legal Department, in charge of the Group's protection and defence, has put preventive measures in place. Awareness of legal and regulatory issues is raised among the purchasing, marketing and operational teams on an ongoing basis.
Contractual agreements are reviewed by the legal teams, who are also involved upstream of the Group's projects.
In the event of major disputes or disputes for which the Group's in-house lawyers do not have the required skills, the Group is supported by specialised lawyers or outside experts.

The Prevention Manager, who reports to the Group's Technical Director, and the Distrimag health and safety manager are in charge of implementing the necessary procedures to protect the Group from the risk of major incidents and therefore from disputes relating to the safety of consumers or employees. For information purposes, the Group has the following at its disposal:
- a policy for monitoring and validating investments made for the installation and maintenance of safety equipment such as, for example, investments in warehouse mechanisation or specific handling tools to limit the arduousness of the work;
- procedures to limit the risk of safety incidents for employees, customers and third parties at its various sites;
- safety rituals and procedures are in place and their application is regularly checked, both in the stores by the prevention team and by the Group's internal auditors, but also in the logistics warehouses.

Risks related to non-compliance with laws and regulations

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

Management of the risk

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

Financial risks

Currency risks

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

Management of the risk

The Group hedges most US dollar transactions using forward contracts and hedging strategies negotiated with leading banks, in order to hedge purchases forseen over a period of 15 to 18 months. Hedging is part of the forecast/budget process.

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

2.3 Insurance and risk coverage

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

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

The Group's comprehensive insurance programmes generally take the form of master contracts applicable to its operations worldwide.

The Group enters into local insurance policies generated from these master programmes to comply with local insurance-related regulatory obligations, as applicable in certain countries. The Group does not operate, rent or own any captive insurance vehicles.

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

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

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

2.4 Financial and accounting information

Risk management and internal control specific to financial and accounting information

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

The internal financial and accounting control system aims to ensure:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Corporate responsibility

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3.1 Our CSR approach, integrated into our corporate strategy

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

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

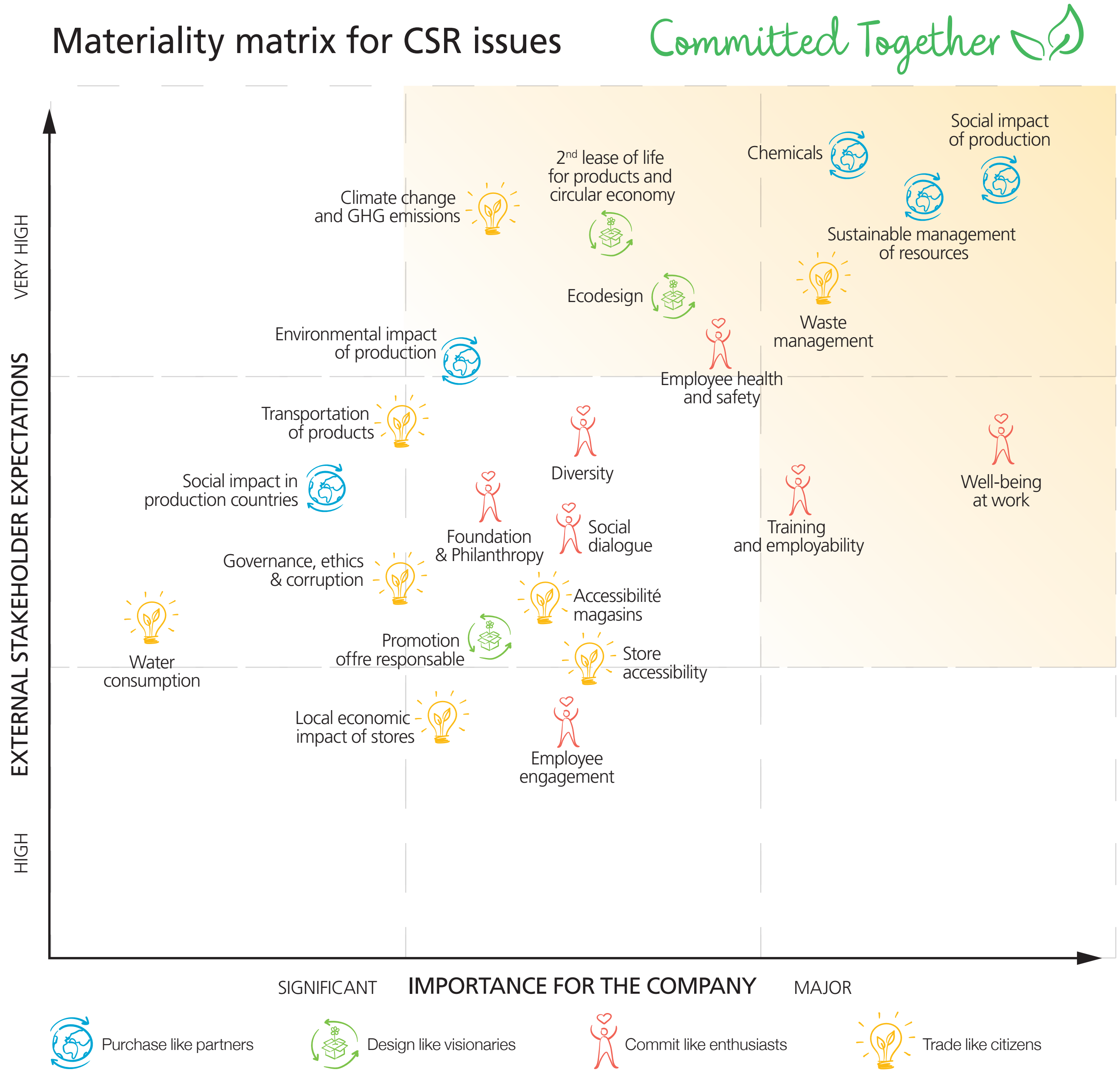
3.1.1 A CLEAR PICTURE OF THE KEY ISSUES AND ASSOCIATED RISKS

CSR materiality analysis

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

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

The essence of the "Committed together!" programme includes consultation with all stakeholders to create the right conditions for business line transformation. This consultation is crucial in terms of defining and developing our responsibility strategy.



The map points to an overall alignment between internal and external stakeholder expectations and confirms high expectations on a number of issues, particularly relating to the Maisons du Monde supply chain.

To cover all the key issues and risks identified in a proportionate way, the Group has structured its approach around four pillars:

- **purchase like partners**: sustainable management of resources, social and environmental impacts of the supply chain, health and safety of customers;
- **design like visionaries**: ecodesign, 2nd lease of life for products, promotion of a responsible offering;
- **trade like citizens**: climate change, waste management and energy consumption policies, environmental impact of transport, governance and ethical practices;
- **commit like enthusiasts**: HR commitment to employee well-being, safety, training and employability, commitments to Maisons du Monde Foundation philanthropic initiatives and activities.

Non-financial risk review

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

In 2019, the risk mapping was completed based on the review of specific risks under the duty of vigilance. A match was made between the two mappings, notably enabling the specific risks relating to environmental challenges and pollution in the supply chain to be added to the analysis.

Among these 31 risks covered by the review, eight non-financial risks are considered key for Maisons du Monde. The table below provides a simple overview of these main risks and refers back to the corresponding sections of this report providing details of the policies implemented, their results and key performance indicators.

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

Duty of vigilance

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

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

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

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

3.1.2 OUR AMBITIONS FOR 2020

Based on this vision of CSR priorities defined by the materiality analysis, the CSR risk review and the review of duty of vigilance risks, the "Committed together!" strategy brings all the Group's business lines on Board with a two-fold ambition: to work with our stakeholders to manage non-financial risk and to make our commitment a differentiating factor and a brand preference. The quantified targets for 2020 were set in 2017 on the basis of this dual perspective of corporate responsibility and citizenship. These targets are monitored by all the Group's business lines and make progress part of our business structure.

They are listed in the table below and throughout the chapter to measure progress against these "Ambitions 2020".

Purchase like partners
100% of our suppliers sign the Code of Conduct
100% of our strategic suppliers audited on the basis of social criteria, every two years
100% of product managers trained in responsible purchasing
100% of our strategic furniture suppliers in India committed to our traceability programme with TFT
Standardise the use of timber from sustainably managed forests in accordance with FSC®/PEFC™ standards
100% of our suppliers sign the "substances" specifications
Early replacement of problematic, unregulated substances
Design like visionaries
Develop the responsible offering on an ongoing basis: certified timber, recycled timber, ecodesigned products
Ten ecodesigned flagship products marketed
Develop partnerships that are supported by social and solidarity-oriented structures to offer products a second lease of life
Trade like citizens
90% of our sites to sort their waste
70% of waste sorted and recycled
25% reduction in our energy intensity
30% reduction in our carbon intensity
Optimise our packaging, from suppliers to customers
Commit like enthusiasts
100% of our managers trained in local management
100% of new managers participate in a personalised training programme
100% of our managers aware of, and sign, the Maisons du Monde Management Charter
65% of Store Managers and logistics managers in post as a result of internal promotion
An employee survey is conducted once every two years and the results and actions plans are shared
10 million customer donations through the ROUNDING UP at check-outs to help charities supported by the Maisons du Monde Foundation
1,000 employees took part in solidarity activities

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3.1.3 OUR 2024 PLAN

For Maisons du Monde, 2019 was marked by the communication of the Group's new strategic plan for the period 2020-2024. This new strategic plan includes the strengthening of the CSR approach as a major component of its roadmap. It is with this ambition in mind that all of the Group's business lines have mobilised to formalise new CSR commitments by 2024. Working groups were created in 2019 to develop our ambitions and ensure that CSR issues are included in the Group's new chapter of growth.

These objectives will take over in 2020 from our first plan and are presented throughout this chapter.

2020-2024 Plan
Purchase like partners
Transparency regarding product composition and origin
Systematic pre-assessment of suppliers for CSR criteria
100% of strategic suppliers audited for social criteria, with no major non-compliances
100% of at-risk strategic suppliers audited for environmental criteria
80% of furniture and 30% of wooden decoration items come from sustainably managed forests.
30% of textile articles and furniture coverings made of responsible cotton
Animal well-being policy formalised and monitored through to slaughterhouses
50% of textiles and furniture coverings Oeko-Tex® certified.
Ongoing support for suppliers regarding substance-related issues
Design like visionaries
Continuously develop responsible product offering
Continuously reduce the environmental footprint of our products through the integration of recycled materials
Develop new services for a circular economy
Trade like citizens
Reduce energy intensity per unit area (kWh/m²) for all our sites by 45% (2016 baseline)
Achieve 100% renewable energy in the energy mix of our sites
90% of sites sort waste and 80% of waste is sorted for recovery.
100% recyclable packaging
Reduce CO_2 emissions per parcel transported by 20% by 2024
A "zero-printing" customer experience
Reduce the carbon intensity of the Group's activities (tCO2/m€ turnover) by 25% on all main sources of GHG emissions
Commit like enthusiasts
65% of Store Managers and logistics managers in post as a result of internal promotion
Promote a culture of safety, with 30% of stores covered by a prevention station
100% of employees have the opportunity to take part in solidarity operations during working hours.

3.1.4 CONTRIBUTION TO SDGS

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

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

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

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

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

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

3.1.5 CSR GOVERNANCE AND ORGANISATION

The Maisons du Monde CSR Department reports directly to the Chief Executive Officer, Julie Walbaum, thus illustrating the Group's commitment, and the progress of road maps is steered by the Group's Executive Committee. Two to three Executive Committee Meetings each year are dedicated to CSR issues. In 2019, the Executive Committee met three times to handle CSR issues in the context of structuring the Group's new ambitions for 2024. Finally, it should be noted that one of the meetings was dedicated to the challenges of fighting climate change to structure the commitment to reduce greenhouse gas emissions made by Maisons du Monde in 2019 for 2024 and 2030.

SENIOR MANAGEMENT & EXECUTIVE COMMITTEE

Validates the key strategic thrusts and objectives

Allocates means and resources

Sponsors projects and monitors progress with the businessline departments

CSR MANAGEMENT

Steers the CSR strategy

Mobilises internal and external resources

Coordinates the implementation of action plans

Manages reporting

Drives the sustainable development approach internally and externally

BUSINESS LINE MANAGEMENT

Based on decisions taken by the Executive Committee, business line managers, coordinated by the CSR Department, are in charge of implementing road maps:

- **Offering Department:** support for suppliers on social and environmental issues, responsible management of resources and chemicals used in products and the supply chain. A dedicated unit within the Purchasing and Quality Department brings together all of the skills dedicated to the development of responsible product offering;
- **Technical Department**: oversight of the environmental performance of network stores and Distrimag warehouses: energy consumption, use of renewable energies, waste management and development of responsible stores and employee health and safety;
- **Continuous Logistics and General Purchasing Improvement Department:** reduction of the environmental impact of packaging, in-store printing, management of employee business travel;
- **Transportation Department:** environmental impact of the transportation of products (by sea, road, river, rail), managing the greenhouse gas emissions of shippers;
- **HR Department:** training and skills development, employee well-being, diversity and disability;
- **Network Department**: roll-out of CSR strategy at points of sale and bringing the customer on Board. The network's commitment is made possible in particular through a network of in-store CSR representatives who were deployed in 2019 to all French-speaking Maisons du Monde stores (France, Belgium, Switzerland and Luxembourg);
- **Logistics (Distrimag) and production (Mekong Furniture) subsidiaries**: adaptation and roll-out of CSR commitment locally according to their activity.

3.1.6 ENGAGEMENT WITH STAKEHOLDERS

Mobilisation of stakeholders and dialogue on CSR issues is vital for the success of the Group's engagement strategy.

The Group's main stakeholders are listed below.

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

Employees and trade unions

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

- two e-learning modules dedicated to CSR are offered to new employees during their integration phase. These modules present sustainable development, describe Maisons du Monde's specific commitments and explain that everyone can play an active role on a daily basis, in particular by creating a bond with the customer and making the act of buying in a Maisons du Monde store a meaningful one;
- in the stores, a network of CSR contacts is being deployed since 2017. As volunteers who act to relay the Company's commitment to the staff, CSR representatives deploy concrete actions in stores to reduce the environmental impact of points of sale, distribute information to teams and customers and are the key to dialogue between the network and the head office business lines for these issues. By the end of 2019, all of the Group's French-speaking stores will have an identified CSR contact;
- the CSR contacts network initiative has been replicated at the administrative headquarters in Nantes and Paris to identify volunteers to act as CSR ambassadors for their services. These ambassadors share their expectations in terms of day-to-day engagement in their business line, design awareness-raising events for all the teams and relay key CSR systems and measures to their colleagues;
- dialogue with employees also involves regular discussions with the Economic and Social Committee (ESC) for an exchange of views with elected employee representatives. In 2019, CSR topics, including the deployment of the CSR contact network, were discussed at an ESC Meeting;
- to give everyone the means to get involved, the Maisons du Monde Group has set up a solidarity programme for its employees. Through three major schemes, "Solidaritrips", individual solidarity leave with Planète Urgence and Solidarity Days, this programme gives employees the opportunity to better understand the Group's commitment. By learning more about the work of non-profits supported by the Maisons du Monde Foundation, employees can provide concrete support at their own level to Maisons du Monde's network of partner non-profits. Further details of these programmes are given in Section 3.6.2 of this report.

Finally, in addition to the raising awareness of the Group's CSR actions, dialogue with Group employees is key to the well-being at work policy driven by the Maisons du Monde Human Resources Department. "Your voice", an employee survey, was conducted with all network, administrative premises and logistics employees in 2019. 78% of employees completed the 2019 survey and action plans were rolled out to respond to employee expectations. This survey is repeated every two years.

Shareholders and investors

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

This dialogue and transparent communication with analysts and investors has enabled the Maisons du Monde Group to make progress within the various ESG indices and evaluations in 2019, including:

- the Gaïa Index, compiled by Ethifinance, in which Maisons du Monde was ranked 35th out of the 230 companies that comprise the index;
- the CDP assessment, in which Maisons du Monde received an A- rating for its commitment to an ambitious strategy to fight climate change.

For more information on dialogue with investors, see Section "Investor relations" of this Universal Registration Document.

Customers

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

The Customer Relations Department is made up of more than 200 people. Nearly two million incoming contacts are handled there every year in seven different languages (French, Italian, German, Spanish, Portuguese, English and Dutch).

Two customer satisfaction programmes are currently in place:

- a customer observatory analysing all customer feedback regardless of the channel used (telephone, email, chat) to improve satisfaction and internal processes;
- a "Voice of the Customer" programme that measures customer satisfaction at key points along the way using NPS questionnaires. It evaluates sales in stores and online, free in-store delivery and home delivery.

These various tools are geared towards allowing Maisons du Monde to successfully make its customers central to the experience by aligning itself as closely as possible with their expectations and improving its service by clearly identifying dysfunctions and fixing them.

More specifically, with regard to CSR issues, Customer Relations Department teams are trained to respond to customers and to feedback Customer's demands to the experts in question (CSR Department, standards, substances and responsible purchasing teams) where necessary.

Social networks (Facebook, Instagram, Pinterest, Twitter and YouTube) are also an important communication channel for Maisons du Monde, which uses them to communicate its commitment to its ever-growing community. The brand is followed in its countries of operation by more than 2.1 million people on Facebook and 3 million subscribers on Instagram. On Pinterest, more than 13 million followers view its content every month. This presence enables Maisons du Monde to enter into dialogue with its customers and prospective customers on a daily basis, to showcase its new collections and to talk about its commitments.

In 2019, "stories" dedicated to Maisons du Monde's CSR commitment and to the action of the Maisons du Monde Foundation were regularly communicated to customers on Instagram and the brand's customers were also invited to select one of the winners of the Sustainable Creation Trophies, which was awarded the "Like it" prize.

On the other hand, communications with customers about CSR issues have now been adapted in line with the Maisons du Monde Group omnichannel model.

- the range of sustainable products developed by the Group is promoted in the same way across the e-commerce website, the stores and the catalogues by creating and communicating visual logos describing the different sustainability criteria, enhanced by the presence of in-store CSR contacts;
- the brand's global CSR commitment, news and events are communicated according to the public targeted on the e-commerce website, on the Company website, on social networks or in customer newsletters and are incorporated into Maisons du Monde brand messaging;
- the roll-out of "ROUNDING UP" at check-out, in all French stores completes this "invitation to customers to get on Board with CSR" and offers customers the chance to get involved in, and commit to, supporting the non-profits and charities selected by the Maisons du Monde Foundation. In 2019, over 3 million donations, worth over €400,000, were made by the brand's in-store customers (see Section 3.6).

Professional clients

Over the last ten years, Maisons du Monde has provided professional clients with a BtoB team providing close assistance in their space opening or renovation projects. This service has a deep understanding of the indoor and outdoor layout of hotels, restaurants, offices, etc., and can offer appropriate solutions for all spaces depending on the priorities of the site, its unique features and its constraints. From assistance concerning the choice of products to their arrangement, Maisons du Monde Pro advises decision-makers with a view to optimising services, budgets and deadlines. With a BtoB catalogue and a team of more than 35 Maisons du Monde employees, Maisons du Monde supports its customers from A to Z.

Commitment to CSR is a growing concern for Maisons du Monde's professional clients, and the product offering dedicated to these customers is evolving to take these expectations into account. The 2020-2024 plan for growth in responsible product offering therefore includes specific objectives for the Maisons du Monde pro catalogue (see Section 3.2.1). Finally, in 2019, Maisons du Monde responded to the EcoVadis CSR evaluation questionnaire at the request of some of its professional clients. The evaluation conducted enabled Maisons du Monde to be ranked among the top 30% of companies with the best ratings for all CSR criteria.

Suppliers

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

Professional bodies and NGOs

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

- concerning the traceability of raw materials such as wood or cotton, the Group works in consultation with various organisations such as the NGO TFT-Earthworm or FSC France. This dialogue ensures that the actions implemented by Maisons du Monde are aligned with the expectations of environmental associations. It also makes it possible to work jointly on the formalisation of progress plans;
- to discuss social conditions in our supply chain, Maisons du Monde has been a member of the ICS (Initiative for Compliance and Sustainability) since 2017. This initiative brings together 45 retail brands and promotes responsible commerce by working on the social responsibility of suppliers. In addition, the Group supports the international NGO Ressources humaines sans frontières (RHSF). With a presence in China, India and the United States, this NGO works to promote human rights at work throughout the subcontracting chain ;

- as regards the challenge of giving products a second lease of life, the Group works closely with social and solidarity economy operators such as the Emmaüs France network and some recycling centres to encourage customers to give their old products a 2nd lease of life, favouring the circular economy approach (see Section 3.3.2);
- Maisons du Monde supports NGOs through its philanthropic policy, *via* the brand or the Maisons du Monde Foundation (see Section 3.6). These partnerships are another opportunity to discuss the issues dealt with by these non-profits and the brand's response to such issues. The Group is also a member of the 1% for the Planet club which brings together philanthropic companies who elect to donate 1% of their profits to environmental NGOs. A member since 2013, Maisons du Monde focuses its donation on the revenue generated by traced, recycled and ecodesigned timber, identifiable by the "1% for the planet" logo.

The Group also constantly holds talk with other retail brands and other companies to monitor and share best practices at sector level. The Group is a member of the Board of Sustainable Development Directors (C3D) and Club Génération Responsable. As a member of this Club, Maisons du Monde has been a signatory of the voluntary commitment agreement for organised retailers since 2015 and was labelled as a "Responsible Brand" following an evaluation carried out by SGS, a certifying body. In 2019, the Group was also given three R-Awards by Club Génération Responsable for its commitment to reducing greenhouse gas emissions, the partnership set up with Emmaüs France to give a second life to downgraded products and the entire Maisons du Monde CSR approach.

3.1.7 NON-FINANCIAL PERFORMANCE AND REPORTING SCOPE

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

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

Further information on how reporting is organised is provided in Section 3.7 "reporting methodology".

3.2 Purchase like partners

The first pillar of the Group's CSR strategy, the commitment to "Purchase like partners" acknowledges environmental and social issues in the Group's supply chain, particularly the extraction and production stages of the raw materials used to manufacture the products sold by the brand.

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

3.2.1 SUSTAINABLE MANAGEMENT OF RESOURCES

Risk/Opportunity	Ambitions 2020	2019 performance
Sustainable management of resources	100% of our strategic furniture suppliers in India committed to our wood traceability programme with TFT	**71%** of Indian suppliers representing **82%** of the revenue generated by purchases included in this programme
Denounciation and impact on the supply chain		
Non compliance with the EUTR Regulation	Standardise the use of timber from sustainably managed forests in accordance with FSC®/PEFC™ standards	**64%** of wood furniture meets a sustainability criterion

The traceability of raw materials and the reduction of their social and environmental footprint occupies a central place in Maisons du Monde's CSR strategy. The "sustainable management of natural resources" roadmap makes the responsible purchasing policy part of a progress plan by identifying key risks and challenges and implementing voluntary measures to offer an increasingly responsible range of products to the brand's customers.

Beyond the challenges related to wood supplies, a historic commitment by Maisons du Monde, the responsible purchasing policy is gradually being extended to all raw materials that have an environmental impact on the supply chain. This currently covers supplies of leather, cotton and materials of animal origin.

All requirements and control procedures concerning the responsible sourcing of raw materials have been formalised in a dedicated policy and appended to the documents sent to suppliers (product specifications, terms and conditions). All of the Group's suppliers are therefore subject to the same requirements for the responsible sourcing of raw materials.

Our sustainable timber commitment

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

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

Minimum requirements	Compliance with the European Union Timber Regulation Ban timber from at-risk regions: Myanmar, Cambodia, the Congo basin and the Amazon basin Compliance with the specifications of voluntary FSC® and PEFC™ certification standards for labelled timber
Additional recommendations	Prioritisation of the FSC® label Use of recycled wood wherever possible Best efforts to reduce the risks identified

In 2019, to verify the relevance of the above requirements, the Group updated its wood supply mapping. This analysis made it possible to update the list of wood species used in the products, their areas of origin as well as the volumes consumed by the brand. In roundwood equivalent, this figure amounts to more than 4 million m^3/year.

Monitoring regulatory compliance

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

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

Should suppliers fail to comply with these regulatory requirements, the Group has formalised a monitoring and withdrawal procedure. This specifies the time that the supplier is given to comply, as well as the withdrawal procedures, ranging from stopping any new development to transferring the products in question.

In 2019, following a blank audit of this procedure commissioned by Maisons du Monde, the commitment of purchasing teams and suppliers was further strengthened. Half-yearly meetings between the purchasing teams and the EUTR Manager are thus organised to ensure that regulatory issues are known and taken into account in the selection of products. At the same time, two training sessions for strategic Indian and Chinese suppliers were organised. These workshops are designed to make suppliers aware of wood resource management issues, regulatory requirements and to explain the control procedures set up by Maisons du Monde. They are also an opportunity for suppliers to share among themselves the difficulties encountered and the best practices to be adopted to ensure the compliance of their products with the EUTR.

As a result, 79 strategic suppliers covering 28% of wood SKUs have received training in the requirements of the EUTR.

Range of products made from sustainable timber

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

- **products made from recycled timber**: recycled timber can be used to create new and unique products without consuming any additional forestry resources. In 2019, 148 furniture SKUs distributed by Maisons du Monde were products made from recycled wood, or 5% of the wooden furniture sold by the brand;
- **products made from certified timber**: Maisons du Monde is constantly seeking to expand the number of FSC® and PEFC™ SKUs. Timber from certified forests meets responsible management standards based on protecting biodiversity, renewing resources and complying with social criteria for dependent communities. Between 2018 and 2019, the number of FSC® certified SKUs rose from 890 to 1084, up 22% from 2018. PEFC™ certified SKUs were up from 529 to 566 in 2019. Currently, labels are the best way of guaranteeing that timber comes from sustainably managed forests. To ensure that these labels are robust and to avoid any false allegations regarding products, Maisons du Monde exercises oversight with regard to these certifications. For each SKU made from certified timber and distributed by the brand, suppliers must supply their own valid certificate, a valid certificate from their timber supplier as well as proof of purchase of certified timber. If the supplier is unable to submit the evidence required, or if there is any doubt as to the authenticity of the documents, Maisons du Monde may trigger a third-party audit. Labels are only affixed to products and displayed in the catalogue once a detailed audit has been conducted. In 2019, Maisons du Monde conducted three independent audits, one in Bulgaria and two in China, to ensure compliance with FSC® certification specifications by its suppliers;
- **products made from traced timber:** as it is unable to source FSC® or PEFC™ certified timber in India where these certifications do not exist, Maisons du Monde has introduced its own traceability system in partnership with a non-governmental organisation called Earthworm Foundation. Operated by the Group's main Indian suppliers, this system makes it possible to trace the timber back to its origins and to ensure that it has been legally felled. Once the entire supply chain has been audited by Earthworm, products are marked with a QR code that tells the brand's customers their history, from its forest of origin to its place of sale, including the audit date. The programme now has 12 Indian suppliers, accounting for 82% of the purchase volume of wooden furniture manufactured in India. 71% of strategic Indian suppliers are involved in this programme. These suppliers are committed to making their supply chains more transparent and to gradually increasing the number of products traced. As a result, 145 furniture SKUs, or a total quantity of 54,735 items were shipped with a QR code in 2019.

PERCENTAGE OF STRATEGIC INDIAN SUPPLIERS INVOLVED IN THE TRACEABILITY PROGRAMME

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

Number of furniture SKUs Meeting one sustainability criterion

	2019	2018	2017
Traced timber	145	144	135
Recycled timber	148	147	140
FSC® certified timber	1,084 (1)	890	657
PEFC™ certified timber	566 (2)	529 (2)	424
“Ecodesigned” products	3	14	6
Percentage of wooden furniture SKUs	**64%**	**60%**	**56%**

(1) and (2) The number of FSC and PEFC SKUs does not include ecodesigned SKUs, which are also made from certified timber.

The responsible wood offering has also progressed with regard to SKUs from the decoration items range.

NUMBER OF DECORATION ITEM SKUS MEETING ONE SUSTAINABILITY CRITERION

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

Traceability of leather goods and in other animal materials

In the context of its roadmap, Maisons du Monde identified leather as being the second priority material, after timber. Leather is, in fact, a material that comes from a complex animal supply network with multiple by-products that poses challenges that go beyond environmental issues. These challenges include issues of animal welfare, rearing-related deforestation, the environmental impact of tanning skins, the use of chemicals and even the social conditions at each stage of the production process.

In 2019, the action plan to ensure responsible leather sourcing has evolved to include all materials of animal origin. The control requirements and procedures for animal materials have been formalised in the raw materials purchasing policy sent to all suppliers. They will be applicable starting in 2020.

Minimum requirements	Exclusion of endangered species according to the IUCN and CITES registers Exclusion of animal materials if they do not come from the meat industry Traceability to slaughterhouses and legality of slaughter Signature of an ethical Code of Conduct by slaughterhouses Systematic risk analysis for skins of Brazilian origin
Additional recommendations	Prioritisation of tanneries audited according to the Leather Working Group standard Use of recycled leather where possible Best efforts to reduce the risks identified

Maisons du Monde’s commitment for materials of animal origin currently revolves around three main issues:

- **animal well-being:** The Group is committed to tracing raw materials of animal origin, at a minimum, to the slaughterhouses. This traceability must make it possible to verify that the material comes from legal and humane slaughter. Accordingly, slaughterhouses that enter the Maisons du Monde supply chains will have to commit, by signing a code of ethics, to respecting the five fundamental freedoms defined by the Farm Animal Welfare Council;
- **the impact of livestock farming on deforestation:** Cattle rearing has been identified as one of the causes of deforestation in some regions, particularly in Brazil. In order to ensure that leather products or other animal materials distributed by Maisons du Monde do not contribute to deforestation, an in-depth analysis will be systematically conducted for materials from Brazil. In the event that a high risk is identified, Maisons du Monde will support the supplier in implementing risk reduction actions or changing supplies if necessary;

- **the environmental impact of skin tanning processes:** Maisons du Monde has chosen the Leather Working Group (LWG) standard to guarantee its customers that skins are tanned under environmentally friendly conditions. The LWG standard reduces environmental impacts and ensures the safety of leather products. In addition to treating effluents and managing chemicals, the LWG audit protocol covers water and energy consumption, waste management, the health and safety of workers and leather traceability. By the end of 2019, 17 SKUs had been manufactured using leather from LWG certified tanneries, accounting for 7% of SKUs containing leather.

TRACEABILITY OF LEATHER GOODS

	2019	2018
Percentage of leather SKUs from LWG certified tanneries	7%	18%
Percentage of leather SKUs originating in Brazil	19%	20%

Traceability and certification of cotton

Faced with the environmental and social issues related to cotton growing (water consumption, use of chemical pesticides and fertilisers, working conditions, etc.), in July 2018, Maisons du Monde started risk mapping, in partnership with the Earthworm Foundation NGO. 9 suppliers, accounting for 60% of the volume of cotton product purchases, were selected for inclusion in the project. This in-depth analysis made it possible to target the priority risks concerning the products distributed by the brand and thus formalise minimum requirements to be met by suppliers. These requirements are also integrated into the raw materials purchasing policy, and they include:

Minimum requirements	Exclusion of at-risk regions such as Uzbekistan, Syria and Xingjiang province in China Compliance with the specifications of the GOTS and Oeko-Tex® Standard 100 voluntary certification standards for labelled products
Additional recommendations	Use of recycled cotton where possible Best efforts to reduce the risks identified

To guarantee the brand's customers a responsible cotton product offering, the Group has identified the GOTS standards as a tool to reduce their environmental impact. The products in Maisons du Monde's Junior and Pro offerings have been identified as a priority and will include organic cotton products in future collections.

Our 2024 Progress Plan

The year 2019 was marked by the formalisation of Maisons du Monde's strategic plan for 2024. Concerning issues related to the responsible management of resources, the following objectives have been set and will be monitored over the period 2020-2024.

2020-2024 Plan
Transparency regarding product composition and origin
80% of furniture and 30% of wooden decoration items come from sustainably managed forests.
30% of textile articles and furniture coverings made of responsible cotton
Animal well-being policy formalised and monitored through to slaughterhouses
50% of textiles and furniture coverings Oeko-Tex® certified.

3.2.2 SOCIAL AND ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN

Risk/Opportunity	Ambitions 2020	2019 Performance
Non-compliance with social requirements Situation regarding corruption at our suppliers or in our supply chain Serious environmental incident at our suppliers	100% of our suppliers sign the Code of Conduct	**72%** of suppliers sign
	100% of our strategic suppliers audited on the basis of social criteria, every two years	**63%** of strategic suppliers audited over the last two years
	100% of product managers trained in responsible purchasing	**62%** of product managers have been trained in social audits

Risk management in relation to working conditions at the Group's suppliers is one of the main issues being worked on in relation to Maisons du Monde's duty of vigilance. The supplier support programme aims in particular to respond to the priority risks presented in Section 3.2.1 relating to failure by a supplier to comply with the social requirements of Maisons du Monde, the identification of a situation of corruption involving the supplier or the occurrence of an environmental incident in a factory.

As the focus of the Ambitions 2020 roadmap and the Group's commitment, the work of supporting and monitoring suppliers is adapted to the types of partners in three distinct levels of commitment that concern:

- all suppliers who commit to complying with the Group's requirements sign a Suppliers' Code of Conduct;
- strategic suppliers are supported by Maisons du Monde to advance social issues. Accordingly, the Group has defined various control and monitoring mechanisms to aid strategic suppliers in "at risk" countries (primarily Asia and Eastern Europe). 100% of these suppliers will have to be audited, in particular, on social criteria every two years, by 2020;
- the Mekong Furniture production plant in Vietnam is being supported more specifically so that it can achieve the goal of ISO 14001 certification.

Suppliers' vigilance plan

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

The conditions and procedures for supporting suppliers regarding social issues are formalised in the Maisons du Monde social audit policy. This policy, which was updated in 2018, is shared internally and with the Group's suppliers. It presents the support and monitoring procedures for social practices: identification of suppliers to be audited, types of audits authorised, monitoring procedures and procedures for disengagement in the event of non-cooperation. This policy was crafted with the Purchasing Department and is sent to all strategic suppliers prior to the annual social audit campaign.

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

At the same time, to cover all impacts of the manufacturing sites for products distributed by Maisons du Monde, the Group added environmental performance to the supplier audit procedure in 2019. The support teams were trained in environmental auditing according to the framework developed by the ICS, and an environmental risk map structured by product family and raw material used (textile, metal, leather, wood and ceramics) was prepared. The first environmental audits were performed on the basis of this analysis, in particular with "Tier 2" suppliers of Maisons du Monde in the textile industry. These audits will gradually be made universal for all of the Group's strategic suppliers working on product families characterised as being at risk.

Suppliers' Code of Conduct

Reiterating all the requirements in relation to compliance with social conditions by suppliers, beginning with compliance with fundamental ILO Conventions, the Maisons du Monde Code of Conduct serves as common ground for managing social impacts in the supply chain. This document is sent to all suppliers along with the specifications or general conditions of purchase. Adherence to it will be required by the end of 2020. It reiterates Maisons du Monde's demands for the following topics:

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

At 31 December 2019, 1,064 suppliers have signed the Suppliers' Code of Conduct (183 furniture suppliers and 913 decoration suppliers). That accounts for 72% of Group suppliers by number and 85% by purchasing volumes.

Support for strategic suppliers

As a % of suppliers	2019	2018	2017
Furniture suppliers	88 %	92 %	86 %
Deco suppliers	70 %	32 %	26 %
TOTAL	72 %	39 %	34 %

As well as signing the Code of Conduct, strategic suppliers received ongoing support from Maisons du Monde. They are audited on social issues on a regular basis to assess their performance. The Group's 2020 ambition is to ensure that all of these strategic suppliers are audited at least once every two years.

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

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

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

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

In 2019, 87 audits were conducted by Maisons du Monde based on the ICS framework, and 14 social audits were ordered by other members of the initiative on suppliers shared with Maisons du Monde.

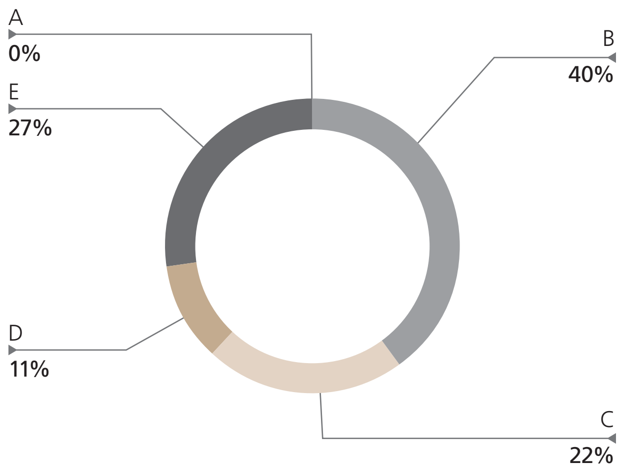
Finally, 14 guidance audits were ordered at the same time in China and India.

SOCIAL AUDIT BY TYPE

	2019	2018	2017
ICS audits ordered by MDM	87	49	17
External guidance audits	14	9	12
ICS audits at shared factories, ordered by other members	14	14	19
TOTAL	115	72	48
Percentage of strategic suppliers audited in the last two years	**63%**	**58%**	**37%**

In accordance with this social audit policy, a specific action plan is implemented with each supplier in line with the rating obtained. Suppliers rated "E" according to the ICS standard (24 suppliers in 2019) are subjected to a stricter monitoring and control process. This note means that critical non-compliance with an "alert notification" was identified during the audit. Dedicated support is then provided and another audit must be carried out within six months.

RATING OF ICS AUDITS AT MAISONS DU MONDE SUPPLIERS IN 2019



Inter-supplier training sessions

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

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After the success of the first two sessions organised in India and China around the theme of social responsibility, the Group organised another session in Delhi in 2019, this time on the theme of environmental responsibility. This country is home to the majority of the Group's textile suppliers, for which Maisons du Monde has observed high levels of environmental risks.

This first session on environmental issues had three objectives:

- present the CSR Purchasing strategy and 2024 environmental responsibility objectives;
- raise awareness of climate change and stress the importance of getting the entire supply chain on board;
- present the environmental audit as a tool for continuous improvement.

The programme for the day was constructed jointly with the NGO Earthworm Foundation and the audit firm Eurofins-AQM. It also featured four suppliers who spoke about their best CSR practices. This session brought together 46 suppliers, or 72% of Indian strategic suppliers.

At the same time as this event in India, Maisons du Monde also took part in the first ICS training in partnership with the International Labour Organisation, which was organised in Shanghai. Focused on cooperation and health and safety in the workplace, this training session brought together six of the Group's suppliers. This day was an opportunity to reaffirm the Group's willingness to always encourage peer-to-peer exchanges and strengthen cooperation with its local CSR coordinator.

Training for product managers

Maisons du Monde considers training in the field to be of paramount importance when it comes to enabling Maisons du Monde purchasing teams to understand the challenges faced. Product managers are therefore invited to take part in a guidance audit by participating in the introductory meeting, factory visit and interviews with the workers.

At 31 December 2019, 60% of furniture product managers and 33% of deco managers were trained in issues specific to social audits.

Lastly, for purchasing teams that do not participate in factory visits, Maisons du Monde, with the help of the firm Mind-Up, organises feedback sessions on guidance audits and information campaigns on social issues.

Our 2024 Progress Plan

The Maisons du Monde 2024 strategic plan incorporates a strengthening of the Group's requirements as regards supplier social and environmental performance and enhanced support with the following objectives:

2020-2024 Plan
Transparency regarding product composition and origin
Systematic pre-assessment of suppliers for CSR criteria
100% of strategic suppliers audited for social criteria, with no critical non-compliances
100% of at-risk strategic suppliers audited for environmental criteria

3.2.3 CUSTOMER HEALTH AND SAFETY – CHEMICALS

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

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

With a view to constantly improving its product safety, Maisons du Monde has introduced targets to reduce the "chemical footprint" of its products by 2020, over and above regulatory requirements.

Risk/Opportunity	Ambitions 2020	2019 Performance
Exposure to chemicals	100% of our suppliers sign the "substances" specifications	**96%** of our suppliers sign the "substances" specifications
	Early replacement of problematic, unregulated substances	**50%** reduction in NPEO detected in 2019 and a 80% reduction in phthalates since 2015

"Substances" specifications

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

The main changes to the specifications in 2019 involve the inclusion of specific requirements in the United States and the updating of the phthalates requirement in anticipation of specific future regulations.

The Group and its suppliers' commitment to controlling chemicals is based on these updated "substances" specifications. By 2020, these specifications will have to be signed before an order is placed. By the end of 2019, 96% of suppliers had signed this document.

Lastly, Maisons du Monde is working on introducing a list of substances that are also prohibited in manufacturing processes (Manufacturing Restricted Substances List - MRSL). The introduction of this type of chemical monitoring system at all stages of production, even if the chemicals are absent from the finished product, ensures greater protection for workers and for the environment.

An ambitious control policy

As a percentage of suppliers20192018Suppliers that are signatories of the subtances specifications 96 %96 %

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

Suppliers' compliance with these specifications is evidenced by targeted tests on products distributed. To cover the risks, a test procedure has been formalised and incorporated in the vigilance plan. The choice of tests is based on a multi-criteria risk analysis which recognises supplier risk (strategic supplier, new suppliers, supplier on probation) and product risk (risky materials, use with significant exposure on the part of the consumer as with chairs and bed linen).

The tests are carried out primarily on production areas during the manufacture of the articles, by third-party laboratories mandated by Maisons du Monde. The laboratory is responsible for taking the test item from the production line and analysing it, in accordance with the test schedule laid down by the Group based on product risks. In 2019, 1,928 substance tests were conducted on thses at-risk products out, compared with 1,381 in 2018. These tests revealed 12% of non-compliant products requiring product modifications. Following this work, only 6 products could not be sold. In 2020, the test plan will also include a number of tests performed on manufactured products arriving at the warehouses to fully validate the system.

In 2019, Maisons du Monde included in its specifications a requirement for the 33 carcinogenic, mutagenic or reprotoxic substances or families of substances that will be subject to restrictions in textiles starting November 2020. The control plan that accompanies this new requirement shows that the 40 products tested already meet this future restriction. Indeed, no instance of non-compliance was found for these new substances, which include quinoline, carcinogenic dyes or extractable heavy metals. Compared to the restriction on Nonyl phenol ethoxylates (NPEOs) that enters into force in 2021, the substitutions begun several years ago are ongoing and have made it possible to reduce the number of detections of these substances by 50% in 2019. As for phthalates, work to support our suppliers enabled a 80% reduction in the number of problematic phthalates detected between 2015 and 2019.

Our 2024 Progress Plan

As part of the 2024 plan, discussions were launched to define the main areas of work regarding substances between now and 2024. The common theme is working towards a better knowledge of the problematic substances present not only in products but also in the entire manufacturing chain. These actions will enable better substance risk management by making it easier to label certain products and eliminating problematic materials, while continuing to develop our suppliers' skills. Finally, at the same time as the inclusion of GOTS-certified organic cotton into the Maisons du Monde product offering, the Group has chosen the Oeko-Tex® standard to guarantee the safety of its textile products. This offering will be developed starting with the 2020 collections.

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

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3.3 Design like visionaries

In addition to the actions conducted to transform the product offering through traceability and the structuring of responsible supply chains, Maisons du Monde is committed to a circular economy approach to reduce the environmental impact of products throughout their life cycle. This commitment starts with ecodesign of products and then goes on to consideration of social and environmental criteria in product production or transportation and work on extending product life and offering customers the means of directing these products to re-use or recycling networks.

Risk/Opportunity	Ambitions 2020	2019 Performance
Promotion of responsible offering and eco-design of products	Develop the responsible offering on an ongoing basis: certified timber, recycled timber, ecodesigned products	**over 2,000** furniture and decoration item SKUs meet one sustainability criterion
	Ten ecodesigned flagship products marketed	**3** new eco-designed SKUs in the 2019 catalogues
2nd lease of life for products and circular economy	Develop partnerships that are supported by social and solidarity-oriented structures to offer products a second lease of life	**4** networks of partner associations give a second life to substandard products

3.3.1 ECODESIGN

The Maisons du Monde ecodesign programme

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

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

Since 2018, the Group's commitment to ecodesign has been strengthened to become an integral part of product development processes. All designers, product managers and quality managers in the furniture category have been trained in ecodesign issues with the support of the eco-organisation Éco-mobilier. These training courses served as the launch pad for the construction of a Maisons du Monde eco-innovation standard, which was finalised in 2019. This eco-innovation standard incorporates all stages of the product life cycle in line with the specific nature of the Group's activity and must now serve as a guide for product development and continuous improvement.

Maisons du Monde Sustainable Creation Trophies

In addition to the work of its product development teams, Maisons du Monde wishes to disseminate best ecodesign practices, particularly among students, and organises Sustainable Creation Trophies on an annual basis. These trophies, set up in partnership with Éco-mobilier, the FSC® France non-association, the EVEA consulting firm, Ademe, Eco-TLC and the Fondation pour la Nature et l'Homme, are open to design school students or young graduates who are invited to design a piece of furniture or an ecodesigned decoration item.

In 2019, 47 projects from 13 different schools were put before the panel of judges which was made up of ecodesign experts and the Maisons du Monde purchasing and style teams. In keeping with the Maisons du Monde style, they were offered two themes: "Workshop" and "Hygge", corresponding to trends from the 2019 collections. As in 2018, prototypes of the winning products in the "furniture" and "decoration" categories were then developed jointly by the students and the style teams to ensure that they meet Maisons du Monde quality requirements and all current standards. The winning product in the "furniture" category will also be marketed on the Maisons du Monde e-commerce site in 2020.

The fourth competition was launched in 2019 and applicants can apply until February 2020.

This joint product development approach makes it possible to expand the range of ecodesigned products offered by Maisons du Monde.

Our 2024 Progress Plan

The eco-design of products is a major challenge to the reduction of the environmental impact of the Maisons du Monde offering, which is part of the 2024 development plan. It is part of efforts to continuously improve and enrich the responsible product offering and directly contribute to the reduction of the Group's carbon footprint.

2020-2024 Plan
Continuously reduce the environmental footprint of products through the integration of recycled materials

3.3.2 OFFERING PRODUCTS A 2ND LIFE AND THE CIRCULAR ECONOMY

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

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

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

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

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

- customer information regarding their nearest community product reuse or recycling solutions in stores or on our website's product information pages, due to information provided by Éco-mobilier;
- the publication of advice on product maintenance on the maisonsdumonde.com website to extend product life;
- the organisation of workshops for customers around the theme of decoration item makeovers to encourage them to extend the life of their products. Such workshops were organised in 2019 as part of the *Ensemble pour le Climat* operation organised at the initiative of Club Génération Responsable.

Partnerships with social and solidarity-oriented structures

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

The warehouses in Saint-Martin-de-Crau (13) are therefore equipped with a "second life" service with repair capacities specific to woodworking by furniture workshops and to the leather and textile trades, which oversees partnerships with reuse non-profits.

This means that products that can be repaired and reincorporated into inventories are handled by the Distrimag teams or by an ESAT partner of the Group located in Arles. In 2019, more than 60 products could be repaired every day and reincorporated into inventories. The team of approximately 30 people was also expanded to include specific repair skills for upholstery, including sofas, and to further reduce the volume of discarded products.

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

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

MAIN PARTNER NON-PROFITS

Réseau Emmaüs
Emmaüs Défi, Paris
Croix Rouge Insertion
Ressourcerie Déclic 13

Lastly, products that cannot be repaired or recycled by charities are directed to the most appropriate treatment network by the eco-organisation Éco-mobilier, so that recycling can be maximised. Information about the volumes sent to these networks for recycling is shown in Section 3.4.1 of this chapter.

Our 2024 Progress Plan

The 2020-2024 strategic plan incorporates the circular economy as a major challenge to reduce the environmental footprint and to develop new customer services.

2020-2024 Plan
Develop new services for a circular economy

3

3.3.3 PROMOTING THE OFFERING, CONSUMER INFORMATION

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

The purchasing teams are therefore mobilised to increase the proportion of products that meet sustainability criteria in the Group's catalogues each year. The responsible offering currently consists of ecodesigned products (see Section 3.3.1) or products composed of wood from responsible sources (see Section 3.2.2, which mentions the certification programme, traceability and the use of recycled wood). This offering accounted for 64% of the wooden furniture range distributed by Maisons du Monde at the end of 2019. With the aim of growing each year, the responsible offering will be supplemented in 2020 by a selection of textile products that bear the Oeko-Tex® label or are made from organically grown cotton as well as leather products from LWG-certified tanneries.

Maisons du Monde has also been a member of 1% For the Planet since 2013 and pays 1% of revenue from traced, recycled or ecodesigned timber to environmental associations *via* the Maisons du Monde Foundation. In 2019, these products generated revenue of €51.2 million.

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

- pictograms representing the different elements of the responsible offering: recycled timber, traced timber, ecodesigned product and certifying body logos in catalogues, on point-of-sale advertising and on the brand's online product pages;
- promotion of the Group's commitments on the Maisons du Monde website in a specific section of the homepage;
- raising awareness of the Maisons du Monde Foundation's commitment (see Section 3.6) *via* ROUNDING UP at the check-out which enables customers to make a direct contribution to non-profits on the ground;
- the organisation of one-time in-store operations to promote commitment, such as the *Ensemble pour le Climat* operation in 2019, at the initiative of Club Génération Responsable; the regular relaying of these operations or the promotion of the responsible product offering on social networks or in the newsletters sent by Maisons du Monde to its customers.

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

Our 2024 Progress Plan

Continuously developing the responsible product offering by integrating new criteria to cover all of our product categories is also part of our 2024 objectives.

2020-2024 Plan
Continuously develop responsible product offering

3.4 Trade like citizens

Group environmental policy

The Group generates a significant environmental impact through its production, logistics and distribution activities, both in-store and online. This impact plays a central role in Maisons du Monde's corporate responsibility. Fully aware of the impact of its activities, the Group is committed to a continuous improvement approach on issues identified as priorities, namely waste management, energy consumption, greenhouse gas emissions and the environmental impact of its general purchasing. Environmental performance targets were formalised in the Ambitions 2020 plan and are managed by the Group's Technical Department and its Subsidiaries' Logistics and Production Departments.

To support the achievement of these objectives in the stores, a network of CSR contacts was introduced in 2019 on all French, Swiss and Belgian stores. This network, which will be extended to all of the Group's international stores by 2021, aims to set up actions to reduce the environmental impact of the activity by applying action sheets and by raising awareness, internally and externally, of sustainable development challenges. An internal social network lets them monitor environmental indicators at the point of sale level and promotes discussion and the communication of best practices.

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

At 31/12/2019, the Maisons du Monde Group operated the following sites:

Germany	Stores	11
Belgium	Stores	24
Spain	Stores	27
United States	Stores	20 [(1)]
	Stores	233
France	Distrimag logistic platforms	13
Italy	Stores	48
Luxemburg	Stores	3
Portugal	Stores	1
Switzerland	Stores	9
International MDM	Production units	4

(1) The number of stores in the United States includes 18 showrooms for the Modani brand and 2 Maisons du Monde stores.

3.4.1 WASTE MANAGEMENT

Risk/Opportunity	Ambitions 2020	2019 Performance
Environmental impact of operations and waste management	90% of our sites to sort their waste	**92%** of the stores sort waste
	70% of waste sorted and recycled [(1)]	**57%** of waste is sorted for recycling

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

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

Setting up sorting to recycle waste is the primary enabler in the plants and warehouses, as well as the Group's stores, and these objectives are included in our Ambitions 2020 programme. To achieve these goals, Technical Department teams are, in particular, tasked with optimising in-store sorting, continuously identifying new recycling channels and forging innovative partnerships. The Logistics and Production teams are, on the other hand, in charge of optimising sorting across the different sites and work on procurement to reduce waste at source.

VOLUME OF WASTE PRODUCED – GROUP

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

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

The Group's activities generated 20,033 tonnes of waste in 2019 across its various activities. The increase in the tonnage of waste is mainly related to the increase in the activities of the Mekong plant in Vietnam. Tonnages of waste generated in the store network and the warehouses are stable, in spite of the increase in activity between 2018 and 2019.

Network and administrative premises

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

It should be noted that waste management from the stores and administrative premises of Maisons du Monde is centralised by the Technical Department in the head office for 75% of stores. Waste management from the other points of sale is directly done by the shopping centres and the information relative to tonnages of waste produced is not always available. However, the Maisons du Monde General Purchasing teams work with teams from all the stores, and with landlords in the case of shopping centres, to ensure that the waste produced is properly sorted on site.

In 2019, the stores and administrative premises generated 11,042 tonnes of waste, including:

- 5,227 tonnes of cardboard or plastic sent to recycling companies;
- 5,815 tonnes of ordinary industrial waste (polystyrene, mixed household waste etc.).

VOLUME OF WASTE PRODUCED – NETWORK AND ADMINISTRATIVE PREMISES

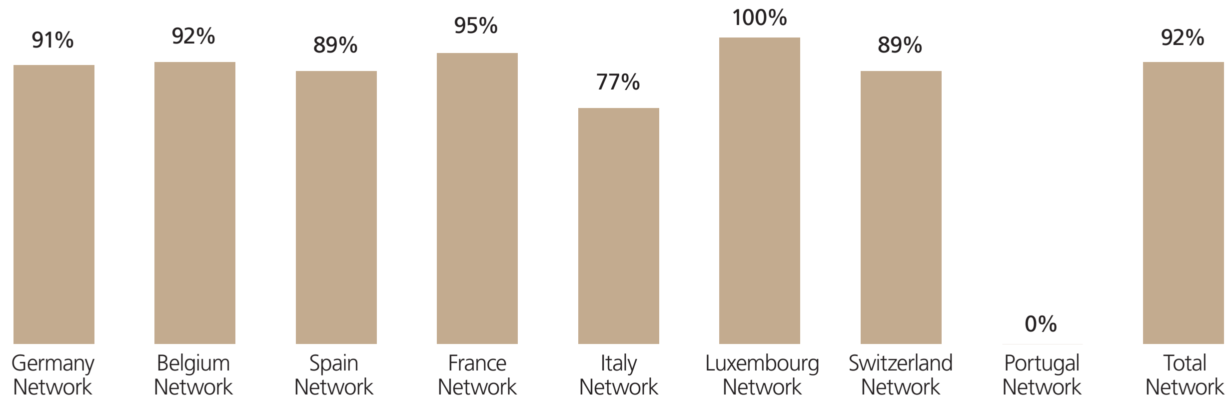
			Total		
tonnes	**Other waste**	**Cardboard/plastic waste sorted for recycling**	**2019**	**2018**	**2017**
Stores	5,732	5,213	10,945	11,135	9,416
Administrative premises	83	14	97	39	46
TOTAL STORES AND ADMINISTRATIVE PREMISES	5,815	5,227	11,042	11,174	9,462
Percentage of waste sorted for recycling (%)			**47%**	**43%**	**43%**

In 2019, all waste collection and treatment services were reviewed for the French stores. The aim of the Group is to set up waste sorting (at least cardboard and plastic waste) everywhere where this is possible, while working with local players to control the carbon footprint of the collection. On this occasion, the stores were fitted with a management tool for requesting, validating and checking the compliance of their collections. This enables them to have collections performed on request, controlling deadlines to optimise the filling of the collected skips. This tool can also monitor and control the performance of the service providers.

At the same time, a procedure dedicated to managing damaged items in the stores was introduced throughout the network. Damaged items that can be reused are now always given to local associations, which promotes reuse and reduces the volumes of products scrapped.

At the end of 2019, we note that 92% of stores now sort cardboard and plastic, against 84% in 2018.

PERCENTAGE OF STORES SORTING CARDBOARD AND/OR PLASTIC



This increase in the number of stores sorting waste, combined with the teams' efforts with regard to in-store sorting, means that 47% of product waste in stores or on administrative premises is now recycled.

Logistics

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

In 2019, the Logistics subsidiary's warehouse and offices generated 4,977 tonnes of waste, which breaks down as follows:

VOLUME OF WASTE PRODUCED – LOGISTICS

tonnes	Cardboard/ plastic waste	HFW collected by Éco-mobilier	Timber offcuts - pallets	Non-hazardous industrial waste (NHIW)	Scrap metal	Hazardous waste	Total 2019	Total 2018	Total 2017
Warehouses and offices	1471	1793	540	1077	92	3	4977	5,497	6,741
Percentage of waste sorted for recycling *(%)*							**78%**	**85%**	

In 2019, waste sorting in logistics entities' warehouses and offices enabled 78% of the waste generated by Distrimag to be sent to recycling networks. This rate of recycling was down compared to 2018 due to the increase in tonnages of NHIW generated by the logistics activities.

To optimise waste sorting and potential recycling, containers were assessed by service providers and sorting anomalies were reported to operators. Action plans were then drawn up with operational managers to improve sorting, particularly by increasing teams' awareness of the issues and by identifying non-recyclable items in sorting chains. A monitoring tool is used, on a monthly basis, to track sorting performance indicators for each building and teams are regularly challenged to improve their score. A remote management system was introduced to prevent rotating compactors from making empty passes.

In 2019, a task force was set up to further raise all teams' awareness of the importance of waste sorting: visual displays on the various bins, waste baskets, compactors and containers, appointment of sorting contacts in each department, staff training, etc.

Lastly, waste deemed hazardous requires specific treatment because of the risk it poses to the environment. Hazardous waste generated by the Logistics subsidiary is mainly from furniture repairs: empty packaging for paints and varnishes, used oil and solvents. This waste is sorted and collected by PAPREC, an environmental organisation that provides waste tracking documents.

Production

The Mekong Furniture plant generates different types of waste:

- timber offcuts and veneer from the processing of raw materials or semi-finished products. Waste of this nature is collected by an external company for reuse as industrial heating products;

- packaging waste (cardboard, foam, paper and polystyrene). The weights of these types of waste are not currently monitored by Mekong;
- metal waste from the Metal Components production section. This waste is sold on for recycling;
- domestic waste generated by employees. This is collected by two specialised external companies;
- hazardous waste. This waste is collected and stored appropriately on the sites, then treated separately by an industrial waste treatment company.

VOLUME OF WASTE PRODUCED – PRODUCTION

tonnes	Timber offcuts	Packaging	Metal	Domestic-waste	Hazardos waste	Total 2019	2018	2017
Production plants	3,940	15	10	11	37	4,014	3,377	2,781

Most of the waste defined above is weighed by the waste recycling subcontractors. Concerning the quantity of timber offcuts, it is estimated according to the number of complete loads collected by the subcontractors on our sites. The development of the activity of the third MK3 production unit has an important impact on the quantity of timber offcuts generated each year.

Our 2024 improvement plan

The effort made over the entire Scope of the Group's activities to reduce tonnages of waste and optimise its recycling will be continued under the 2024 plan, and new ambitious objectives were written into the business-line road maps.

2020-2024 Plan
90% of sites perform waste sorting and 80% of waste is sorted for recycling

3.4.2 ENERGY CONSUMPTION AND USE OF RENEWABLE ENERGIES

Risk/Opportunity	Ambitions 2020	2019 Performance
Environmental impact of the activity, energy consumption	25% reduction in our energy intensity	**23%** reduction in our energy intensity since 2016

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

Energy consumption of buildings and purchases of renewable electricity

ENERGY CONSUMPTION OF BUILDINGS – GROUP

Energy in kWh	2019	2018	2017
Network and administrative premises	65,388,379	64,387,715	63,203,528
Logistics	11,417,571	10,000,859	9,577,905
Production	5,066,054	4,229,919	3,140,280
GROUP TOTAL	**81,872,004**	**78,618,494**	**75,921,713**

Network and administrative premises

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

In 2019, the energy consumption of administrative buildings and the Maisons du Monde store network totalled 65,388,379 kWh, up 1.5% on 2018. This limited increase is notably due to efforts to reduce electricity consumption, particularly the replacement of light bulbs by LEDs and better energy efficiency in stores opened during the fiscal year.

ENERGY CONSUMPTION OF BUILDINGS – NETWORK AND ADMINISTRATIVE PREMISES

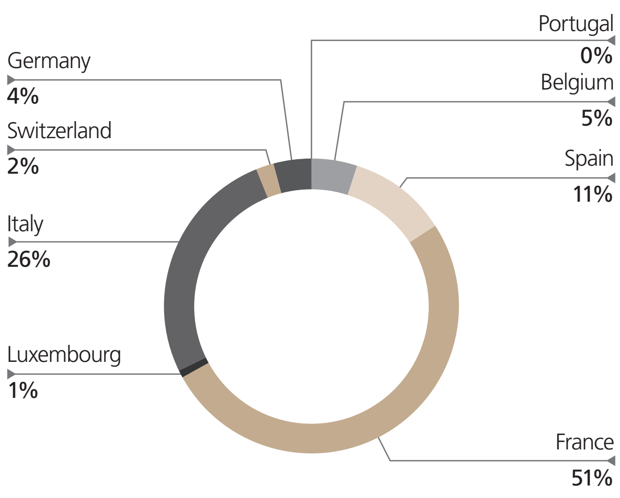
					Total energy		
Energy in kWh	**Electricity**	**Heat network**	**Natural gas**	**Domestic fuel oil**	**2019**	**2018**	**2017**
Stores	63,618,508	252,397	303,144	0	64,174,049	63,123,710	61,948,092
Administrative premises	1,085,460	0	86,886	41,984	1,214,330	1,293,605	1,255,436
TOTAL STORES AND ADMINISTRATIVE PREMISES	**64,703,968**	**252,397**	**390,030**	**41,984**	**65,388,379**	**64,417,315**	**63,203,528**
Energy intensity *(kWh/m²)*					**120**	130	143

Keen to reduce its energy consumption, the Group has taken a series of measures to improve the energy efficiency of its administrative premises and stores. The optimisation of energy consumption is an integral part of the work performed by technical teams, particularly during store maintenance, renovation, opening or relocation. To this end, the main measures taken in 2019 were as follows:

- improvement of lighting equipment by the use of low-consumption technologies. Accordingly, at the end of 2019, 194 stores were fitted with LED lighting;
- improvement of control and automation systems (automation, detectors of presence and brightness) and the installation of key touch systems throughout the estate;
- modernisation of heating, air conditioning and ventilation systems as well as improved management or the installation of thermodynamic hot-air curtains in some stores in France and Belgium;
- regular dissemination of actions and campaigns to raise awareness of energy-saving *via* the network of CSR contacts. For example, actions were disseminated concerning the set temperatures of heating and air conditioning systems and on night lighting of signs.

These different measures make a direct contribution to optimising the Group's sites. So, in 2019, the stores and administrative premises of the Group consumed an average of 120 kWh/m², representing a drop of 23% compared to the reference year 2016 (156kWh/m²).

ENERGY CONSUMPTION OF BUILDINGS BY COUNTRY – NETWORK AND ADMINISTRATIVE PREMISES



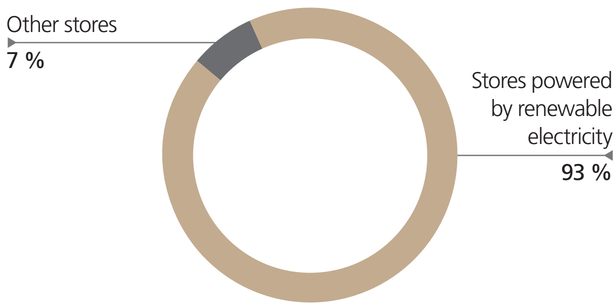
Also, in order to improve the monitoring and control of its energy consumption, in 2019, Maisons du Monde introduced a dedicated tool throughout its European Scope (network, head office, Distrimag). This tool automatically monitors consumption and improves data reliability by taking legacy (existing equipment, floor space etc.) and environmental (standard degree-day etc.) data into consideration.

It can not only be used to optimise contracts and equipment operation but also to provide regular indicators across all stores.

Lastly, control over the environmental impact of energy consumption also involves renegotiating supply contracts and the use of renewable energy. The Group has chosen to favour the use of renewable electricity in its purchasing contracts with electricity suppliers. At the end of 2019, all administrative premises, the warehouses and 93% of the stores were supplied with electricity from renewable sources.

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

SHARE OF STORES POWERED BY RENEWABLE ELECTRICITY



Logistics

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

In 2019, energy consumption at Distrimag logistics sites totalled 11,417,571kWh, an increase of around 14%.

ENERGY CONSUMPTION OF BUILDINGS – DISTRIMAG

				Total energy		
Energy in kWh	Electricity	Natural gas and propane	Domestic fuel oil	2019	2018	2017
Warehouses and offices	10,210,161	1,096,912	110,498	11,417,571	10,000,859	9,577,905
Energy intensity *(kWh/m²)*				24,8	21.7	20.5

In 2019, the logistics activities' warehouses and offices consumed an average of 24,8kWh/m², a rise in energy intensity of around 14% compared with 2018. This rise was mainly due to the increase in Distrimag's business and the disposal of Distri-Meubles floor space on 30 June 2018.

Efforts to reduce this consumption are currently focused primarily on the energy performance of buildings, particularly the switch to LED lighting in buildings. The latest 96,000-square-metre warehouse opened in 2016 is certified HQE (High environmental quality) and BREEAM, notably thanks to the establishment of presence detectors, improved insulation and tighter monitoring of consumption. Motion sensors can be used so that racks only light up when forklift trucks go by.

In 2020, Distrimag plans to equip 100% of buildings with LED lighting.

Production

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

In 2019, the total consumption of the production plants stood at 5,066,054kWh against 4,229,919kWh in 2018. This 20% increase is mainly related to the increasing activity of the MK3 production unit.

ENERGY CONSUMPTION OF BUILDINGS – MEKONG

			Total		
Energy in kWh	Electricity	Domestic fuel oil	Total 2019	2018	2017
Mekong plants	4,884,600	181,454	5,066,054	4,229,919	3,140,280
Energy intensity (kWh/hour worked)			2.5	2.5	1.9

It should be noted that production activity energy intensity reported in kWh/m² is not relevant because energy consumption is not proportional to operational floor space but to production activity. Energy intensity is, therefore, recorded in kWh/hour worked.

In 2019, Mekong continued its investment in reducing its energy consumption to contribute to reducing the Group's footprint:

- the first building of the MK3 unit was equipped with LED bulbs for all of its lighting. This investment will be continued for the new workshop, for which opening is planned in 2020;
- for the renewal of the air-blowing drying systems for the paintwork sections in the plants, a study was carried out to quantify the reductions in energy consumption generated by the use of ovens using infra-red technology. This technology consumes less electricity than hot-air blowing drying systems and can, at constant parameters, achieve energy savings of about 25 to 30%. Replacement of air blowing equipment is planned in 2020;
- weekly maintenance work is carried out to reduce indirect energy losses, notably to identify air leaks on the networks and equipment. These leaks may have an impact on the electricity consumption of the compressors;
- lastly, a second study was carried out to prepare the installation of photovoltaic electricity production capacity on the MK3 site to limit energy dependency, notably in matters of electricity. The installation should also be performed in 2020.

Vehicle fuel consumption

VEHICLE FUEL CONSUMPTION BY ACTIVITY

(litres of diesel or petrol)	2019	2018	2017
Network - Company vehicles	158,904	132,523	135,491
Short-term lease vehicles (network and logistics)	71,062	71,712	66,824
Logistics-Fleet of trucks and Company vehicles	628,305	908,750	1,166,117
Production - Factory vehicles	9,440	8,310	4,645
GROUP TOTAL	**867,710**	**1,121,295**	**1,373,077**

Network

Maisons du Monde (excluding Distrimag) has a fleet of Company vehicles in Europe, used mainly to meet the needs of the network teams. Fuel consumption in 2019 is estimated at 158,904 litres of diesel compared with 132,523 in 2018.

To reduce vehicle-related pollution, in 2018, the Group decided to systematically replace its diesel vehicles with petrol engines, whatever the anticipated duration/distance pair.

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

The Group plans to add a new electric vehicle to be used for car sharing in 2020 and to terminate the lease contracts of combustion vehicles used for car sharing in Nantes, to promote the use of electric vehicles.

A mobility plan was also signed in 2015 with Nantes Métropole and events to promote car-sharing, the use of bicycles and public transport are held twice a year.

In addition to its Company vehicles, the Group also uses short-term lease cars for Maisons du Monde and Distrimag employee travel. In 2019, this type of travel accounted for the consumption of an estimated 71,062 litres of fuel. Greenhouse gas emissions associated with this fuel consumption are recognised under "Scope 3" GHG emissions relating to employee business travel.

Logistics

The logistics activity of Distri-Traction significantly contributes to the Group's fuel consumption. With the sale of Distri-Meubles on 1 July 2018, the truck fleet fell from 63 to 29 vehicles used to carry products from the port of delivery to warehouses, cutting the Group's direct consumption sharply. Fuel consumption by the logistics activity fell by 31% between 2018 and 2019. Greenhouse gas emissions associated with the transportation of products from warehouses to stores or to the Group's customers are recognised under "Scope 3" emissions.

To reduce the fuel consumption and environmental impact of the Distri-Traction fleet, 100% of drivers have completed mandatory continuing safety training (training and eco-driving module). Two drivers have been designated as eco-driving contacts and, by the end of 2019, 100% of the truck fleet had been fitted with driver monitoring systems with a view to optimising and streamlining driving practices.

Furthermore, Distrimag also monitors vehicle fuel consumption which accounts for around 5% of logistics activity fuel consumption. In 2019, fuel consumption amounted to 598,328 litres of diesel for the truck fleet and 29,977 litres for Company vehicles.

The fleet of traction vehicles has been entirely renewed to generalise the Euro 6 standard and reduce emissions of polluting gases still further. Almost all of the fleet of light vehicles (Company vehicles and inter-site vehicles) was replaced by hybrid and electric vehicles in 2019, the aim being to have a 100% hybrid or electric fleet in 2021.

Production

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

Fuel consumption for the vehicles belonging to Mekong Furniture stood at 9,440 litres for 2019. This 14% increase compared to 2018 (8,310 litres) is explained by the increase in activity of the new MK3 plant. The increase in journeys between the two production sites, about 15km apart, for transfers of both personnel and products, as well as the installation and expansion of different sections of the new site justify the increase in consumption. Lastly, consumption includes the shuttle put in place for home-work journeys by the plant's managerial team.

Refrigerants

Network

In addition to energy consumption, refrigerant emissions, particularly those associated with leaking air from conditioning units, are a major challenge for Technical and Maintenance teams.

The work of all maintenance service providers is monitored to quantify the amounts of gas injected into the installations, the amounts recovered for recycling and thus the emissions into the air.

In 2019, leaks were mainly associated with network equipment and were measured during maintenance operations.

REFRIGERANT EMISSIONS – GROUP

kg of refrigerant emitted	2019	2018	2017
Network – R407 C	58	81	101
Network – R410 A	201.4	301	170
Logistics – R410 A	26	52	13
Logistics – R32	1.3	-	-

Our 2024 improvement plan

Obviously, the reduction in the energy consumption of the sites of Maisons du Monde is a major challenge in the 2020-2024 plan, contributing to the reduction of the Group's greenhouse gas emissions. The following objectives were written into the plan, under the responsibility of the Group's Technical Department.

2020-2024 Plan
Reduce the surface area energy intensity (kWh/m^2) by 45% on all our sites (basis 2016)
Reach 100% renewable energy in the energy mix of our sites

3.4.3 GREENHOUSE GAS EMISSIONS

Risk/Opportunity	Ambitions 2020	2019 Performance
Environmental impact of the activity, the transport of products and the fight against climate change	30% reduction in our carbon intensity	**80%** reduction in our carbon intensity by energy savings and the purchase of green electricity

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

Our climate commitment

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

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

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

In 2019, to deepen the commitment of the Group and include all emissions items in the strategy to fight climate change, the calculation of the Group's carbon footprint and the review of risks were examined in greater detail. The main challenges and risks related to climate change were presented during a meeting of the COMEX dedicated to the subject and the reduction of the Group's greenhouse gas emissions was determined as a priority in the strategic plan out to 2024. Faced with the challenges, the climate strategy of Maisons du Monde is built around a reduction of emissions in two phases:

- a decoupling phase between the growth in the Group's revenue and the associated greenhouse gas emissions, leading to a reduction by 25% in carbon intensity (in tCO_2/€m of revenue) by 2024;
- a strong reduction in the Group's emissions by 2030, according to a trajectory validated by the Science Based Target Initiative, including a 50% reduction in direct emissions from Scope 1 and 2 and a 15% drop in the main emissions items of Scope 3 (purchases of products sold by Maisons du Monde, transport of products and customer travel).

These objectives were written into the strategic plan and involve all of the business lines concerned.

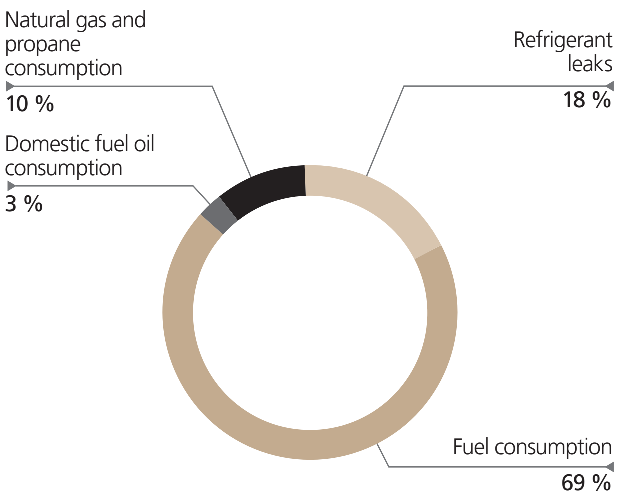
Scopes 1 & 2 related to energy consumption

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

SCOPE 1 & 2 GHG EMISSIONS – GROUP

Emissions *(in tonnes CO_2eq.)*	**2019**	**2018**	**2017**	**2016**
Scope 1 emissions	2,897	3,729	4,142	4,622
Scope 2 emissions (market-based)	3,873	4,468	9,997	12,043
TOTAL SCOPE 1 & 2 EMISSIONS	**6,770**	**8,197**	**14,139**	**16,665**

BREAKDOWN OF SCOPE 1 GHG EMISSIONS BY SOURCE



Scope 1 emissions are mainly associated with vehicle fuel consumption, particularly the Distri-Traction truck fleet. It should be noted that Scope 1 emissions also include emissions from Company or service vehicles, long-term lease, considered as under the management of the Maisons du Monde Group. The drop in these emissions over the last few years is mainly related to the disposal of the activities of Distri-Meubles in 2018. Nevertheless, the control of these emissions, the training of Distrimag's drivers in eco-driving and the optimisation of vehicle fleets also contributed to reducing these emissions.

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

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

Since 2016, developments to the Group's business, efforts in energy-saving and the purchase of electricity from renewable sources has significantly reduced direct emissions (Scope 1 and 2) of the Group's GHG. These dropped by 59% as an absolute value since 2016 and 81% as a relative value, beyond the objective fixed out to 2020. It should be noted that Scope 1 emissions related to fuel consumption are not included in the indicator below.

CARBON INTENSITY OF BUILDINGS – SCOPE 1 & 2

Carbon intensity *(kgCO₂eq./m²)*	2019	2018	2017	2016
Network (stores and administrative premises)	4.22	7	21	29.3
Logistics (buildings)	0.6	0.6	0.6	2.3
GROUP (NON-PRODUCTION)	2.6	4.3	10	14

MAIN SCOPE 3 EMISSIONS

Recognising that reducing "direct" Scope 1 and 2 greenhouse gas emissions is not sufficient to achieve the objectives in the fight against climate change set at COP 21 (keeping global warming to below 2 °C or even 1.5 °C), the Group is committed to reducing "indirect" emissions, known as Scope 3.

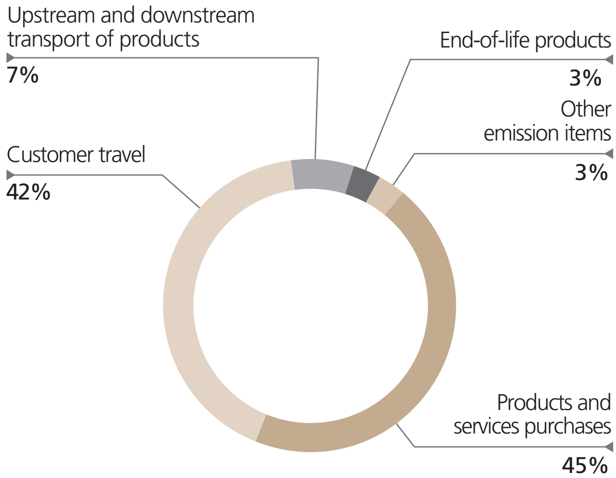
Since 2017, the Group assesses its main emissions on annual basis according to the calculation standards of the GHG Protocol, to communicate transparently on its carbon impact. This assessment was improved in 2019 to include customers' travel to Maisons du Monde stores in the "indirect" emissions taken into account by Maisons du Monde and objectives out to 2024 and 2030 were determined for the three main emissions items.

Main indirect emission items – Scope 3

Emissions *($tCO_2eq.$)*	2019
Products and services purchases	280,000
Upstream energy	600
Upstream transport of products	28,000
Waste processing	2,300
Employee travel (flights and short-term lease vehicles)	2,000
Employee travel (home/work)	9,900
Downstream transport of products (by road or rail)	13,700
Customer travel	260,000
End of life of products	19,500
TOTAL MAIN SCOPE 3 ITEMS	> 600,000

The assessment of the items in Scope 3 demonstrates the extent of the carbon impact of products in the Group's environmental footprint. The emissions item "Products and services purchases", corresponding to an estimate of the carbon impact of the various stages in the manufacture of products distributed by the Group, represents the main source of emissions from the distribution activity of Maisons du Monde. Although the transport of products is also significant in the impact of the activity, it should be noted that travel by customers towards their stores also strongly contributes to the Group's footprint. It is therefore on these three main emissions items that the Maisons du Monde Group's strategy to reduce greenhouse gas emissions will concentrate out to 2024 and 2030.

BREAKDOWN OF THE SCOPE 3 EMISSIONS



It should be noted that the data presented concerning the main emission items has been rounded for more clarity.

Products and services purchases

The manufacturing stages of the products distributed by the Group, from the extraction of raw materials to manufacture in suppliers' plants, are the main source of the Group's greenhouse gas emissions. This item is assessed annually on the basis of products' sales figures and information on their composition.

For Maisons du Monde, reducing these emissions involves an ambitious ecodesign programme in order to redesign products, choose raw materials that constantly reduce impact and notably to include recycled materials. The ecodesign of products is therefore at the core of the Group's GHG emission reduction strategy out to 2024, then 2030.

Customer travel

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

Transportation of products

At the core of the Maisons du Monde distribution model, the supply of the brand's stores and customers also represents an important source of greenhouse gas emissions. All products, furniture and decoration items transit *via* the warehouses of the Distrimag subsidiary, in Fos-sur-Mer and Saint-Martin-de-Crau (13). The upstream transportation of products from the production sites is almost 100% by boat and this stage accounts for a substantial proportion of the Group's indirect GHG emissions. In 2019 this upstream transportation accounted for 28,449 tonnes of CO_2 equivalent compared with 32,479 tonnes of CO_2 equivalent in 2018.

The products are then delivered to the stores or end-customers by Maisons du Monde's carrier service-providers. In 2019, emissions from the transportation by road of products to the Group's stores or customers accounted for 13,741 tCO_2 equivalent, compared with 11,700 tCO_2 equivalent in 2018. This increase is due to the greater volumes transported and the expansion of the international network.

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

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

Employee air travel

Employee air travel accounts for a significant share of the Group's indirect greenhouse gas emissions. As such, in 2019, employee travel at Maisons du Monde and Distrimag generated around 1,882 tonnes of CO_2eq. compared with 1,498 tCO_2eq. in 2018.

The Group has begun to use modern solutions to reduce its travel and the use of means of transport such as aircraft:

- the Group has introduced the collaborative Microsoft Teams solution with the aim of improving communication between the head office employees in Nantes, Paris and Marseille;
- at the same time, Maisons du Monde is also planning to introduce an audio and video solution in 2020 to improve videoconferencing.

Our 2024 improvement plan

2019 marked an important step in the commitment of Maisons du Monde to the fight against climate change. The Group has given a strong undertaking to reduce its emissions, written into the strategic plan presented to the markets in June 2019. The Group's commitment covers all of the main emissions items, direct and indirect, and must, beyond decoupling the growth in greenhouse gas emissions from growth in revenue, lead to reductions in emissions as an absolute value out to 2030. It should be noted that this ambition was validated by the Science Based Target Initiative in 2019.

2020-2024 Plan
Reduce CO_2 emissions by 20% per package transported by 2024
Reduce carbon intensity of the Group's activities (tCO2/m€ turnover) by 25% on all main sources of GHG emissions

3.4.4 GENERAL PURCHASING

Risk/Opportunity	Ambitions 2020	2019 Performance
Environmental impact of operations and waste management	Optimise our packaging, from suppliers to customers	**4%** reduction of weight of packaging used at check-outs since 2016

Environmental and societal issues also occupy an important place within the Group's general purchasing policies. The integration of environmental criteria in the choice of products (choice of materials, recyclability, eco-labels, etc.) and societal criteria in service provision is an integral part of the purchasing process, from the sourcing stage to final product and solution selection.

Packaging and paper consumed

Packaging used at check-outs

Packaging items and paper, including packaging used at check-outs, are a big part of the environmental impact of the Group's General Purchasing. Although these products are not included in counting the waste generated by Maisons du Monde because they are mostly distributed to customers (packaging used at check-outs and commercial publications), minimising their impact on the environment remains an essential issue and a priority within the Group.

For this, 2019 saw a dedicated "packaging guide" updated and distributed to all of the Group's stores. This document and its communication target objectives including the following:

- better knowledge of the packaging range by our teams through communication of the purchase revenue generated by each reference, the quantities used each year or the product characteristics;
- raising awareness of best usage practices to optimise the use of certain references and promote the reuse of certain delivery packages – notably cardboard boxes for crockery protection – and to reduce the quantities of packaging distributed.

Development of the range of packaging towards standards that are more appropriate for how they are used in the stores and that match the expectations of our customers and the environmental ambitions of the Group can be done through collaborative work with the teams in the stores. A survey was carried out in 2019 to collect the opinions and suggestions of the Store teams to develop the range.

PURCHASES OF PACKAGING USED AT CHECK-OUTS

tonnes of packaging	2019	2018	2017
Till roll	32	42	47
Packaging used at check-outs	1,398	1,539	1,555
TOTAL PURCHASES OF PAPER AND PACKAGING USED AT CHECK-OUTS	**1,430**	**1,581**	**1,602**

In 2019, Maisons du Monde purchases of packaging used at check-outs and of paper (till rolls) for network activities amounted to 1,430 tonnes (compared with 1,581 tonnes in 2018), including 1,397 tonnes of packaging used at check-outs.

As well as reducing quantities distributed, the Group is also working on the "upstream" environmental footprint of the packaging used. So, the entire range of kraft paper bags in the stores (which represent more than 52% of the weight of distributed packaging used at check-outs) is always certified FSC® and this criterion is always included in our specifications during renegotiations or calls for tenders.

Also, the General Purchasing teams are continuing the process of analysing the value of the bags, working in particular on a new weight reduction in accordance with quality criteria. In 2019, this work led to the reduction of the weight of all bags in the range by about 10%.

At the same time, the ink usage rate in the gift-wrapping paper distributed by Maisons du Monde was also reduced, to move to a single ink cup instead of three and still further reduce the impact of this reference.

Lastly, work was carried out on the fundamentals of the range of packaging used at check-outs (reappraisal of use and of the function of each item). In the second half of 2019, this work led to the removal of two references from the range: wrapping tissue and florist paper, intended for gift-wrapping. These references are no longer used, which will generate a potential reduction of 74 tonnes over a full year.

Catalogues, commercial publications and paper

PURCHASES OF PAPER, CATALOGUES AND COMMERCIAL PUBLICATIONS

tonnes of paper	2019	2018
Catalogues	7,174	7,006
Other commercial publications	94	291
Office paper	92	87
TOTAL PURCHASES	**7,361**	**7,443**
Percentage of publications covered by environmental labelling	**100%**	**100%**

Commercial publications account for the majority of the Group's paper purchases and therefore require specific vigilance. 100% of the Maisons du Monde brand's commercial publications (catalogues and brochures) are printed on paper certified FSC® or PEFC™. These publications account for an annual weight totalling 7,239 tonnes (down from 7,357 tonnes in 2018), with catalogues accounting for 99% of this total tonnage.

In 2019, enhanced monitoring of stocks of catalogues distributed led to optimising the quantities of catalogues printed. So, in spite of the increase in the Group's business and the extension of the store network, quantities of "indoor" catalogues were reduced by nearly 5% compared to 2018.

Moreover, the efforts made to reduce the use of office paper at the administrative headquarters and in stores has partially offset the increase in the e-commerce activity's needs. Each shipping is accompanied by a paper order form, which explains the overall increase in the amount of office paper purchased.

Packaging purchases – logistics activity

CARDBOARD AND PLASTIC PACKAGING PURCHASES - LOGISTICS

tonnes of paper and cardboard	2019	2018	2017
Cardboard packaging for delivery	1,015	706	694
Kraft filling paper	0	221	167
Plastic packaging for delivery	152	38	-
Other cardboard	579	294	700
TOTAL CARDBOARD AND PLASTIC PACKAGING - DISTRIMAG	**1,746**	**1,259**	**1,561**

Reducing waste produced by the Group and optimising its reuse involves work on the quantities and materials used for such packaging. With this in mind, the logistics subsidiary has opted for fully recycled fibre in its cardboard. This packaging is FSC certified for the e-commerce portion. To facilitate the proper recycling of boxes once they are in the hands of customers, Distrimag has affixed specific sorting instructions. At the same time, quality teams have made efforts to reduce the volume of packaging, which optimised the protection of furniture coming directly from manufacturers. These efforts have enabled the increase in the amount of cardboard used in logistics, induced by the strong development in the Group's e-commerce activity, to be managed.

This contributes significantly to the tonnage of cardboard used for individual deliveries. Moreover, in 2019, kraft filling paper was replaced by courier plastic for quality reasons. Unlike traditional bubble wrap, this packaging is partly recycled and 100% recyclable thus limiting its environmental impact.

Purchases from the protected sector

Use of the adapted and/or protected sector is another critical enabler in the social action of the Group. The General Purchasing teams work with Maisons du Monde's Disability team to develop these services. The Group works with the protected sector concerning purchases of services for the maintenance of green spaces, print production and, since 2019, for waste management from certain stores.

In 2019, more than €144,000 of purchases were awarded to companies in the protected sector.

Our 2024 improvement plan

The management of packaging distributed by the Group is integrated into the 2024 plan. The teams are therefore working on reducing the quantities of packaging distributed at the various stages of our organisation and an objective for the recyclability of all packaging has been fixed.

2020-2024 Plan
100% recyclable packaging
"Zero print" customer experience

3.4.5 OTHER ENVIRONMENTAL ISSUES

Water consumption

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

However, water consumption is monitored on the logistics sites and represented 29,416m^3 in 2019.

Classified facilities (ICPE)

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

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

Moreover, the Group has not to date recognised any provisions or guarantees for environmental risks.

Protection of biodiversity

Aware of the risks that its activities may have for biodiversity, the Group seeks to cover the entire impact of its value chain. In 2019, Maisons du Monde began work to map its main impacts, from the extraction of raw materials to the end of life of products. So, at each stage of the life-cycle of products, the Group adopts a commitment in proportion to the impact:

- the use of raw materials of natural origin in product design, such as wood, leather or textile fibres, is one of the major issues for Maisons du Monde. Control of supply chains is therefore essential to make sure that resources are managed in a sustainable manner and that their exploitation does not lead to habitat destruction. The Group's responsible purchasing policy (described in Section 3.2.2.) directly contributes to the traceability of supply chains and the responsible management of resources. Concerning wood, the geographies most exposed to deforestation are excluded from the Group's supplies and the offering of products certified FSC® and PEFC™ is increasing each year in the brand's catalogues. Simultaneously, work has begun to develop GOTS certification of cotton products and to reduce the environmental impact of cotton growing, and to identify risks related to supplies of leather and ensure complete traceability of the supply chain. The details of the policy and undertakings of the Group are provided in Section 3.2.1.;

- the manufacture of products also causes risks of pollution, which may have an impact on local biodiversity. The identification of these risks and their control by a policy on checking and supporting suppliers is included in Maisons du Monde's commitment to supplement its social audit policy by including environmental issues. The production networks identified as being at high risk are subject to environmental audits intended to guarantee the application of best environmental practices. The details of these commitments are presented in Section 3.2.2. of this chapter;
- the control of the Group's greenhouse gas emissions also contributes to Maisons du Monde's commitment to preserve biodiversity. This is because climate change strongly affects worldwide biodiversity. Maisons du Monde's actions to reduce CO_2 emissions are presented in Section 3.4.3.;
- the direct activities of Maisons du Monde, through the construction of stores and warehouses, also have an impact on biodiversity, notably through the creation of the artificial ground surfaces necessary to build the sites. The Group therefore seeks to avoid and reduce these impacts when constructing its main sites. The implementation of Distrimag's logistics platforms in Saint-Martin-de-Crau was subject to a preliminary impact assessment for sites likely to be affected. This study demonstrated the compatibility of the project with Natura 2000 standards, including the commune of La Crau, which supports species that are rare in France and Europe. In addition to the logistical constructions, in 2019, the Group began to formalise a policy to reduce the impact of stores, that will be sent to owners with whom Maisons du Monde is involved. The aim is to include the potential impact on biodiversity in the assessment prior to opening a store;
- lastly, the treatment of waste is one of the keys to reducing the impact of Maisons du Monde on biodiversity. The teams are committed to reducing, at source, the volumes of packaging distributed, guaranteeing their recyclability and sorting waste in stores. The actions to reduce waste produced by the Group's business are included from the ecodesign of products to the information provided to customers on the networks for waste management at the end of product life. Most of the actions put in place by the teams at Maisons du Monde are given in Section 3.4.1. of the report.

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

Since 2018, Maisons du Monde has been a signatory to the commitments of the Act4Nature initiative, the movement by companies committed to biodiversity. As a result, the Group has agreed to respect ten collective commitments focusing on biodiversity and dialogue with stakeholders, strategic decisions throughout the value chain, reducing impacts and transparency of commitments.

3.4.6 ACCESSIBILITY OF STORES

The accessibility of points of sale and the reception of disabled people in our stores is a major challenge to which the Group is committed through two main initiatives: team training and the adaptation of buildings.

Training action

Since 2016, Maisons du Monde has undertaken two major training programmes to raise the awareness of all employees about the reception of people with disabilities and regulations regarding establishments open to the public.

In the first instance, managers of merchandising, installation, maintenance, safety/security and technical design teams initially received a day's training devoted to the prevailing regulations on accessibility. At the same time, an e-learning course dedicated to accessibility has been devised by the Maisons du Monde Group's training service. This e-learning course, intended for all Store Managers and their employees, has been provided since 2017.

Accessibility work on stores

In 2015, Maisons du Monde undertook to achieve the full compliance of the French fleet of directly-owned stores by the end of 2021, by officially adopting a Government-sponsored action plan known as Agenda d'accessibilité programmée (Ad'Ap). While all store openings and renovation programmes have ensured the compliance of stores since 1 January 2007, an inventory conducted between 2009 and 2012 has helped draw up a list of sites in need of upgrades.

All of the work is set out in the Ad'Ap plan, staggered between 2016 and 2021 and updated each year. So, between 2016 and 2019, 121 stores had work done to bring them up to accessibility standards. At the end of 2019, 92% of French stores were compliant.

To reach the objective set for 2021, Maisons du Monde plans to apply to the administration in 2020 for all of the necessary work permits for the work on the remaining 13 stores during 2021. By 2021, estimated budget for compliance works ranges between €210,000 and €320,000.

3.4.7 BUSINESS ETHICS AND THE FIGHT AGAINST CORRUPTION

To respond to the challenges of corruption, influence-peddling and the requirements of the Sapin 2 law, since 2017, Maisons du Monde has had a series of procedures and practices to identify and control the risks specific to the Group's activities. These procedures and the Group's actions are based on:

- an anticorruption risk map, compiled as a result of twenty or so interviews with the Group's key functions, conducted by an external firm of consultants. This map identifies and orders the Company's risks of exposure to corruption and enables proportionate internal procedures. This risk map was reviewed in 2019 to make sure that there were no changes to the risks in line with the development of the Group's business;
- the Maisons du Monde professional Code of Conduct aims to formalise the ethical and legal frame of reference within which Maisons du Monde and its employees perform their day-to-day professional activities;
- a whistle-blower's charter and an ethics hotline enable any situation that contravenes the Code of Conduct to be reported confidentially by telephone or email.

To ensure compliance with these procedures, the Group introduced training for employees most exposed to the risks of corruption and for all service managers. This classroom-based training, focused on:

- a general introduction to issues of corruption, its forms and the sanctions incurred;
- behaviours to adopt, as well as the roles and responsibilities of individuals when faced with a situation which might involve acts of corruption;
- presentation of the anticorruption mechanism in place within the Group.

Accordingly, 117 people were trained on issues and procedures in connection with anticorruption in 2018. These training sessions will be renewed every two years and the next sessions will therefore take place in 2020 to train new entrants and employees who have moved to functions at higher risk.

In addition, the awareness of those less exposed to the risks of corruption was raised by filtering information down through the ranks of line management.

The Maisons du Monde Group has been a member of the United Nations Global Compact since 2011, committing to disclose its actions on ten principles in favour of human rights, labour standards, the environment and the fight against corruption. All the information appearing in this document enables the Group's commitments to be reported on an annual basis.

Tax evasion policy

Maisons du Monde groups tax evasion into two categories covered by procedures deployed and audited at Group level:

- in-store, the Group complies with the cash payment thresholds in force in the various countries where it operates to counter money laundering;
- at Group level, the Finance Department is responsible for the fiscal policy which applies to all Group entities. This policy incorporates transfer pricing procedures and compliance with the Base Erosion and Profit Shifting (BEPS) regulation. Maisons du Monde is also subject to the Country by Country Reporting (CbCR) regulation and makes a declaration to the authorities listing sales generated in each country in which it operates, taxes due and settled as well as the Group's workforce in each of these countries.

3.5 Commit like enthusiasts

3.5.1 MAISONS DU MONDE'S HR POLICY

Through its values and its actions, Maisons du Monde promotes a work environment founded on respect, dialogue, consideration and well-being at work. Respectful of diversity and privacy, the Group puts the skills of its employees first and strives to foster their employability.

Teamwork is particularly valued and is based on open and constructive dialogue between the teams and the Management. Maisons du Monde strives to inform its employees about its objectives and challenges in order to encourage their involvement in the life of the Company. The high expectations and professional approach aspired to by the Group promotes the development of individuals, both professionally and personally. All employees contribute to the development of the Group, regardless of their function or service.

"Commit like enthusiasts", this is the watchword of the Group's Human Resources policy. Employees are supported in their day-to-day duties, they are encouraged to develop their skills and fulfilling career paths are put in place to ensure that they reach their true potential.

Since 2016, with that in mind, Maisons du Monde has formalised its Human Resources targets for 2020:

- to improve well-being in the workplace, in particular, by improving local management and the roll-out of a regular employee survey;
- to improve its employees' employability and development through training and internal mobility;
- to support corporate change, growth and digitalisation.

The aim of this approach is to offer employees a well thought-out and stimulating experience throughout their career at Maisons du Monde. It is from these HR objectives that the Group has built its CSR ambitions out to 2020.

Risk/Opportunity	Ambitions 2020	2019 Performance
Well-being at work, training and the health and safety of employees	100% of our managers trained in local management	**64%** of managers trained since 2018
	100% of new managers participate in a personalised training programme	**68%** of new managers trained
	100% of our managers aware of, and sign, the Maisons du Monde Management Charter	The Management Charter was shared with 100% of managers
	65% of Store Managers and logistics managers in post as a result of internal promotion	**58%** of Store Managers and Logistics Managers in post as a result of internal promotion

In 2019, within this roadmap, Maisons du Monde continued the manager training programme and developed the "Growth" curriculum. Lastly, 2019 was marked by the integration of the teams from Rhinov on 1 June, for which the workforce is shown in the workforces of the Group below.

Workforce management and job creation

Employees

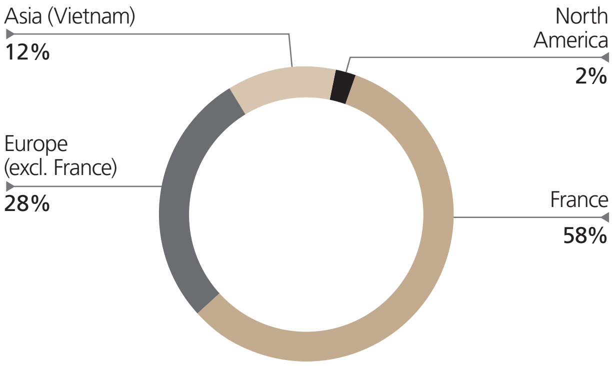
At 31 December 2019, the Group had 8,628 employees (7,516 full-time equivalents), up 12.8% on 2018.

GROUP WORKFORCE BY GEOGRAPHY

	31/12/2019	31/12/2018	31/12/2017
France	5,020	4,496	4,498
Europe	2,413	2,138	2,040
Asia	1,026	896	741
North America	169	118	
TOTAL	**8,628**	**7,648**	**7,279**

Most employees work in France, where the workforce underwent a sharp increase by 11.7%. The workforce in Europe also grew by 12.9%. The Mekong production plant in Vietnam accounts for 11,9% of the Group's employees.

BREAKDOWN OF WORKFORCE BY GEOGRAPHY



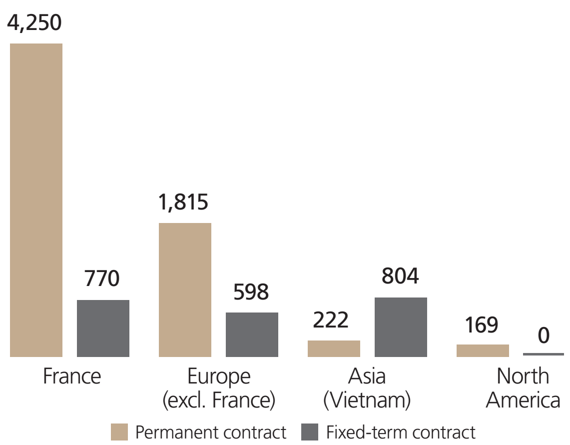
BREAKDOWN OF WORKFORCE BY CONTRACT TYPE

	31/12/2019	31/12/2018	31/12/2017
Permanent contract	6,456	5,942	5,453
Fixed-term contract	2,172	1,706	1,826
TOTAL	**8,628**	**7,648**	**7,279**

Over 75% of employees have permanent contracts. The average length of service of employees on permanent contracts is 4.05 years.

- permanent contracts are prioritised in the network and the logistics activity. Fixed-term contracts are primarily used to cover absence and spikes in business associated with the Christmas holidays and the sales;
- as regards production in Vietnam, the number of fixed-term contracts is due to the fact that workers are primarily hired under fixed-term contracts, as is the local custom, but then their contracts are made permanent after three years.

BREAKDOWN OF WORKFORCE BY CONTRACT TYPE AND BY GEOGRAPHY

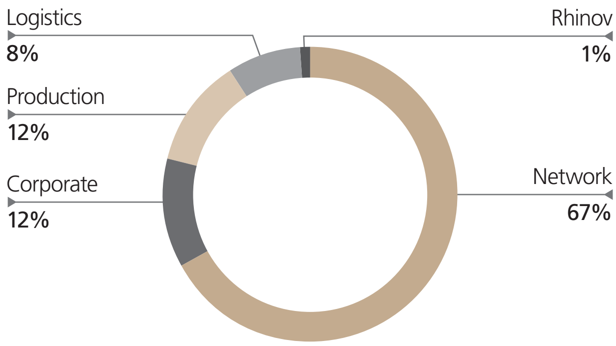


GROUP WORKFORCE BY ACTIVITY

	31/12/2019	31/12/2018	31/12/2017
Network	5,823	5,175	5,021
Logistics	722	667	712
Production	1,026	896	741
Corporate	993	910	805
Rhinov	64		
TOTAL	**8,628**	**7,648**	**7,279**

Two-thirds of employees work in stores that are part of the Maisons du Monde or Modani network (sales teams, cashiers, display teams and supervisors).

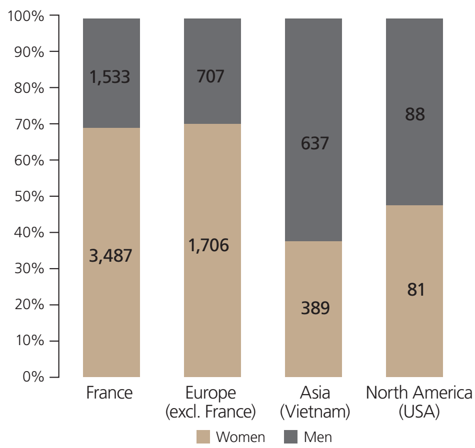
BREAKDOWN OF WORKFORCE BY ACTIVITY



	31/12/2019	31/12/2018	31/12/2017
Women	5,663	4,984	4,759
Men	2,965	2,664	2,520
TOTAL	**8,628**	**7,648**	**7,279**

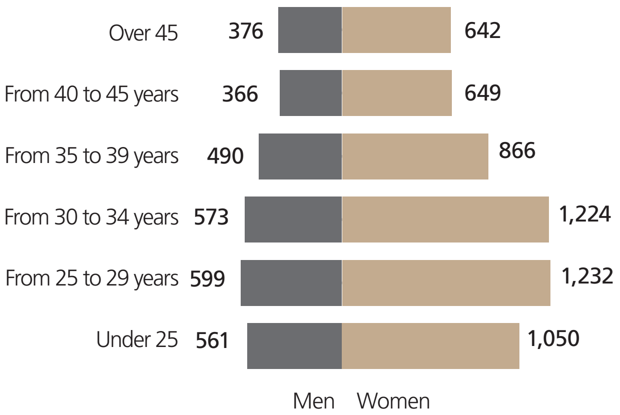
As of 31 December 2019, women represented 66% of the total workforce, against 65% in 2018.

WORKFORCE BY GENDER



BREAKDOWN OF WORKFORCE BY AGE

The average age of employees was 33, as in 2018.



Hiring, departures and local economic impact

Growth in the Group's business is reflected in the creation of jobs in stores. For example, the new stores that opened in Europe in 2019 had 333 employees on permanent contracts at 31 December.

Maisons du Monde's aim is still to recruit on the basis of life skills, prioritising individuals' wealth of experience. To improve the experience of candidates and better inform them, the dedicated recruitment website is regularly enhanced with new multimedia content conveying the Group's values and presenting jobs, HR commitments and HR news. In addition, Maisons du Monde has chosen to communicate on its recruitment actions through the social networks, particularly LinkedIn, on a bi-weekly basis.

The basis of all HR actions, the "employer brand" policy was defined and shared with the teams in 2019. This formalisation provides a coherent and understandable ecosystem for the Group's HR commitments to an employer promise – "An adventure with style" – applied through four pillars:

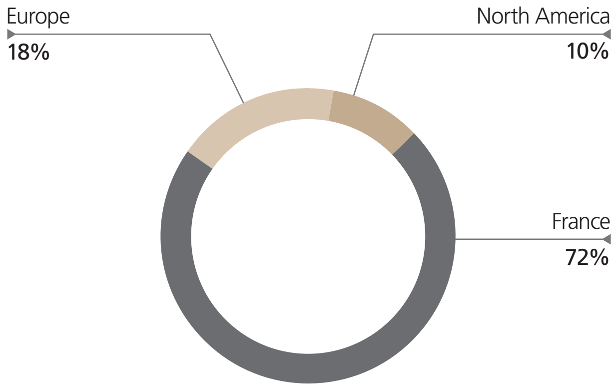
- grow and open new doors;
- combine professionalism and fun at all stages;
- form part of a large company;
- commit like enthusiasts, the other key to fulfilling one's potential.

Maisons du Monde's employer brand, the flagship project of 2019, was promoted and disseminated initially to employees internally.

To improve attractiveness, particularly for young talent, the multimedia content of our institutional HR and corporate websites was updated in 2019 with video content being added. Lastly, the programme for onboarding employees in the head office was developed in 2019 and the appointment arrangements were organised and regulated for jobs there.

BREAKDOWN OF HIRES UNDER PERMANENT CONTRACTS BY GEOGRAPHY

	2019	2018	2017
France	1,085	992	850
Europe	270	268	253
Asia	-	76	64
North America	145	66	
TOTAL	**1,500**	**1,402**	**1,167**



In 2019,1,500 employees were hired under permanent contracts (1,402 in 2018). For each store opening, Maisons du Monde favours hiring on permanent contracts and internal mobility. It should be noted that the 2018 and 2017 data on hires with permanent contracts at Mekong Furniture has been restated. All employees are previously hired on fixed-term contracts and their contracts become permanent after three years.

BREAKDOWN OF DEPARTURES OF STAFF EMPLOYED UNDER PERMANENT CONTRACTS BY GEOGRAPHY

	2019	2018	2017
France	1,272	1,148	1,012
Europe	245	286	191
Asia	79	30	8
North America	92	48	
TOTAL	**1,688**	**1,512**	**1,211**

There were 323 terminations in 2019 (358 in 2018). The average length of service of departing employees on permanent contracts is 2.28 years.

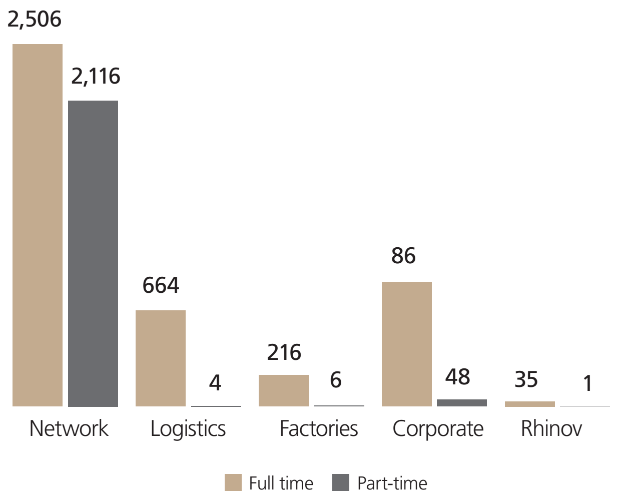
Working hours

Contractual working hours (permanent employees)

More than 96,8% of logistics, production plant and head office employees are full time. Nearly four-fifths of employees in the store network have a contractual work schedule representing at least 70% of statutory working hours under local law.

BREAKDOWN OF EMPLOYEES UNDER FULL-TIME/PART-TIME PERMANENT CONTRACTS

Temporary



Temporary

As a result of its activities, the Group may use temporary staff to meet more specific demands identified, such as reinforcements when setting up new stores. As for logistics, the number of employees on temporary contracts may be higher, due to the specific nature of the activity.

Compensation policy

Maisons du Monde is scrupulous about setting fair and equitable compensation for all employees. For most employees, compensation is above the agreed minimum (France and Europe). The development in personnel expenses follows the growth of the Group, going from €213.6 million in 2018 to 234.9 million in 2019.

Maisons du Monde seeks to promote collective performance. 100% of employees (not including Mekong production workers) are eligible for variable compensation based on the collective achievement of qualitative and quantitative objectives, recognising the commitment and achievement of all employees in the performance of their duties. Compensation is consistent for all employees of the store network, logistics and the Mekong production plant.

The Group has introduced a two-part incentive plan to complement its compensation policy and enable employees to benefit collectively from a share in the profits made:

- annual plan: a system of incentives was introduced for all Group employees (non-production) linked to hitting annual targets. Thus, employees receive an additional bonus, either in the form of an incentive payment (France, Italy and Belgium), or in the form of a salary bonus (other countries);
- medium/long-term plan: a free-share award plan was introduced for some employees. Acquisition will be dependent on performance, which will be measured every two fiscal years, and on working for the Group for a period of three years. The free shares should be granted at regular intervals, based on decisions by the Board of Directors.

3.5.2 WELL-BEING AT WORK

Fostering employee well-being is key to Maisons du Monde's HR commitment. As a result, the Group decided to incorporate HR targets, on strengthening local management and improving working conditions for teams, into its CSR roadmap This action plan was supplemented by employee feedback collected during the employee survey carried out in September 2019 and repeated every two years.

Strengthening local management in support of well-being at work

Local management is key to providing more career-based support for Group employees and to conveying Maisons du Monde's HR policy and values to all the teams. To this end, manager training is essential in disseminating the HR policy and commitments of the Group. Every year, a training plan, specially designed for administrative and network managers, is rolled out through training modules designed by the Training Academy on the basis of consultation with the Group's teams and Executive Committee. In particular, this training highlights the importance of managerial or sales routines in terms of disseminating information and mobilising the teams.

The question of well-being at work is incorporated into all projects driven by the Maisons du Monde Training Academy, so that this issue, and the improvement of working conditions, can be taken into consideration in all the training modules introduced. These include, for example, conflict resolution and management of antisocial behaviour, introduced into the store network in 2019.

Improving working conditions and the employee survey

The continuous improvement of working conditions is the second part of the Maisons du Monde well-being at work policy. Related action plans are updated on a regular basis, according to context and the results of the employee satisfaction survey.

To ensure that measures to improve working conditions are really in line with employee expectations, an employee survey is conducted once every two years. This survey is intended to:

- give employees a voice and assess their level of satisfaction;
- analyse feedback and draw up action plans;
- listen to employees and measure the effectiveness of actions implemented.

In 2019, over 78% of employees responded to the survey. The survey confirmed the strong feeling of pride amongst employees and their desire to see the Company flourish. The level of well-being of employees is 7.63/10, higher than the benchmark.

Absenteeism

Maisons du Monde is attentive to absenteeism, monitoring trends and taking appropriate measures to reduce the number of staff off work. Annual appraisals are an opportunity to share specific situations. Systematic oversight of these appraisals and the implementation of action plans are means of reducing absenteeism. As an example, the Operational Human Resources managers in the logistical centres interview all employees having expressed a need for this during their annual interview, to better understand the needs explained and to provide targeted solutions.

Distrimag's Human Resources service also keeps in contact with absent employees to encourage their return to work and conducts a return-to-work interview after all absences of more than 15 days.

To promote the well-being of teams, opportunities for discussion are promoted; each manager is encouraged to develop connections and proximity with the teams. In this regard, procedures for communication and discussion are written into the managerial and HR standards.

With a concern for proximity, the teams are of a "human" size; this organisation increases the number of local managers to ensure better knowledge of teams and improvement of the quality of working relationships.

RATES OF ABSENTEEISM DUE TO ILLNESS (1)

	2019 (3)	2018 (2)	2017
France	4.51%	4.10%	3.93%
Europe	6.78%	5.05%	3.00%
TOTAL	**5.23%**	**4.32%**	**3.35%**

(1) Number of calendar days of absence due to illness based on the total theoretical number of working days.

(2) "Europe" data do not include employee absences at German and Spanish nd UK stores.

(3) Data for the "Europe" Scope does not include absences of employees in the German, Spanish and UK stores or Rhinov employees.

3.5.3 SOCIAL DIALOGUE

Maisons du Monde strives to ensure a peaceful labour relations climate fostering exchange and dialogue with staff representatives and employees.

NUMBER OF MEETINGS WITH STAFF REPRESENTATIVES

	2019	2018	2017
MdM France	19	19	26
Logistics	34	39	55
MdM Belgium	23	23	22
MdM Luxembourg	2	-	-
TOTAL	**78**	**81**	**103**

Network & Administrative premises

In France, the employees of Maisons du Monde are represented by two trade unions and within the Economic and Social Committee (ESC). The latter has all prerogatives in economic matters as well as in health, safety and working conditions. In addition to the ESC, committees have been put in place to provide a more specific response to particular difficulties. This was particularly true for the health, safety and working conditions commission as well as the disability commission. Also, local representatives were appointed in 2019 to provide more meaningful links between employees and members of the ESC.

In Spain, there are staff representatives in four stores (one permanent and one alternate). They do not hold monthly meetings.

In Italy, as a result of the elections held in 2018, six employees are now responsible for security (RLS).

In Belgium, employees are represented on two bodies, the Works Council and the Committee for prevention and protection in the workplace.

Discussions with staff representatives were reflected in the following agreements in 2019:

- amendment to the profit-sharing agreement (Maisons du Monde France and Maisons du Monde Italy);
- mandatory annual negotiations on compensation, working time and professional equality (Maisons du Monde France);
- agreement on staff representatives (Maisons du Monde France);

- agreement on quality of life at work (Maisons du Monde France);
- agreement on professional equality between women and men (Maisons du Monde France);
- agreement on non-current benefits related to results (Maisons du Monde Belgium).

Lastly, it should be noted that Maisons du Monde has set up a procedure for donation of rest days between colleagues (France and Italy).

Logistics

2019 saw much dialogue and negotiation at the logistical level, as firstly, several agreements were signed:

- a collective performance agreement as part of the establishment of a local managerial organisation;
- an agreement on the mandatory annual negotiations.

Other than in the personnel representative bodies, employee/management dialogue was improved with three logistical centres being set up, with a constant concern for proximity and management autonomy.

In this regard, employees and managers are supported on a daily basis, as near as possible to the ground. Business experts, including the Human Resources Manager, aim to support the managers in implementing standards and responding to requests from employees as soon as they are made.

Concerning events, all actions encouraging dialogue were continued in 2019:

- daily briefs from Operational Managers;
- quarterly meetings organised by the Operational Managers;
- quarterly Directors' Reports to Employees;
- quarterly meeting on variable compensation, annual grade reviews for employees receiving promotion;
- annual interview.

Lastly, dialogue and information feedback are encouraged through the introduction of new projects. In 2019, 150 new employees took part in improvement projects, these projects being the perfect occasion for discussions between the operational teams and managers.

Mekong plant

In Vietnam, social dialogue is organised in close collaboration with union representatives. The Mekong Furniture trade union team together with the staff representatives are currently composed of 13 members, divided between the three sites of the plant.

The union representatives are consulted on all issues liable to contribute to improving employees' working conditions and environment. The union representatives are free to exercise their duties pursuant to rules laid down and set by local law. They meet regularly to discuss questions of health at work, changes to compensation and the salary policy, stability of the workforce and training.

In 2016, Mekong Furniture signed an agreement on the benefits granted by the Company to employees. This agreement with the staff representatives includes bonuses, allowances and additional benefits not determined by Vietnamese law. Following the last meeting with the staff representatives in December 2019, the negotiated benefits were maintained and the signed agreement was renewed for 2020.

In addition to dialogue with the trade union, the HR Department and the Management team also communicate weekly on all topics liable to help employees better understand their rights and duties, in accordance with the labour law and the Company's internal regulations.

Lastly, short training courses are given by department managers each week, including information provided by Mekong's Human Resources Department. Each Human Resources office in the three Mekong plants is available to provide information and answer questions from employees concerning the frequent updates to local employment legislation.

3.5.4 OCCUPATIONAL HEALTH AND SAFETY

Maisons du Monde is aware that its CSR challenges, particularly in terms of well-being at work, mean that professional risk management must play a role at all decision-making levels and on all sites. No agreement has been signed with the trade unions on occupational health and safety, but all departments are committed to gradually implementing an appropriate and realistic preventive approach in each of its activities. In the network and logistics scope, there was a reduction in workplace accidents with stoppages.

NUMBER OF WORKPLACE ACCIDENTS WITH STOPPAGES (1)

	2019	2018	2017
Network	218	232	200
Head office	6	11	6
Logistics	54	71	105
Production	39		
TOTAL	**317**	**314**	**311**

(1) Workplace accidents with stoppages excluding the United States.

FREQUENCY OF WORKPLACE ACCIDENTS (2)

	2019	2018	2017
Network	39.3	42.7	35
Head office	4.5	8.2	4.7
Logistics	45.3	59.6	56.3
TOTAL	**34.4**	**39.4**	**35.2**

(2) Number of workplace accidents with stoppages/hours worked x 1,000,000.

SEVERITY RATE OF WORKPLACE ACCIDENTS (3)

	2019	2018	2017
Network	1.73	1.44	1.01
Head office	0.03	0.12	0.05
Logistics	3.39	3.03	3.03
TOTAL	**1.69**	**1.45**	**1.30**

(3) Number of days lost due to temporary incapacity/hours worked x 1,000.

Lastly, 6 people were off work in 2019 due to occupational illnesses recognised by Social Security services (France).

Network and administrative premises

Maisons du Monde is committed to continuing its effort to ensure the health and safety of its employees, in line with its previous years' commitments. The process of collaboration and dialogue between the store network and the accident-prevention service has provided better understanding of the professional risks present and the expectations of employees in the matter. This process is now organised according to three areas which have enabled the following actions to be implemented over 2019:

Participatory area:

- the selection, training and organisation of a first test group of 10 accident-prevention coordinators amongst those working for the French store network, with the aim of international introduction. The aim is to provide sufficient knowledge at the local level to organise and support the preventive approach at a local scale. This project, originally based on an adaptation of the Physical Activity Risk Prevention approach (promotion of the fight against musculoskeletal disorders) to cover all of the professional risks present in the Company, is now a means of organising participatory events in health and safety within the store network,
- changes to the organisation of the accident-prevention service, with the appointment of local safety organisers based directly in the national entities (Italy, France and Germany) to support and organise the future network of accident-prevention coordinators,
- setting up working groups on projects related to accident prevention;

Technical area:

- the finalisation of the roll-out of funds transport, which covers 90% of the stores in the network, of which more than 250 have connected safes (France, Switzerland, and Belgium) beyond the objective fixed at 75% at the end of 2019,
- the continuation of the project for a "shelf-stocking tower" with two tests on the ground in real situations and inclusion in the project of all requests coming from the test sites,
- the performance of several short-listing tests to mechanise certain materials-handling operations, such as light semi-electric pallet jacks,
- the performance of a study and a joint test with our logistics hub on modifying a means of delivery, enabling a better ergonomic approach (Project Box),
- systematic inclusion of accident-prevention when running technical projects related to the Company's merchandising;

Area of presentation/instruction:

- introduction of the e-learning training programme "Best practices in materials handling" throughout the store network,
- introduction of a newsletter published every two months providing information on accidents and their prevention in the Company,
- the internal training of 38 employees in the administrative head offices and the retraining of 13 employees,
- the introduction of an internal policy on working at height, aiming to promote appropriate behaviour and a choice of tools adapted to the work to be done.

Logistics

Protecting our employees' health is also a priority for Distrimag. In 2019, the management continued investments related to safety and continued actions in favour of safety: analysis of accidents and establishment of preventive and corrective actions, training of new managers on the basics of safety, presentations of HR tools, training new employees on safety, closure of the "the ergonomics during acceptance" project, etc.

To ensure that this process is organised, a position of Safety Quality Manager was created. This position consists of supporting operational managers in implementing safety and quality standards, analysing risks or at-risk situations and providing the managers with tools to resolve problems related to safety and quality.

Production

Since November 2019, Mekong Furniture has strengthened its team with the creation of an HSE Manager position, in charge of health, hygiene, safety and environmental issues. The constant developments in subjects relative to the environment, the adaptation of working areas and health and safety within the production sites require particular attention and Mekong's plants endeavour to ensure total transparency and compliance with local and international prerequisites and requirements.

To guarantee this requirement, Mekong Furniture's plants have set themselves the objective of obtaining ISO 14001:2015 certification, with an environmental management system being put into service by the end of 2020.

During 2019, Mekong Furniture continued to improve the organisation of production lines and actions for accident-prevention:

- adaptation of a large area dedicated to metal work on the MK3 site. Provided with new welding and sanding tables enabling a seated position, the project aims to reduce fatigue and effort caused by standing work, by improving the ergonomics and the posture of employees;
- educating employees concerning health, safety and hygiene at work using a team of approved trainers;
- inauguration of the infirmary in June 2019, an area dedicated to first-aid and any situation requiring particular medical attention;
- display of workplace accident information by plant (number, severity, workstation and photos), action plans and procedures to be followed in case of an emergency;
- monitoring of "5S" in all production sections and weekly team assessments to maintain and guarantee a clean and orderly environment for employees.

3

3.5.5 TRAINING AND EMPLOYABILITY

The commitment made on access to training demonstrates that Maisons du Monde continues to be committed to developing the skills of its employees beyond regulatory obligations, *via* a declared and ambitious objective and the implementation of specific systems. 100% of our permanent employees receive training at least once every four years.

Careers and employability

The recruitment philosophy of Maisons du Monde favours interpersonal skills and the extent of individuals' experience. A dedicated recruitment site promotes the professions, values and HR commitments and presents job offers.

Maisons du Monde strongly wishes to promote internal transfers. In addition to the internal digital area, exclusive offers are made to employees, providing them with real opportunities. Each request for an internal transfer results in discussions with the recruitment service, which enables employees to take advantage of HR support and assess their skills and know-how.

To help employees of the network to progress beyond their current posts, in 2018, the Training Academy also highlighted opportunities to move between Network careers and jobs using a "Careers Booklet". Employees can therefore proactively study, from their current jobs, gateways which exist towards other jobs within the Group, either in their own business line or in the other business lines of the Company. In this way, Maisons du Monde offers professional opportunities that enable each employee to take the initiative and contribute to their personal development and the performance of the Company. This procedure was distributed to 100% of employees and updated in 2019.

In 2019, 244 people were promoted internally. The internal digital area dedicated to geographical and functional transfers continues to be regularly promoted in internal communications, to provide each employee with regular information on requests for transfers.

In 2019, 580 mobility applications were received *via* this space, and 53% were approved.

NUMBER OF INTERNAL PROMOTIONS

	2019	2018	2017
Network	250	247	236
Logistics	94	72	87
Plants	102	102	62
Head office	101	100	12
Rhinov	10	-	-
TOTAL	**557**	**521**	**397**

The mobility programme makes a direct contribution to the 2020 target of having 65% of Store Managers and Logistics Managers in post as a result of internal promotion. By the end of 2019, this percentage was 58%. This type of mobility is facilitated by a policy that encourages internal skills development as well as geographical mobility.

PERCENTAGE OF STORE MANAGERS AND LOGISTICS MANAGERS IN POST AS A RESULT OF INTERNAL PROMOTION

	Promotion %	Promoted	Global
Store Managers	52%	182	349
Logistics Managers	92%	54	59
TOTAL	58%	236	408

The Human Resources Department routinely contacts each employee who requests mobility so that they can receive support with their application and, more generally, with their career plans.

Employee training

As it is highly committed to the development of its employees, every year, Maisons du Monde reaffirms its aim of enabling all employees to take full control of their own career paths and skills development. The Training and Skills Department intends to continue to consolidate the training actions put in place, capitalise on its human potential, facilitate access to training and skills development and, lastly, support the brand development strategy.

PERCENTAGE OF PERMANENT EMPLOYEES TRAINED BY ACTIVITY (1)

	Trained	Not trained	Training rate
Network	3,445	1,024	77.1%
Logistics	458	210	68.6%
Production	206	16	92.8%
Administrative premises	517	375	58.1%
Rhinov	5	36	13.9%
TOTAL	4,632	1,873	70%

(1) *Permanent workforce in post at 31/12/2019*

In 2019, Maisons du Monde allocated a budget of 2.32% of its payroll to training its employees based in Europe. (2.40% in 2018).

TRAINING PROGRAMME

	2019	2018	2017
France	2.2%	2.42%	2.06%
Europe	2.8%	2.54%	2.67%
Asia	0.17%	0.11%	
TOTAL	2.32%	2.40%	2.22%

NUMBER OF HOURS OF TRAINING

	2019	2018	2017
France	42,429	53,989	51,233
Europe	14,412	27,545	29,542
Asia	19,473	10,308	
TOTAL	76,377	91,791	80,775

In 2019, 76,377 hours of employee training were delivered, 4,032 of which were safety training. 4,632 permanent employees had followed at least one training course at 31/12/2019, up on 2018.

Permanent workforce in post at 31/12	2019	2018	2017
Percentage of women trained	69%	67%	70%
Average no. of hours of training per employee	16h36	15h30	11h45

The continuous increase in the number of employees who have followed a training course and the number of hours of training per employee bears witness to Maisons du Monde's intention to give employees the means to develop their skills. For this reason, the Training Academy is continuing its ambition to increase the range of training courses to enable all individuals to progress in their jobs.

Network and administrative premises

To reach its ambitions and the objectives set in the CSR road map, the programmes put in place in 2018 were continued and enhanced in 2019.

PERCENTAGE OF MANAGERS TRAINED IN LOCAL MANAGEMENT

% of managers working on 12/31st	31/12/2019	31/12/2018
Chef d'orchestre and Let's Manage schemes	64%	58%

Identifying and supporting talented individuals

Maisons du Monde is continuing with its aim of improving the identification, management and monitoring of talent in the network and head office. Talent is identified during the annual interview, during which the employee and manager assess the elapsed year and fix future objectives. To support line managers in doing so, 100% of new managers receive training dedicated to the conduct of this interview in France. At the end of the campaign, all data are consolidated and analysed by HR to serve as the basis for discussions at talent reviews organised with the manager of each service. Meaningful actions to develop skills can then be developed and applied in a shared action plan.

Support to employees involves the implementation of various skills development curricula. The Training Academy endeavours to prepare its internal talent pools. In 2019, the "Growth Curriculum" introduced its classes 2 and 3 with a success rate of 98%. This development programme has been specifically tailored to the brand and the reality of life in stores, to offer deputies ways of working towards becoming managers, *via* the *Manager d'Univers Marchand* certification, recognised by the Government and by the world of retail. Out of the talent pool formed in 2018 and 2019, 33% are already managers.

To improve the skills of employees of the network and develop customer relationships that correspond to the ambitions and core business of Maisons du Monde, two strategic training courses were introduced in 2019 in 134 stores:

- "Customer Priority", intended for all teams in the stores over one day, to learn, through 10 professional actions, to pay genuine attention to the customer;
- "Manage the Customer Priority", intended to teach Store Managers and Deputies how to focus their teams on an objective, that of an optimal customer relationship.

In 2020, 138 stores will introduce the new courses.

Logistics

Distrimag is continuing to develop its managerial culture, encouraging participative management and continuous improvement. The local manager training schemes launched in 2018, continued in 2019, to ensure that managerial skills are in line with the Company's expectations. Distrimag has also renewed the procedure for Recognition of Prior Learning and has set up training courses in French as a foreign language. These systems added value to the teams not only by enabling them to obtain qualifications, become more professional and guarantee their employability, but also by facilitating employees' professional and personal integration.

Production

Faced with the specifics of the local jobs market and the lack of qualified employees, Mekong Furniture is investing in training to enable employees and workers, during their careers, to acquire new technical or managerial skills that match their responsibilities. In-house peer training is the main way in which the Company tailors employees' skills to their work. It is also a vital tool for conveying know-how to support the Company's business growth.

Internal training courses are given for new entrants so that they can quickly and efficiently adapt to the use of the machines and equipment installed on the production lines. As well as technical training, workers are systematically supported from their arrival and educated concerning health and safety risks.

In-house training was also provided for older workers who had been promoted to a new post requiring a specific technical skill. The Company has also trained new employees in high-tech digital machinery of the CNC type, particularly on the MK3 site. Also, having acquired several automated cutting machines, the Company gives appropriate training courses for the workers who will control them.

Training courses were also given for quality-control technicians, technical designers and inventory management and administrative personnel. These last were trained in the Company's new ERP system and its functionalities.

Also, a new weaving section was created at MK3. Due to the development of new ranges and products, the Company has recruited employees with quite specific skills to plan the production of future collections. An external instructor trains the personnel in working with fabrics for perfect adaptation to products made of wood.

The Company also encourages Company executives to familiarise themselves with changes in Vietnamese regulations. These training courses were organised in 2019 by the Vietnamese administrations and other organisations to which Mekong belongs, on various subjects, such as:

- changes to taxation, salary policies and compensation;
- changes to employment regulations, organisation and adaptation of the working area. Given by the ICF (Initiative for Compliance) organisation, this training course for the HSE Department emphasises the safety measures to be adopted and increased vigilance to avoid all types of incidents in the plant, especially with any machines or specific equipment;
- raising awareness on new local environmental directives and assessment of the environmental impact of the Company. This training course provides an update concerning the prerequisites in terms of waste management and control and treatment of polluted water.

3.5.6 COMMITMENT IN FAVOUR OF DIVERSITY AND THE DISABLED

Respecting diversity, Maisons du Monde puts the skills of its employees first. The Human Resources Department guarantees non-discrimination in hiring, employment and access to training.

Because Maisons du Monde is convinced that talent is to be found in each of us and that diversity is a strength, the Group is committed to the principle of non-discrimination in all its forms and practices an inclusive recruitment policy. This applies not only to equal pay and equal opportunities for men and women but also to a desire to hire across the generations so that knowledge can be passed on.

Because disablement should not be an obstacle to professional development, in 2019, Maisons du Monde signed a disability agreement with the French trade unions.

Equal opportunities

Maisons du Monde managers endeavour to convey the values of the Group and the HR policy to their teams. The Maisons du Monde Group make every effort to ensure that diversity and gender equality is respected at every level of the Company.

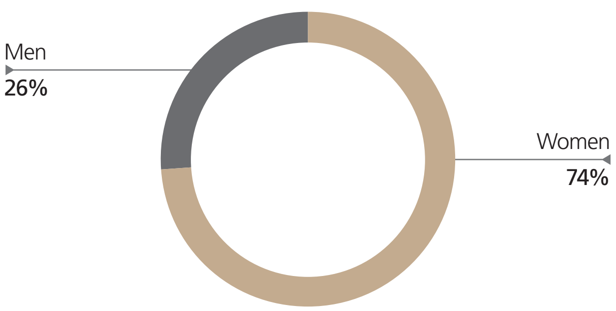
BREAKDOWN BY GENDER, MEMBERS OF THE EXECUTIVE COMMITTEE AND N-1

	2019	2018	2017
Women	31	42	43
Men	34	34	28
TOTAL	65	76	71
Proportion of female employees	**48%**	**55%**	**61%**

BREAKDOWN OF STORE MANAGERS BY GENDER

	2019	2018	2017
Women	289	248	240
Men	102	78	70
TOTAL	391	326	310
Proportion of female employees	**74%**	**76%**	**77%**

PROPORTION OF FEMALE STORE MANAGERS



People with disabilities

Since 2010, Maisons du Monde has paid particular attention to employees recognised as workers with disabilities. Since 2013, a disablement commission has been defining and monitoring the actions to be carried out for these workers. The Group supports employees with disabilities on an individual basis *via* adapted workstations, training, help with approaching external organisations (AGEFIPH and SAMETH) and even funding for medical equipment. Maisons du Monde also takes part in local events (recruitment fairs, network memberships, etc.).

Maisons du Monde continued its actions in 2019. So, the second disablement and diversity week was organised for personnel in the head office and the network. On this occasion, Maisons du Monde made a donation to the ELA association, which was chosen by the employees. Also, Maisons du Monde joined the network of disablement contacts for the Pays de la Loire and Île-de-France. Lastly, since June 2018, the CSR contacts in the stores have been including disability issues in their duties and distributing news about the Company's disability policy to their teams.

Our activities to raise awareness and support disabled persons also involve partnerships. Thus, Distrimag is working with the vocational rehabilitation centre *Les Abeilles* on the repair of furniture from customer returns. Also, over the last two years, the Group has taken part in the Duo Day event, in partnership with vocational rehabilitation centres. In principle, a disabled person spends a day shadowing a volunteer employee. The programme includes participation in the employee's usual tasks and/or observation of their work. Lastly, for the publication of our internal newspaper, we work with the Company HandiPrint.

Combined work-study programmes

In 2019, 131 young people benefited from combined work-study contracts in France (apprenticeship or professional qualification contracts). Maisons du Monde contributes to the employability of such people by enabling them to obtain a recognised diploma and a rewarding experience.

Combined work-study programmes give everyone a chance and integrate different skills that are not derived from traditional training courses.

Personalised support for young people on work-study programmes (guidance, regular interviews and HR point of contact) helps ensure that they have every chance of success in their studies. The tutor, meanwhile, is assisted in passing on his or her skills and developing relational and teaching skills. In 2019, 11% of them were hired by the Maisons du Monde Group.

3.6 Maisons du Monde's philanthropic ambitions

3.6.1 THE MAISONS DU MONDE FOUNDATION

Risk/Opportunity	Ambitions 2020	2019 Performance
Foundation & Philanthropy	10 million customer donations through the "Rounding-up" at check-outs to help charities supported by the Maisons du Monde Foundation	More than 10.2 million in donations have been collected since 2016

Officially active since 2016, the Maisons du Monde Foundation is placed under the aegis of the Fondation Nicolas Hulot pour la Nature et l'Homme (FNH). FNH guarantees that funds are used wisely whilst the Maisons du Monde Foundation is responsible for operations, in accordance with the environmental and social values and commitments shared by the two organisations.

The aim of the Maisons du Monde Foundation is to help promote the preservation of forests and timber resources by, and for, humankind. As a result, the Foundation only funds projects led by general-interest non-profits located in the European Union or South-East Asia (including India) with the purpose of:

- preserving forests and/or protecting biodiversity in forests in countries in the southern hemisphere;
- reusing timber in European Union countries (recycling, ecodesign, upcycling, etc.) to promote the circular economy, reuse and socio-professional integration;
- mobilising all its stakeholders (employees, customers, partners and citizens) for the environment. This last pillar covers programmes and partnerships raising the awareness of the brand's employees (*via* the "Solidaritrips" programme), customers (*via* the system of "Rounding-up" at check-outs) and citizens in general (*via* "1% for the Planet" and the "I Act for Nature" programme coordinated by the FNH and lastly, *via* the *Aux Arbres!* programme).

The Foundation's website presents its goals as well as the charitable projects it has supported: fondation.maisonsdumonde.com. An annual business report is also published each year and can be accessed in electronic format on the Foundation's website.

Governance of the Foundation

The Maisons du Monde Foundation is a distinct structure from the company Maisons du Monde and is legally dependent on the Fondation Nicolas Hulot. It is run by a committee which has six members:

- Gilles Petit, Chief Executive Officer of Maisons du Monde until 1 July 2018;
- Julie Walbaum, CEO of Maisons du Monde since July 2018, who joined the committee in November 2019;
- Catherine Filoche, Maisons du Monde's Secretary;
- Cécile Ostria, CEO of the Fondation Nicolas Hulot pour la Nature et l'Homme;
- Stéphane Rivain, Associate Director of Oréade-Brèche, an environmental and development consultancy;
- Charles-Édouard Vincent, founder of Emmaüs Défi and Lulu dans ma rue.

Two committees meet at least each year, bringing together the members of the committee and partner guests according to the subjects addressed. These committees are for the selection of projects and renewal of partnerships and/or committees for strategic studies.

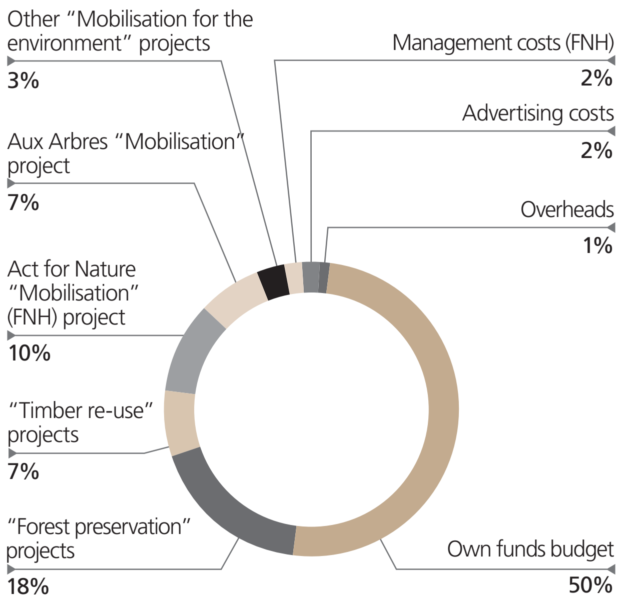
Breakdown of the Foundation's budget

The Maisons du Monde Foundation's operating budget represents 0.08% of the Group's pre-tax customer sales, as reported in the consolidated financial statements for the previous year, or a grant of €888,953 in 2019.

The balance from the year 2018 is added to the allocation from Maisons du Monde. The Maisons du Monde Foundation's budget totalled €896,869.

The Maisons du Monde Foundation has made the fundamental choice of financing, over three years, projects run by non-profit general-interest associations in order to have significant societal impact: funding ranges between €20,000 and €30,000 annually and is *via* two complementary funding mechanisms – own funds and "Rounding-Up" at check-outs. In 2019, the Foundation also granted annual "helping hand" allocations of about €5,000 to help the launch of initiatives run by the associations.

BREAKDOWN OF THE FOUNDATION'S BUDGET IN 2019



In 2019, the Maisons du Monde Foundation transferred allocations and/or financed a total of 25 projects.

17 projects are for forest preservation and represent 36.3% of the budget. Amongst them, four new projects were selected following the 2019 Call for Projects for three-year partnerships starting in 2019.

The Maisons du Monde Foundation funded eight timber recycling and socio-professional reintegration projects. The funding of projects in this area accounted for 14% of the annual budget. Amongst these projects, two new ones were selected following the 2019 Call for Projects for three-year partnerships starting in 2019.

In addition to these projects, the Maisons du Monde Foundation contributed to the organisation of the Emmaüs Trophies on reuse in partnership with Emmaüs France, the aim of which is to promote the emergence of creative initiatives to recycle wood and to develop new skills within the Emmaüs France network. In 2019, the winners Emmaüs UP and the Atelier Emmaüs, chosen by a jury in which the Foundation participates, were awarded €2,000 each to purchase their furniture and develop their workshop.

Lastly, the area "Mobilising for the environment" groups programmes such as "I act for nature" and *Aux Arbres!*. 20% of the functioning budget of the Foundation is directed to the "I act for nature" programme initiated in 2010 by the FNH. This platform puts citizens who wish to donate their time in contact with 820 bodies (non-profits, managers of natural spaces, local authorities, etc.) in need of specific support for their environmental protection initiatives.

15.8% of the budget was used for *Aux Arbres!*. Launched in 2018 in the form of a general public outreach event, *Aux Arbres!* has become one of the key programmes for the socially-responsible work of the Foundation. This programme aims to bring together, with its partners, all those who act to preserve the forests and trees and to reconnect with nature, giving them the means to do so: families, children, committed citizens, professionals, experts, scientists, associations, etc. In 2019, the programme was broadened with an event intended for children and a "professional" event in Paris on 6 June:

- *Aux Arbres les enfants!* was launched to promote discovery of the wonders of the forest and solutions for contributing to its preservation. On 19 May 2019, four French towns welcomed children and families for walks in the forest. On 6 October 2019, a new "sensory walk" was organised in Vertou with the association MiniBigForest. The programme also enabled the publication of a creative kit, freely available on the website for the programme aux-arbres.com;
- an *Aux Arbres!* evening was organised on 6 June 2019 in Paris to invite the entire ecosystem of the Foundation to jointly construct the forthcoming 2020 event. More than 200 partners (associations, companies, experts, etc.), took part in collective inspiration and intelligence workshops to generate proposals for this general-public event planned in June 2020.

Lastly, the remaining funds, representing 5.6% of the Foundation's budget, were used to set up "Rounding-up" at check-outs, for "1% for the Planet" club meetings with non-profit and philanthropic organisations, for the organisation of "Solidaritrips" for employees of the brand and for the "Helping hand" projects. This year, the "Helping hand" projects have enabled the development of the recently-created all4trees and MiniBigForest associations, as well as the launch of the *Derrière les Arbres* project run by the association Envol Vert.

An overview of all the projects funded by the Maisons du Monde Foundation in 2019 appears on the website fondation.maisonsdumonde.com.

"Rounding-up" at check-outs

To mobilise the brand's customers, the Maisons du Monde Foundation rolled out the *MicroDON* solution for collecting community donations, "Rounding-up" at check-outs, in all of the brand's French stores. This system offers customers who wish to do so the opportunity to help fund a project selected by the Foundation.

This programme was a real success with 43% of customers taking part. 3,365,501 donations were made and €408,506 collected for projects selected by the Foundation in 2019. A total of €1,253,798 and 10,216,786 donations have been collected since the system was introduced in 2017.

A minimum of four non-profits are made beneficiaries of "Rounding-up" every year, after being selected by the Foundation's Committee, until such time as they have reached their collection target. This funding mechanism is in addition to funding *via* Maisons du Monde Foundation's own funds, as shown above. 100% of donations are paid to the project selected, according to a timetable set in an agreement with the non-profit. In 2019, the associations Tchendukua, GERES, Api'Up, Brainforest and HTS were supported by the brand's customers *via* "Rounding-up" at check-outs.

Other philanthropic projects supported

In addition to Maisons du Monde Foundation programmes, the brand supports philanthropic commitments centred around the Group's activities. This financial support or these product donations for non-profits are aimed at helping two main causes:

- help for disadvantaged children and parents. For several years now, the brand has supported this cause in association with the Maisons du Monde Junior activities, in particular by donating products. This commitment has involved a partnership with the French Red Cross. This partnership resulted in new furniture from the Group's warehouses being donated each year to five *Enfance-Famille* network centres as part of refurbishment programmes. This partnership meets a very real need on the part of these establishments and helps to create a warm and welcoming atmosphere for their beneficiaries;
- donations of furnishings and decorations. To reduce the number of substandard products being thrown away and to support reuse networks and the social and solidarity economy, Maisons du Monde has entered various partnerships so that products which are out of the sales circuit can be donated. These products are collected from the warehouse or from stores by the brand's partner to stock their charity shops or for their reuse activities. These donations enable these partner charities' beneficiaries to obtain Maisons du Monde products at a social price. As part of this programme, the Group partners with different structures, such as Emmaüs network, Croix Rouge Insertion association or the Secours Populaire Français (see paragraph 3.3.2).

3.6.2 FOSTER EMPLOYEE COMMITMENT

Risk/Opportunity	Ambitions 2020	2019 Performance
Employee commitment	1,000 employees took part in solidarity activities	400 employees took part in the "Solidariteam" solidarity programme

The Maisons du Monde "Solidariteam" solidarity programme

In line with the Maisons du Monde Foundation's goal of "mobilising for the environment", the aim of the Solidariteam programme is to involve Maisons du Monde employees in solidarity initiatives by offering them the resources needed for this type of commitment. Three complementary systems were introduced to offer all employees the chance to get involved according to their means and time: Solidaritrips, the historical programme of Maisons du Monde, the *Congé Solidaire*® organised by Planète Urgence, and lastly, Solidaridays.

Solidaritrips

Solidaritrips is the flagship solidarity programme from Maisons du Monde. Set up in 2011, it is a programme to raise awareness of sustainable development challenges by enabling employees to find out about forestry preservation projects in the southern hemisphere led by NGOs and supported by the Maisons du Monde Foundation. Participants are drawn at random from volunteer employees and set off to find out about the work of the NGOs and the Foundation in the field, taking part in NGO's activities and immersing themselves in another social reality. Upon their return, participants become the Foundation's CSR ambassadors and sometimes NGO volunteers. Their involvement in other solidarity projects such as the Solidaridays and the *Congé Solidaire*® from Planète Urgence reflect their increased awareness and their desire to continue to be involved.

Since 2011, 176 employees have embarked upon this initiative. In 2019, two Solidaritrips were organised with 16 employees coming on board: the first in Ecuador, to discover a project to preserve the Amazonian rainforest run by the NGO Isphingo and the second in Senegal in the Popenguine reserve with the NGO Nebeday.

Solidarity Leave (Congé Solidaire®) with Planète Urgence

This system enables employees to do skills-based volunteer work for a local organisation in the southern hemisphere for a 15-day period. Employees choose and apply for volunteer work on the basis of the skills that they can donate to the host organisation (non-profit, cooperative, etc.). Leaving alone or in a group, these employees are supervised at every stage by Planète Urgence. Employees are offered three types of assignment: socio-educational support for young children and literacy; skills transfers as part of adult training; biodiversity protection and development.

In 2019, eight employees volunteered for biodiversity protection and development initiatives under this scheme.

Solidaridays

Solidaridays are the opportunity for 10 to 15 employees to find out about a charitable organisation's activities over the course of a day devoted to this purpose. These days enable non-profits to showcase their initiatives in a practical way and to receive help from volunteers. These days are also an opportunity for employees to bond or for bonds between employees taking part in these solidarity initiatives to be strengthened: these are veritable team-building experiences.

In 2019, 51 employees took part in World Clean Up Day in France, Belgium and Italy. Furthermore, eight persons took part in the plantation day organised by the association MiniBigForest, a partner of the Foundation.

NUMBER OF EMPLOYEES WHO PARTICIPATED IN THE SOLIDARITY PROGRAMME

Participants in Solidariteam (cumulative)	2019	2018
Solidaridays	200	141
Congé solidaire®	24	16
Solidaritrips	176	160
TOTAL NUMBER OF EMPLOYEES THAT PARTICIPATED IN THE SOLIDARITY PROGRAMME	**400**	**317**

3.7 Non-financial reporting methodology

This Chapter 3 on "Corporate responsibility" can be taken as a non-financial performance statement in accordance with Article L. 225-102-1 of the French Commercial Code.

The following information, mentioned in Article L. 225-102-1 of the French Commercial Code, is not shown in this chapter because it is not considered to apply to Maisons du Monde Group's business:

- fight food waste. The Group's business does not generate food waste beyond employee meals;
- fight against food insecurity. The Group's activities do not impact on consumers' access to food;
- respect for responsible, fairly traded and sustainable food.

The information mentioned in Article L. 225-102-4 relating to the vigilance plan is shown in Section 3.1.1. of the chapter.

In light of the materiality matrix presented in 3.1.1, it can be seen that the "social impact in production countries" issue is not the subject of a dedicated paragraph. Indeed, the actions put in place by the Group are limited to the financial partnerships and supplier social support (presented in Section 3.2.2) and the programmes of the Maisons du Monde Foundation in the Group's production.

Scope and reporting period

The CSR indicators are reported for the entire Group, i.e. the stores (network), administrative premises, Distrimag sites (logistics) and the Mekong Furniture sites (production plant in Vietnam). The Group's reporting Scope does not include franchise operations. As for Modani, consolidated on 1 July 2018, and Maisons du Monde stores in the United States, only workforce indicators (recruitment and departures) are shown in this document. Any other eventual exclusions from the Scope of consolidation is specified in the body of the text and is set out below.

The data is reported for the period 1 January to 31 December.

3.7.1 ENVIRONMENTAL INDICATORS

Reporting tool

The information contained in the report was collected from various contributors from different parts of the Group's activities using data collection files specifically adapted for each contributor. The files were consolidated at Group level by the CSR Department.

Key methodological specificities

As regards the store network's reporting of waste, it should be noted that data have been extrapolated for stores for which data from service providers are not available, or for which waste is not managed by Maisons du Monde (some out-of-town or shopping centre stores). This data was extrapolated on the basis of a ratio of tonnes of waste per euro of revenue made, calculated by country. The extrapolation represents 41% of the stores in the network (in % of revenue). Moreover, the tonnage of waste generated at administrative premises is limited to amounts monitored by service providers.

For reasons of data availability, the quantities of mixed waste and wood waste reported for Mekong Furniture plant production activities are estimates. Tonnages of waste are estimated on the basis of the number of trucks emptied or bins filled and relate to standard weights.

Energy consumption (electricity, gas, fuel oil and thermal network for heating) are monitored on the basis of billing for the period from 1 January to 31 December 2019 and do not necessarily reflect exact consumption for the reporting period due to discrepancies in invoicing. In terms of electricity consumption, when invoicing is not available, consumption is estimated on the basis of average intensity in kWh/m^2 per country. These estimations represent approximately 6% of consumption in 2019. It should be noted that consumption of Maisons du Monde corners in the United Kingdom closed on 31 December is not included in the indicators.

The fuel consumption of vehicles under long-term lease at Maisons du Monde is estimated on the basis of average consumption in litres per 100kilometres (maker's data) for each of the vehicle types used and quarterly monitoring of kilometres travelled reported by users. Short-term lease vehicle consumption is estimated on the basis of km travelled with an average consumption of 6l/100km.

The scope 1 & 2 CO_2 emissions related to energy and fuel consumption are calculated on the basis of the emission factors provided by the French environmental agency ADEME, but only for the "combustion" part.

When it comes to recognising CO_2 emissions, long-term lease vehicles (leasing) are recognised as direct "scope 1" emissions, short-term lease vehicles are recognised as indirect "scope 3" emissions relating to employee travel.

The data communicated for the item "Products and services purchases" is calculated from information on the composition and weight of products and emission factors from the ADEME (impact basis). The breakdown of the product weighting between the different materials is calculated on the basis of a ratio between the principal material and the secondary material used to make the product.

GHG emissions from the transportation of suppliers' products to the brand's stores or customers (scope 3) are calculated based on the quantities transported in tonnes/km and ADEME's emissions factors.

Lastly, the greenhouse gas emissions generated by customer travel are calculated on the basis of the type of store and its location (urban, intermediary or peri-urban), assumptions of distances covered and means of transport (car, public transport or soft transport) and the total number of store visits recorded. A customer is considered to visit on average two stores during his/her trip, and so half of the total emissions for customer trips are allocated to Maisons du Monde.

3.7.2 HR INDICATORS

Scope

The social reporting Scope includes all consolidated legal entities in accordance with the requirements of financial consolidation. Indicators for Modani and Maisons du Monde's stores in the United States is limited to workforce data on 31 December 2019 and movements (recruitment and departure).

Note that for reasons of information availability, the indicators collected do not cover the Group's entire scope. In a process of continuous improvement, the Group is working to expand the collection Scope of HR data so as to disclose the most comprehensive information possible. Scope specificities are provided throughout the report.

Reporting tools

The indicators are derived from the payroll tool (Business Object), external payroll companies responsible for managing payroll in some countries as well as the ERP of the Mekong plant in Vietnam.

Social indicators were collected through a network of contributors identified at Maisons du Monde, Distrimag, Mondani and Mekong on the basis of their business line expertise. The HR reporting managers run this network of contributors from France. The aim is to improve the quality of data and establish common definitions.

Key methodological specificities

Social data correspond exclusively to people with an employment contract with a Group entity. People on temporary contracts, external providers and franchises, as well as trainees and people on probation (Vietnam) are excluded from these data. However, people on combined work-study contracts (apprenticeship or professional qualification contracts) are included in the scope. A reporting protocol has been created, containing all the qualitative and quantitative indicators and the associated definitions.

The monitoring of hirings and dismissals presented in the report is limited, as of now, to permanent staff.

Monitoring of absenteeism does not include information on Group employees in the United States, Portugal, the United Kingdom, Switzerland and Vietnam, nor Rhinov, which represents around 17% of the headcount.

Monitoring of the indicators of frequency rate and severity rate of workplace accidents does not include information on Group employees in the Spain, United States, Portugal, the United Kingdom, Switzerland and Vietnam, which represents around 23% of the headcount. The Group aims, nevertheless to broaden the scope covered by these indicators.

Concerning training indicators, the training of employees undergoing induction into the store network is included in the calculation of training hours and costs.

Lastly, information on work-study contracts is only monitored for employees in France.

3.8 Report by the Statutory Auditor, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2019

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial statement for the year ended 31 December 2019 (hereinafter the "Statement"), included in the Management Report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Management Board's is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[2]:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and

(1) *Accreditation scope available at www.cofrac.fr.*

(2) *ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.*

proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented.
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks(1) our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities.(2)
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities(3) and covers between 68% and 100% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of four people between January and March 2020 and took a total of three weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

- As mentioned in the Non-financial reporting methodology, the reporting scope of published quantitative information excludes Modani and Maisons du Monde's shops in the United States of America, excepted for headcount and workforce movements. This exclusion accounts for 2% of the Group headcount;
- As mentioned in the Non-financial reporting methodology, the reporting scope of absenteeism, frequency rate and severity rate is respectively 83% and 77% of the Group headcount.

Paris - La Défense, on 9 April 2020

KPMG S.A.

Anne Garans	Gwenaël Chedaleux
Partner Sustainability Services	Partner

(1) Employee engagement; Well-being at work; Climate change; Social impact of production; Environmental impact of production; Chemicals; Traceability of raw materials; Social impact in production countries; Governance, ethics & corruption; Foundation & Philanthropy; Social dialogue; Employee health and safety; Water consumption; Second lease of life for products and circular economy; Responsible offer promotion; Store accessibility; Local economic impact of stores.

(2) Maisons du Monde headquarter (Vertou) and logistic entity Distrimag (Saint Martin de Crau).

Appendix

QUALITATIVE INFORMATION (ACTIONS AND RESULTS) CONSIDERED MOST IMPORTANT

Employee commitment to Maisons du Monde's CSR policy
Results of the internal Workplace Well-being Survey
Integration of environmental performance into the supplier audit process
Results of action plans deployed to limit chemical substances in Maisons du Monde products
Measures taken to ensure traceability of raw materials
Measures taken to measure and monitor corruption risks
Support of associations by the Maisons du Monde Foundation
Mechanisms and results of social dialogue with employees
Results of policies implemented to guarantee the health and safety of employees
Actions implemented in favour of a second life for products
CSR evaluations and awards received by Maisons du Monde
Measures taken to promote the accessibility of shops
Human Resources policy in favour of local impact

KEY PERFORMANCE INDICATORS AND OTHER QUANTITATIVE RESULTS CONSIDERED MOST IMPORTANT

Workforce and breakdown by gender and by contract type
Number of hirings
Number of dismissals
Number of hours of trainings
Number of employees that participated in the solidarity programme
Energy consumption of buildings (electricity, natural gas, propane, heat network, domestic fuel oil)
Vehicle fuel consumption
Scope 1 and 2 GHG Emissions
Volume of waste produced
Share of waste sorted for recycling
Percentage of strategic suppliers audited in the last two years
Purchases of paper and packaging used at check-outs
Purchases of commercial publications
Purchases of cardboard
Percentage of wooden furniture SKUs that meet a sustainability criterion
Percentage of wooden decoration SKUs that meet a sustainability criterion
Percentage of leathers SKUs from Leather Working Group (LWG) certified tanneries
Percentage of leathers SKUs originating in Brazil

Corporate governance

4

The Corporate governance report is prepared in accordance with the provisions of article L. 225-37 of the French Commercial Code with the assistance of the Company's Finance and Legal Departments. It was approved by the Board of Directors at its meeting of 25 March 2020, after having been reviewed by the Nomination and Compensation Committee.

Maisons du Monde refers to the AFEP-MEDEF corporate governance code, available on the MEDEF (www.medef.fr) and AFEP (www.afep.com) websites.

The Company complies with this Code, subject to the reservations shown in this report, where applicable.

4.1 Organisation of the governance

4.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

4.1.1.1 Overview of the Board

At the date of publication of this Universal Registration Document, the Board of Directors comprises eight members: five were appointed by shareholders, two were coopted and one represents the employees.

	Personal information				Experience	Position on the Board				Service on the Board's Committees
	Age	Gender	Nationality	Number of shares	Offices in listed companies	Indepen-dence	First appointed or coopted	Expiry of term of office	Length of service on the Board*	
Executive Directors/Directors										
Peter CHILD Chairman of the Board	62 years	M	British	88,500	2 offices, 1 of which is abroad	Yes	10/03/20**	31/12/19	< 1 year	Member of the Nomination and Compensation Commitee
Julie WALBAUM Chief Executive Officer	43 years	F	French	285,136	1 office	No	03/06/19	31/12/22	< 1 year	N/A
Directors										
Michel-Alain PROCH Vice-Chairman of the Board	50 years	M	French	17,331	2 offices, 1 of which is abroad	Yes	10/03/20**	31/12/19	< 1 year	Member of the Audit Committee
Gilles PETIT	64 years	M	French	479,004	2 offices	No	29/04/16	31/12/19	4 years	Member of the Nomi-nation and Compensation Committee
Sophie GUEYSSE	57 years	F	French	2,500	3 offices, 1 of which is abroad	Yes	29/04/16	31/12/21	4 years	Chairwoman of the Nomi-nation and Compensation Committee
Marie-Christine LEVET	53 years	F	French	100	4 offices, 1 of which is abroad1	Yes	29/04/16	31/12/19	4 years	Member of the Audit Committee
Nicolas WOUSSEN	44 years	M	French	100	1 office	Yes	29/04/16	31/12/21	4 years	Chairman of the Audit Committee
Directors representing the employees										
Mustapha OULKHOUIR	35 years	M	French	N/A	1 office	No	01/06/18	31/05/22	2 years	N/A
Directors representing employee shareholders										
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* *Length of service at the date of publication of the 2019 Universal Registration Document*

** *Peter Child and Michel-Alain Proch were coopted on 10 March 2020 respectively to replace Sir Ian Cheshire and Marie Schott who resigned.*

4.1.1.2 Changes in the composition of the Board of Directors

Changes in 2019

	Departure	Appointment	Renewal
Board of Directors	Michel PLANTEVIN Resignation on 26/07/2019	Julie WALBAUM Appointed on 03/06/2019	N/A
Audit Committee	N/A	N/A	N/A
Nomination and Compensation Committee	Michel PLANTEVIN Resignation on 26/07/2019	Gilles PETIT Appointment on 30/10/2019	N/A
Non Permanent Strategy Committee	N/A	Nicolas WOUSSEN Sir Ian CHESHIRE Gilles PETIT Julie WALBAUM Appointed on 30/10/2019	N/A

Changes since the beginning of fiscal year 2020

	Departure	Appointment	Renewal
Board of Directors	Sir Ian CHESHIRE Marie SCHOTT Resignations on 10/03/2020	Peter CHILD Michel-Alain PROCH Coopted on 10/03/2020	N/A
Audit Committee	Sir Ian CHESHIRE Resignation on 10/03/2020	Michel-Alain PROCH Appointed on 10/03/2020	N/A
Nomination and Compensation Committee	Sir Ian CHESHIRE Resignation on 10/03/2020	Peter CHILD Appointed on 10/03/2020	N/A
Non permanent Strategy Committee	Sir Ian CHESHIRE Resignation on 10/03/2020 Nicolas WOUSSEN Gilles PETIT Julie WALBAUM Dissolution of the Committee 25/03/2020	N/A	N/A

4.1.1.3 Organisation of the Board

In 2016, the Company's Board of Directors chose to separate the functions of Chairman and Chief Executive Officer. This separation enables a clear distinction between the respective missions of the Chairman and the Chief Executive Officer.

The Chairman of the Board of Directors organises and directs the work of the Board and reports on this to the Shareholders'Meeting. The Chairman ensures that Company bodies are running smoothly and, in particular, that directors are able to perform their duties.

The Chief Executive Officer represents the Company and is in charge of operational functions.

4.1.1.4 Diversity policy applied in the Board

In response to the Group's strategic issues, and to encourage high-quality internal debate, the Board of Directors seeks to establish, and maintain, a balance between the different directors' profiles so that they complement one another.

The Board is keen to prioritise diverse career paths and skills when appointing, or reappointing, its members. It relies on its Nomination and Compensation Committee to obtain a long-term gender balance, a high number of independent directors and directors with the skills deemed to be necessary for the Board.

4.1.1.5 Skills represented in the Board

At the date of publication of this Universal Registration Document, the following skills are represented within the Board of Directors:

	Peter Child	Julie Walbaum	Gilles Petit	Nicolas Woussen	Sophie Guieysse	Marie Christine Levet	Michel-Alain Proch	Mustapha Oulkhouir
Knowledge of retail business lines	V	V	V	V	V		V	V
Knowledge of Internet businesses		V		V		V	V	
Senior Management of an international group	V	V	V	V	V		V	
Human resources and Social relations	V		V		V			V
Finance, risk management and control	V		V	V		V		

4.1.1.6 Succession plan for Executive Directors

The issue of the Senior Management's succession under the different assumptions that may be encountered is a subject that mobilised the Nomination and Compensation Committee and is the focus of the Board's attention. For this purpose, the Committee prepares the selection criteria that will be submitted to the Board and dedicates several moments during its meetings to this issue, supported by internal work and, if applicable, work by external consultants. These plans separate unplanned successions and medium and long term planned successions. Moreover, the Specialised Committee provides information to the Board on the management and steering policy for successions to the Group's key positions.

4.1.1.7 Independence of Board members

The Nomination and Compensation Committee, then the Board of Directors reviews the situation of each director in relation to the 8 independence criteria defined by the AFEP-MEDEF Code every year:

Criterion 1: Employee corporate officer during the last five years

Is not nor has not been over the last five years:

- an employee or Executive Director of the Company ;
- an employee, Executive Director or director of a company consolidated by the Company ;
- an employee, Executive Director or director of a company of the parent company of the Company or a company consolidated by this parent company.

Criterion 2: Overlapping positions

Is not an Executive Director of a company in which the Company directly or indirectly holds an office as director or in which an employee appointed as such or an Executive Director of the Company (current or within less than five years) holds an office as director

Criterion 3: Significant business relations

- Is not a significant customer, supplier, investment banker, financing banker, consultant of the Company or its Group;
- or for which the Company or its Group represents a significant share of the business.

The assessment of the significant nature of the relations with the Company or its Group is discussed by the Board and the quantitative and qualitative criteria leading to this assessment (continuity, economic dependency, exclusivity, etc.) are explained in the Corporate governance report

Criterion 4: Family ties

Does not have any close family ties with a corporate officer

Criterion 5: Statutory Auditor

Has not been a statutory auditor of the Company in the last five years.

Criterion 6: Directorship of over 12 years

Has not been a director of the Company for over 12 years. The loss of the status of independent director occurs on the date on which the 12-year period is reached.

Criterion 7: Non-Executive Director status

A non-Executive Director may not be considered to be independent if he/she receives variable compensation in cash or securities or any compensation linked to the performance of the Company or the Group

Criterion 8: Major shareholder status

Directors representing significant shareholders of the Company or its parent company may be considered to be independent if the shareholders do not participate in the control of the Company. However, beyond a threshold of 10% of the share capital and voting rights, the Board, following the report by the Nomination Committee, systematically questions the independent status taking into account the Company's share capital structure and the existence of a potential conflict of interest.

Summary table by director regarding the criteria set out in the AFEP-MEDEF Code

Situation as at 25 March 2020

	Peter Child	Julie Walbaum	Gilles Petit	Sophie Guieysse	Marie-Christine Levet	Nicolas Woussen	Michel-Alain Proch	Mustapha Oulkhouir
Criterion 1: Employee corporate officer during the last five years	V	No	No					No
Criterion 2: Overlapping positions	V	V	V	V	V	V	V	V
Criterion 3:Significant business relations	V	V	V	V	V	V	V	V
Criterion 4: Family ties	V	V	V	V	V	V	V	V
Criterion 5: Statutory auditors	V	V	V	V	V	V	V	V
Criterion 6: Directorship of over 12 years	V	V	V	V	V	V	V	V
Criterion 7: Non-Executive Director status	V	V	V	V	V	V	V	V
Criterion 8: Major shareholder status	V	V	V	V	V	V	V	V

*In this table, **V** represents an independence criterion that has been met and **No** represents an independence criterion not met.*

4

The Board of Directors, at its meeting of 25 March 2020 on the recommendation of the Nomination and Compensation Committee, reviewed the situation of each director in relation to each one of the independence criteria defined by the AFEP-MEDEF Code.

The Board of Directors thus confirmed the independent status of Sophie GUIEYSSE and Marie-Christine LEVET, as well as Peter CHILD, Nicolas WOUSSEN and Michel-Alain PROCH.

However, Gilles PETIT, Chief Executive Officer of Maisons du Monde up to 30 June 2018, Julie WALBAUM, current Chief Executive Officer of the Group and Mustapha OULKHOUIR, an employee of Maisons du Monde France, are not independent in relation to criterion 1 above.

4.1.1.8 Balanced representation of the Board

At the date of this Universal Registration Document, the Board of Directors complies with the proportion of 40% of directors of the same gender decreed by article L. 225-18-1 of the French Commercial Code. The Board comprises three female members and four male members, excluding the director representing the employees, who is excluded from the threshold for calculating representation.

4.1.1.9 Representation of employee shareholders

Director representing employee shareholders

If the Board of Directors' Annual Report shows that the employees of the Company and its associated companies represent over 3% of the Company's share capital, a director representing employee shareholders is appointed by the Ordinary Shareholders'Meeting, in accordance with the methods set by the regulations in force and by the bylaws, where applicable, provided that the Board of Directors does not already include one or several directors appointed from among the members of the Supervisory Boards of the Company mutual funds representing the employees.

At 31 December 2019, Group employees represented less than 3% of the Company's share capital. Furthermore, the Company has not established any Company Savings Plans for Group employees.

Director representing the employees

The Board of Directors includes a director representing the employees among its members. Mustapha OULKHOUIR was appointed by the trade union organisation having obtained the most votes during the first round of professional elections of Maisons du Monde and its subsidiaries whose registered offices are located in France, and was appointed by the Board for a term of four years on 1 June 2018.

In order to comply with the new provisions of article L. 225-27-1 of the French Commercial Code providing for the appointment of a second director representing the employees when the Board comprises more than 8 members, an amendment to article 15–7 of the Bylaws will be submitted to the next Shareholders'Meeting.

4.1.1.10 Detailed presentation of the members of the Board of Directors

Date of birth

25 march 1958

Nationality

British

Date of 1st appointment

Coopted on 10 March 2020

End of term of office as director

2020 Shareholders' Meeting

Number of shares held in the Company

88,500

PETER CHILD

Business address: Le Portereau 44120 Vertou

Main position held in the Company

Chairman of the Board of Directors

Other positions

Independent director
Member of the Nomination and Compensation Committee

Biography

Peter CHILD spent 35 years with McKinsey & Co, where he supported many major brands in their development strategy, especially in the retail sector. Based in Paris, he was a leader in the retail & mass consumption sector for France, then for Europe, then world leader in the retail sector. In 2005, he was appointed a member of the McKinsey & Co Shareholders' Council, serving on the Knowledge Committee (the McKinsey committee tasked with global intellectual capital development). In 2015, Peter CHILD joined the Hong Kong office to lead the retail & mass consumption sector in Asia. As a director, he supported the development of the start-up Atelier Cologne before its sale to the L'Oréal Group. He currently serves as an independent director on the Board of Directors of Aeon, the leading Japanese and Asian retail group, where he gives support to strategy and governance. Peter CHILD holds an MSc in Engineering (Cambridge) and an MBA from INSEAD.

Main offices held in the last five years

Current terms of office :

French companies :
- Independent director and Chairman of the Board of Directors of Maisons du Monde S.A.

Foreign companies :
- Director of Groupe Aeon

Terms of office that have expired in the last five years :

French companies :
- None

Foreign companies :
- None

Date of birth

30 November 1977

Nationality

French

Director's Office :

Date of 1st appointment

3 June 2019

End of term of office

2023 Shareholder's Meeting

CEO's Office

Effective date

1 July 2018

End of term of office

30 June 2021

Number of Maisons du Monde shares held

285,136

JULIE WALBAUM

Business address: Le Portereau 44120 Vertou

Main position held in the Company

Chief Executive Officer

Other positions

Director

Biography

Julie WALBAUM is Chief Executive Officer of Maisons du Monde since 1 July 2018. She was previously Executive Director, Digital, Customer Marketing, Customer Care and Shipping, in charge of all Maisons du Monde's web shops, marketing activities for the web and stores, before and after sales customer relationships and store and customer shipping. Julie WALBAUM joined the Company in 2014. She previously worked for two years at the Rocket Internet e-commerce incubator, where she developed and managed the French subsidiary of Westwing, an online shopping club specialising in home and living. She also has 11 years of experience in management consulting, having spent two years at Deloitte Consulting, then nine years at McKinsey&Company, at their Paris and London offices, specialising in retail. Julie began her career at a start-up offering online market surveys, developing its initiatives in France and in Spain.

Julie WALBAUM is a graduate of ESSEC and holds an MBA from INSEAD Business School.

Main offices held in the last five years

Current terms of office :

French companies :

- Chief Executive Officer of Maisons du Monde S.A.

Foreign companies :

- None

Terms of office that have expired in the last five years :

French companies :

- None

Foreign companies :

- None

MICHEL-ALAIN PROCH

Business address: Le Portereau 44120 Vertou

Date of birth

18 April 1970

Nationality

French

Date of 1st appointment

Coopted on 10 March 2020

End of term of office as director

2020 Shareholders' Meeting

Number of shares held in the Company

17,331

Main position held in the Company

Vice-Chairman of the Board of Directors

Other positions

Independent Director
Member of the Audit Committee

Biography

Michel-Alain PROCH was appointed Executive Vice-Chairman and Chief Financial Officer of Ingenico in February 2019, where he leads the Finance & Purchasing functions. He is a major contributor to the Group's transformation plan that was launched upon his arrival. Michel-Alain has over 25 years of experience in finance, strategy, integration and transformation. Based in New York from 2015 to 2018, he served as Senior Executive Vice-Chairman in charge of North American Operations and then Director of Digital Strategy for the Atos Group. As Executive Vice-Chairman and Chief Financial Officer of Atos from 2007 to 2015, Michel-Alain oversaw several major acquisitions and successfully co-managed the IPO of Worldline. He was also named Best Chief Financial Officer (Europe, software and IT services) by Extel for four consecutive years. He was a member of the Worldline Board of Directors until 2016. Michel-Alain PROCH had previously held management positions at Hermès in France and the United States for eight years. He began his career as a consultant with Deloitte & Touche in France and the United Kingdom.

Michel-Alain Proch holds a Master's degree in finance from Toulouse Business School.

Main offices held in the last five years

Current terms of office :

French companies :
- Independent director of Maisons du Monde S.A.
- Chairman Ingenico Business Support SAS
- Chief Executive Officer Banks and Acquirers International Holding SAS
- Chief Executive Officer Ingenico Banks and Acquirers France SAS
- Chief Executive Officer Retail International Holding SAS

Foreign companies :
- Director Fujian Landi Commercial Equipment Co., Ltd. (China)
- Director Ingenico Corp. (USA)
- Director Ingenico Inc. (USA)
- Director Ingenico Retail Enterprise US Inc. (USA)
- Director Ingenico Holdings Asia Limited (Hong Kong)
- Member of the Supervisory Board of Global Collect Services B.V. (Netherlands)
- Director of Stichting Beheer Derdengelden Ingenico Financial Solutions (Netherlands)
- Director of Bambora Top Holding AB (Sweden)

Terms of office that have expired in the last five years :

French companies :
- Director of Worldline SA
- Chairman of Banks and Acquirers International Holding S.A.S.

Foreign companies :
- Director Ingenico Holdings Asia II Limited (Hong Kong)
- Director Ingenico Business Support Americas, S. de R.L. de C.V. (Mexico)
- Director Ingenico International (Singapore) Pte Ltd (Singapore)

Date of birth

22 March 1956

Nationality

French

Date of 1st appointment

29 April 2016

End of term of office as director

2020 Shareholders' Meeting

Number of Maisons du Monde shares held

479,004

GILLES PETIT

Business address: Le Portereau 44120 Vertou

Main position held in the Company

Director

Other positions

Member of the Nomination and Compensation Committee

Member of the Strategy Committee

Biography

Gilles PETIT started his career in 1980 at Arthur Andersen before joining the Promodès group in 1989. During the merger between Promodès and Carrefour in 1999, Gilles PETIT was Chief Executive Officer of the hypermarkets division of Promodès in France. He was subsequently appointed Chief Executive Officer of Carrefour Belgium in 2000 and served as Chief Executive Officer of Carrefour Spain from 2005 to 2008, upon which time he served as Chief Executive Officer of Carrefour France from 2008 to 2010. He joined Elior in 2010 as Chief Executive Officer and Chairman of the Executive Committee and led the initial public offering of Elior on Euronext Paris in 2014. At the end of 2015, he was appointed Chief Executive Officer of Maisons du Monde, where he led the initial public offering in May 2016. Since July 2018, he has been a member of the Company’s Board of Directors.

Gilles PETIT graduated from the *École Supérieure de Commerce* de Reims, France.

Main offices held in the last five years

Current terms of office :

French companies :
- Director of Maisons du Monde S.A.
- Member of the Groupe Lagardère Supervisory Board

Foreign companies :
- Director of B&M Retail Ltd

Terms of office that have expired in the last five years :

French companies :
- Chairman of Elior
- Director and Chief Executive Officer of Elior concessions
- Director and Chief Executive Officer of Elior Restauration et Services
- Director and Chief Executive Officer of Elior Financement
- Director of Ansamble Investissements
- Director of Areas
- Director of Serunion

Foreign companies :
- Director of Elior UK Ltd
- Director of Elior Ristorazione
- Director of Gourmet Acquisition Holdings Inc.
- Director of Trusthouse Services Holdings LLC

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SOPHIE GUIEYSSE

Business address: Le Portereau 44120 Vertou

Date of birth

19 February 1963

Nationality

French

Date of 1st appointment

29 April 2016

End of term of office as director

2022 Shareholders' Meeting

Number of Maisons du Monde shares held

2,500

Main position held in the Company

Independent Director

Other positions

Chairwoman of the Nomination and Compensation Committee

Biography

Sophie GUIEYSSE started her career in 1988 at the French Ministry of Equipment where she held different engineer positions in the field of urban development, housing, transportation and public infrastructures until 1997. Sophie GUIEYSSE joined the LVMH Group in 1997 to source international high potential talents to serve the fast growth of all divisions and was successively promoted as human resources executive Vice-President of LVMH Watches & Jewelry, Sephora Europe and of the global LVMH Group. From 2005 to 2015, she was human resources executive Vice-President and a member of the Executive Committee of the CANAL+ Group. She was advisor to the Chairman of Dior from 2016 to 2017. She is the Human Resources Director of the Richemont Group since October 2017.

Sophie GUIEYSSE holds an MBA from the *Collège des Ingénieurs* and undergraduate and master's degrees in engineering from the *École Polytechnique* and the *École Nationale des Ponts et Chaussées*.

Main offices held in the last five years

Current terms of office :

French companies :
- Independent director of Maisons du Monde S.A.
- Member of the Paris 2024 Olympic Organising Committee's Compensation Committee
- Member of the 2023 Rugby World Cup Organisation Committee's Compensation Committee

Foreign companies :
- Director of Compagnie Financière Richemont SA

Terms of office that have expired in the last five years :

French companies :
- Member of the Supervisory Board of Group Rallye
- Director of GO SPORT

Foreign companies :
- Director of the TVN Group in Poland

Date of birth

28 March 1967

Nationality

French

Date of 1st appointment

29 April 2016

End of term of office as director

2020 Shareholders' Meeting

Number of Maisons du Monde shares held

100

MARIE CHRISTINE LEVET

Business address: Le Portereau 44120 Vertou

Main position held in the Company

Independent director

Other positions

Member of the Audit Committee

Biography

Marie-Christine LEVET was the Chief Executive Officer of several major French Internet companies between 1997 and 2009 (Lycos, Club-Internet/T-Online France and Groupe 01), prior to becoming a venture capitalist. She participated in the creation of Jaina Capital from 2010 to 2013, an investment fund specialising in early-stage start-ups, (notably Made.com, Sensee, *La Ruche qui dit oui*, Ouicar and Devialet, etc.).

In October 2017, Marie-Christine LEVET launched the investment fund Educapital, the first European investment fund dedicated to the education and training sectors and their digital transformation.

Marie-Christine LEVET graduated from HEC and holds an MBA from INSEAD.

Main offices held in the last five years

Current terms of office :

French companies :

- Independent director of Maisons du Monde S.A.
- Director of Iliad
- Director of AFP
- Director of So Local Group

Foreign companies :

- Director of Econocom

Terms of office that have expired in the last five years :

French companies :

- Director of Mercialys
- Manager of Jaina Capital
- Director of FINP
- Director of Hi Pay

Foreign companies :

- None

NICOLAS WOUSSEN

Business address: Le Portereau 44120 Vertou

Date of birth

8 June 1976

Nationality

French

Date of 1st appointment

29 April 2016

End of term of office as director

2022 Shareholders' Meeting

Number of Maisons du Monde shares held

100

Main position held in the Company

Independent director

Other positions

Chairman of the Audit Committee

Biography

Nicolas WOUSSEN began his career in the M&A Department of Dresdner Kleinwort Wasserstein in 2000. In 2005, he joined Casino Guichard Perrachon as Deputy Director of M&A in Europe, Asia, Latin America and the United States. In 2010, he joined Cdiscount as Deputy Chief Executive Officer in charge of Finance and supported its development in France and seven other countries as well as its IPO on the NASDAQ in 2014. He joined Showroomprivé.com in 2015 as Deputy Chief Executive Officer in charge of Finance and Development, where he oversaw the Company's IPO on Euronext, as well as the Group's first acquisitions in France and abroad. He joined Camaïeu in 2017 as Chief Financial Officer. He became Chairman in 2018 and left the Company in July 2019.

Nicolas WOUSSEN graduated from HEC.

Main offices held in the last five years

Current terms of office :

French companies :
- Independent director of Maisons du Monde S.A.
- Chairman of JURAMANI SASU

Foreign companies :
- None

Terms of office that have expired in the last five years :

French companies :
- Deputy Chief Executive Officer in charge of finance at CDISCOUNT
- Corporate officer at Cnova
- Director of MoncornerDec
- Chairman of MODACIN SAS
- Chairman of Financière Brame SAS
- Chairman of Camaïeu International SAS

Foreign companies :
- None

Date of birth

14 November 1985

Nationality

French

Date of 1st appointment

1 June 2018

End of term of office as director

31 June 2022

Number of Maisons du Monde shares held

None

MUSTAPHA OULKHOUIR

Business address: Le Portereau 44120 Vertou

Main position held in the Company

Director representing the employees

Other positions

Deputy Head of Social Affairs

Biography

Mustapha OULKHOUIR has been Deputy Head of Employment and Social Affairs at Maisons du Monde since April 2016. As Head of Individual and Collective Labour Relations, he supports all Maisons du Monde French and foreign teams. Mustapha OULKHOUIR began his career in 2010 as a lawyer at the Inditex Group and has held various legal positions, specialising in employment law. He was responsible for industrial relations at Galeries Lafayette Haussmann and the Bernard Hayot Group.

Mustapha OULKHOUIR graduated with a Masters 2 in Employment law and industrial relations from the University Paris Ouest, Nanterre La Défense.

Mustapha OULKHOUIR has also taught on the Masters 2 in Employment Law and Human Resources in Île-de-France and Loire-Atlantique.

Main offices held in the last five years

Current terms of office :

French companies :
- Director representing the employees of Maisons du Monde S.A.

Foreign companies :
- None

Terms of office that have expired in the last five years :

French companies :
- None

Foreign companies :
- None

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4.1.1.11 status of the terms of office of the members of the Board of Directors

The terms of office of the following members expire at the end of the next Shareholders'Meeting:

- Peter CHILD
- Gilles PETIT
- Marie-Christine LEVET
- Michel-Alain PROCH

4.1.1.12 Status of the terms of office of the Company's statutory auditors

The term of office of KPMG SA as statutory auditors expires at the end of the next Shareholders' Meeting. At its meeting of 25 March 2020, the Board of Directors, upon the proposal by the Audit Committee, decided to propose to the Shareholders' Meeting the renewal for a duration of six fiscal years, of the term of KPMG SA, located at 3, Cours du Triangle, Immeuble Palatin, Paris-La Défense.

In accordance with article 22 paragraph 2 of the Company's bylaws, the term as alternate statutory auditors of Cabinet SALUSTRO REYDEL, located 3, Cours du Triangle, Immeuble Palatin, Paris-La Défense, will not be renewed.

4.1.2 OPERATION OF THE BOARD OF DIRECTORS

Maisons du Monde adopted Internal regulations in line with industry recommendations aiming to guarantee compliance with fundamental principles of corporate governance and, in particular, those referred to in the AFEP-MEDEF Corporate Governance Code for listed companies.

The Internal Regulations of the Board of Directors can be consulted on the Company's website: corporate.maisonsdumonde.com.

4.1.2.1 Duties and powers of the Board

The Board of Directors of Maisons du Monde is a collegiate body that collectively represents all the shareholders and whose duty is to act in the interest of the Company. It sets guidelines for the Company's business and oversees their implementation. It deals with any issues relating to the smooth operation of the Company and, through its deliberations, takes decisions on related issues.

The Company performs the duties and exercises the powers invested in it by law, by the Company's bylaws and by the Board's Internal Regulations.

4.1.2.2 Duties of the Chairman of the Board of Directors

The Chairman of the Board of Directors organises and directs the work of the Board and reports on this to the Shareholders'Meeting.

The Chairman ensures that Company bodies are running smoothly and, in particular, that directors are able to perform their duties.

4.1.2.3 Information for directors

The directors receive the agenda for each Board Meeting and any items for consideration in good time before the meeting, except under exceptional circumstances.

The Chairman updates the directors on a regular basis and, if necessary, between meetings, on any relevant information about the Company. In addition, each director may solicit any explanation or additional information that he/she may deem appropriate.

Directors receive any training they may need in order to successfully perform their duties as a Board member and if appropriate, as a committee member. Such training is provided, or approved by the Company.

4.1.2.4 Limitation of the Chief Executive Officer's powers

The Board gives its prior approval to strategic decisions that cannot be implemented by the Chief Executive Officer without the express prior approval of the Board.

This relates, in particular, to the approval or amendment of the annual budget, the approval of the annual and consolidated financial statements as well as the approval of any expenditure, the creation, purchase or sale of holdings, decisions relating to the appointment of managers or the settlement of disputes, where the amount exceeds the threshold set and which may not have been budgeted for. This list is not exhaustive details are provided in Appendix 2 of the Board's Internal Regulations.

4.1.2.5 Ethics of directors of Maisons du Monde

Holding of shares

In accordance with the Maisons du Monde Internal Regulations, each member of the Board must be a shareholder on a personal basis and must own a relatively significant number of Company shares. If they do not own shares when they take office, directors must use their directors' fees to acquire Company shares within six (6) months of taking office. It is desirable for each director to directly, or indirectly through a Group mutual fund, where this type of holding is permitted, hold at least one hundred (100) Company shares.

Confidentiality

Directors, as well as any person invited to attend meetings of the Board or of its committees, are bound by a duty of discretion with regard to the confidential information of which they are made aware.

In addition, since Company shares are traded on a regulated market, certain information shared with the Board may be inside information and holders of inside information are, in particular, prohibited:

- from carrying out transactions in relation to Company shares, or having such transactions carried out by third parties, whilst such information is not in the public domain;
- from disclosing such information to third parties outside the normal course of their profession or duties or for purposes other than those for which the information has been received.

With regard to directors who are physical persons, the ban on disclosing inside information also applies within the companies by which they are employed, even if they are shareholders therein.

Prevention and management of conflicts of interest

To the Company's knowledge, there are no family ties between the members of the Company's Board of Directors and Senior Management.

Likewise, over the last five years, no member of the Board has incurred a fraud conviction, been involved in a bankruptcy, court-ordered receivership or liquidation, and no criminal offence and/or official public sanctions have been ordered against one of the aforementioned persons by the statutory or regulatory authorities (including the designated professional bodies), and no member of the Board has been prevented by a court from being a member of an administrative, management or supervisory body of an issuing company, or from taking part in the management or leadership of the business of an issuing company.

To the Company's knowledge, there is no potential conflict of interest between the duties of the members of the Board of Directors with regard to the Company and their private interests.

In accordance with the AFEP-MEDEF Code, in the event of conflicts of interest, the director concerned abstains from taking part in the corresponding vote, and from taking part in the discussions.

4.1.2.6 Organisation and work of the Board

The Board meets as often as the interest of the Company requires it.

The Chairman endeavours to ensure that there are at least five calendar days between Board Meetings being convened and held. He also endeavours to consider the constraints imposed by Board members' schedules so as to ensure that as many members as possible are able to attend each meeting.

In 2019, the Board met 12 times notably to:

- approve the budget for the fiscal year (Meeting of 22/01/2019);
- grant the Chief Executive Officer the prior authorisations in application of the Internal regulations including the authorisation for an equity investment (Meeting of 09/05/2019), the authorisation to negotiate and sign a memorandum of understanding for disinvesting in the Chinese joint venture (Meetings of 04/09/2019 and (06/11/2019);
- approve the annual financial statements for the latest fiscal year and the half-yearly financial statements for the current year (Meetings of 22/03/3019 and 26/07/2019);
- set the compensation of Executive Directors, perform the annual evaluation of the operation of the Board, review the independence of its members and convene the Shareholders'Meeting (Meeting of 23/03/2019);
- carry out the allocation of free performance shares to the employees of the Group and the Chief Executive Officer (Meetings of 09/05/2019 and 24/06/2019);
- review the quarterly results of the current fiscal year (Meetings of 09/05/2019 and 30/10/2019);
- approve the forward planning documents (Meetings of 22/03/2019 and 30/10/2019);
- review the recommendations of the Board's specialised committees (particularly Meetings of 22/03/2019, 09/05/2019, 26/07/2019 and 10/12/2019);
- propose an appointment to the Board (Meeting of 22/03/2019), record the modifications to the Board and Committees (Meetings of 26/07/2019 and 30/10/2019);
- decide the creation of a non-permanent Strategy Committee and appoint its members (Meeting of 30/10/2019);
- define the Group's strategy (Meetings of 30/10/2019 and 10/12/2019);
- prior the Shareholders'Meeting, prepare the answers to the written questions from shareholders (Meeting of 03/06/2019);
- distribute the directors' fees allocated to the Board (Meetings of 03/06/2019 and 10/12/2019);
- analyse the Company's activity during the 2019 fiscal year and present a draft budget for the 2020 fiscal year (Meeting of 10/12/2019);
- review the financial communications drafts (Meetings of 22/01/2019, 11/03/2019, 09/05/2019, 26/07/2019 and 30/10/2019);
- approve the draft resolutions and convene the 2019 Annual Shareholders'Meeting (Meeting of 23/03/2019);
- prepare the Capital Market Day (Meeting of 09/05/2019).

Attendance of the directors at the Board of Directors' Meetings in 2019

In 2019, the attendance rate of directors at the Board Meetings was 88%:

Directors	Attendance Rate
Sir Ian CHESHIRE	86%
Julie WALBAUM - appointed on 03/06/2019	100%
Gilles PETIT	100%
Michel PLANTEVIN - resigned on 26/07/2019	80%
Sophie GUIEYSSE	100%
Marie-Christine LEVET	100%
Nicolas WOUSSEN	100%
Marie SCHOTT	100%
Mustapha OULKHOUIR	30%
Average attendance	**88%**

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Meetings are organised as required by the Group's business. These meetings must enable the Board to receive a regular flow of relevant information, thus ensuring that conditions are in place for robust corporate governance.

Members of the Maisons du Monde Executive Committee or any other person with a particular skill of relevance to the Board's agenda, may attend all, or part, of a Board Meeting, at the Chairman's request. Likewise, the Company's statutory auditors may be invited to attend meetings other than those they are required to attend by law.

4.1.2.7 Assessment procedure for current agreements

At least once a year, one item on the agenda is devoted to the evaluation of the Board's operation, an account of which is given in the Company's Annual Report, such that shareholders are kept informed, on a yearly basis, of the evaluations performed and, if necessary, any follow-up given.

Based on the Board of Director's assessment questionnaire compiled in accordance with the provisions of the AFEP-MEDEF Code, the Directors had an exchange of views on the composition, organisation and operation of the Board of Directors and its two Committees, which they deemed to be in order.

The Board of Directors reviewed its composition, organisation and operation for the 2019 fiscal year at its meeting on 22 March 2020.

The Board considered its composition to be balanced in terms of the percentage of external Directors, the breakdown of its capital and the diversity and complementary nature of the skills and experience of its members.

The Board noted that:

- Directors were satisfied with the frequency of meetings and the quality of information sent to them (strategic guidelines, business activities, financial statements, budget);
- Directors' attendance at meetings was unchanged;
- the diversity of the Directors and their different areas of expertise allowed for the diverse approaches and sensibilities that are vital in a European and international Group;
- the Board had a role to play in fulfilling its duties and objectives which are to increase the value of the Company and protect social interests;

The same was true for the composition of the two Committees and the quality of their work.

In December 2019, the Board decided to launch an external assessment of the Board with support from a specialist, independent Say-on-Pay consulting firm ; a transparent process around a neutrally organised dialogue. In application of the AFEP-MEDEF Code, it is necessary to regularly take stock of the Board's operating modalities, ensure that important issues are correctly prepared and discussed and to measure the effective contribution of each director to the Board's work in line with his/her skills and involvement in the discussions.

The Nomination and Compensation Committee shared with the Board its conviction that the "good functioning and good interaction with management promotes better upstream preparation of decisions and better downstream execution.

"This assessment, which was more comprehensive than those conducted during previous years, should enable discussions to be opened on progress and improvement points, as well as the collective preparation of actions to be implemented.

Each director was contacted and involved in two stages (in 2019 and the start of 2020):

- the response to an online questionnaire with comment fields possible for each of the questions;
- an individual interview with the consultant in order to generate more in-depth responses to the items identified in the questionnaire in order to collect verbatim responses, examples and reformulated impressions.

The aim is to help Board members to improve their interactions by becoming aware of how their work is perceived from a multiple viewpoint based on formal and informal, qualitative and quantitative items, illustrated by verbatim responses.

The third stage that will take place during the first half of 2020 will enable the detailed results of the assessment to be shared during a dedicated Board meeting and a plan for the continuous improvement to each persons' contribution for better collegiate and more effective operations to be prepared.

4.1.3 SPECIALISED COMMITTEES OF THE BOARD

The Board of Directors is supported by two permanent specialised committees: the Audit Committee and the Nomination and Compensation Committee, as well as a non-permanent committee: the Strategy Committee.

4.1.3.1 The Audit Committee

On the date of this Universal Registration Document, the Audit Committee consists of the following directors:

Chairman	Nicolas WOUSSEN – Independent director
Members	Marie-Christine LEVET – Independent director
	Michel-Alain PROCH – Independent director

The Audit Committee assists the Board of Directors in its mission of approving the statutory and consolidated financial statements and in preparing the information to be delivered to the shareholders and to the market. The Audit Committee ensures that the internal control systems and the risk management procedures of the Group are effective and efficient. It also monitors questions relating to the preparation and control of the accounts and financial information, as well as the legal control of the accounts.

In this framework, the Audit Committee carries out the following duties:

- monitoring the process of preparing the financial information;
- monitoring the appropriateness and consistency of accounting methods;
- monitoring of the statutory auditor's independence;
- tracking of the amounts paid to the statutory auditors for their work on matters other than those related to the legal audit of the financial statements;
- monitoring and effectiveness of internal control and risk management systems relative to the procedures for the preparation and processing of accounting and financial information.

In 2019, the Audit Committee's work consisted of:

- examining the 2018 annual financial statements and the 2019 interim financial statements, and the control of these financial statements by the statutory auditors;
- review of the control systems set up to strengthen Internal Control;
- review of the legal risks, potential litigation and important events that may have a significant impact on the financial position and assets of the Group;
- reviewing the services other than the certification of the accounts provided by the statutory auditors during the fiscal year. In 2019, this work, which was submitted for the prior agreement of the Audit Committee, comprised:
  - the verification of the CSR information by a third party organisation,
  - certifications of the data from the accounts (certifications regarding the revenue per store, covenant certifications, Ecofolio certifications, etc.).

Attendance of the directors at the Audit Committee's meetings during 2019:

Director	Attendance at Board Meetings	Attendance Rate
Nicolas WOUSSEN	3/3	100%
Marie-Christine LEVET	3/3	100%
Sir Ian CHESHIRE	1/3	33%

4.1.3.2 The Nomination and Compensation Committee

On the date of this Universal Registration Document, the Nomination and Compensation Committee consists of the following directors:

Chairwoman	Sophie GUIEYSSE – Independent director
Members	Peter CHILD – Independent director
	Gilles PETIT

The Nomination and Compensation Committee is a specialised committee whose principal duty is to help the Board of Directors in the composition of the management bodies of the Company and the Group and in determining and regularly evaluating the compensation and benefits granted to Group executives (including all deferred benefits and/or compensation for voluntary or involuntary departures from the Group).

In this context, the Nomination and Compensation Committee's duties are to make proposals in relation to the appointment of members of the Board of Directors and of the members of the management of the Company, as well as the members and the Chairmen of each of the other committees and to perform an annual evaluation of the independence of the members of the Board of Directors.

Upstream of the Board of Directors' meeting of 22 March 2019, the Committee more specifically:

- reviewed the compensation policy of Executive Directors;
- analysed the levels of compensation for Executive Directors based on the conclusions of external benchmarks and proposed changes to the Chief Executive Officer's compensation;
- proposed the determination of the amounts due to the Chief Executive Officer in variable compensation in respect of the prior fiscal year, and the analysis of the suitability of the criteria used for the coming fiscal year, with regard to the Group strategy;
- examined the compensation of the members of the Executive Committee;
- set the criteria for the variable portion of the Group's corporate officer by ensuring that the criteria are aligned with those

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applicable to the members of the Group's Executive Committee;

- examined the draft resolutions to be submitted to the 2019 Shareholders' Meeting;
- provided an opinion on the proposed appointment of Julie Walbaum;
- issued an opinion on the situation of all directors, particularly with regard to the independence criteria stipulated by the AFEP-MEDEF Code.

Upstream of the Board of Directors' meeting of 9 May, the Committee:

- proposed the implementation of a long-term incentive plan in the form of performance shares in line with previous grants and the Group's compensation policy;
- set the expected performance conditions, the plan conditions and the amounts allocated.

During 2019, the Committee met on several occasions to:

- review the holding of the Shareholders' Meeting;
- review the Group's diversity policy;
- assist the Board of Directors in the selection and assessment of executive directors and examine the preparation of the succession through a succession plan, including in unpredictable vacancy situations;
- obtain information on the plans set up for the Group's other main executives;
- launch the external assessment of the Board of Directors for 2020;
- interview the Human Resources Director;
- examine the terms of the directors expiring in 2020;
- define the criteria for the search for new directors whose appointments could be submitted to the Shareholders' Meeting of 12 June 2020.

Attendance of the directors of the Nomination and Compensation Committee:

Director	Attendance at Board Meetings	Attendance Rate
Sophie GUIEYSSE	5/5	100%
Michel PLANTEVIN - resigned on 26/07/2019	2/2	100%
Sir Ian CHESHIRE	5/5	100%
Gilles PETIT – appointed on 30/10/2019	3/3	100%

4.1.3.3 The Non Permanent Strategy Committee

When it was created in October 2019, this committee consisted of the following directors:

Chairman	Nicolas WOUSSEN – Independent director
Members	Sir Ian CHESHIRE - Independant director
	Julie WALBAUM
	Gilles PETIT

Created for 12 months, this Committee's main function was to assist the Board for all strategic issues that interested the Group, such as the assessment of the Group's key strategic issues, monitoring of the shareholder structure and the assessment, or prior opinion on significant partnership, disposal, acquisition or other operations.

At its meeting of 25 March 2020, the Board of Directors decided to end the missions entrusted to this ad hoc Committee early.

Attendance of the directors at the Non Permanent Strategy Committee’s meetings

Director	Attendance at Board Meetings	Attendance Rate
Nicolas WOUSSEN	2/2	100%
Sir Ian CHESHIRE	2/2	100%
Julie WALBAUM	2/2	100%
Gilles PETIT	2/2	100%

4.1.4 THE EXECUTIVE COMMITTEE OF MAISONS DU MONDE

Maisons du Monde has an experienced management team led by Julie WALBAUM, its Chief Executive Officer, and directors that ensure good governance and the development of the Group's day-to-day operations.

Their action principles: continue Maisons du Monde's growth history with a multi-channel, international focus, by continuously proposing a unique, inspiring offering, and by keeping customer satisfaction at the heart of each decision.

The Executive Committee consists of the following directors:

- Guillaume APOSTOLY, Information Systems Director;
- Éric BOSMANS, Chief Financial Officer;
- Marie-Laure CASSE, Digital and Marketing Director;
- Yohann CATHERINE, Operations Director;
- Philippe CHAUMAIS, European Development Director;
- Catherine FILOCHE, Company Secretary, Head of Franchising and Business-to-Business Sales (BtoB);
- Agathe LACOSTE, Offering Director;
- Sophie MOUHIEDDINE, Human Resources Director;
- Julien VIGOUROUX, Supply Chain Director.

4.2 Compensation and benefits of corporate officers

4.2.1 COMPENSATION POLICY

In accordance with the provisions of article L. 225-37-2 I of the French Commercial Code, the Board of Directors has established the compensation policy for corporate officers, with the following general principles:

- the overall amount of Executive Directors' compensation submitted to the Board for approval takes into consideration the general interest of the Company, industry practice and the Executive Directors' performance;
- clearly stated reasons, corresponding to the general interest of the Company, are given for each of the components of their compensation. The appropriateness of the compensation proposed must be assessed within the context of the Company's business and in reference to French and international industry practice;
- the compensation of Company Executive Directors must be set fairly and in line with that of other Group Executive Directors, in view of their responsibilities, skills and personal contributions to the Group's performances and development;
- the variable portion of their compensation must be consistent with their annual performance evaluation and with the Group strategy. The performance criteria used to calculate the variable portion of Executive Directors' compensation, whether this relates to a bonus or stock options or performance share grants, must be simple to establish and explain, must be a satisfactory reflection of the Group's performance and economic development objective, at least in the medium term, must allow for transparency with regard to shareholders in the Annual Report and during Shareholders'Meetings and must correspond to the Company's corporate objectives and standard practices in terms of the compensation of Executive Directors.

This methodology is applied when assessing the compensation and benefits of the Group's senior executives who are not Company officers and, more broadly, any policies put in place in this regard.

4.2.2 COMPENSATION OF CORPORATE OFFICERS

4.2.2.1 Compensation of the Chairman of the Board of Directors

2019 Fiscal year

Sir Ian CHESHIRE
Chairman of the Board of Directors

Components of compensation due or allocated for the 2019 fiscal year	Amount or accounting valuation
Fixed compensation	N/A
Annual variable compensation	N/A
Multi-year variable compensation in cash	N/A
Stock options, performance shares or other allocations of securities	N/A
Exceptional compensation	N/A
Directors' Fees	€100,000
Valuation of benefits in kind	N/A

Sir Ian CHESHIRE did not receive any fixed or variable compensation, or benefits in kind, for serving as the Company's Chairman of the Board of Directors in 2019. He was not awarded any free performance shares.

Sir Ian CHESHIRE received directors' fees, set at €100,000 by the Board of Directors at its meeting on 3 June 2019, for serving as Chairman of the Board of Directors, including his participation in the Board's committees.

No departure or non-compete commitments were made to Sir Ian CHESHIRE in 2019. He did not benefit from a defined-benefit supplemental pension plan.

It is specified that Sir Ian Cheshire resigned from all of his positions within the Company on 10 March 2020.

2020 Fiscal year

Peter CHILD
Chairman of the Board of Directors

Components of compensation allocated for the 2020 fiscal year	Amount or compensation principle
Fixed compensation	N/A
Annual variable compensation	N/A
Multi-year variable compensation in cash	N/A
Stock options, performance shares or other allocations of securities	N/A
Exceptional compensation	N/A
Compensation allocated in respect of his office as Director	€150,000 Total compensation to be opaid on a prorated basis
Valuation of benefits in kind	N/A

Peter Child was coopted to the position of director left vacant by Sir Ian Cheshire and was appointed Chairman of the Board of Directors and member of the Nomination and Compensation Committee on 10 March 2020.

Upon the proposal of the Committee, the Board, at its meeting of 25 March 2020, set the compensation for Peter Child at an overall amount of €150,000 in respect of his position as Chairman of the Board. This amount will be paid on a pro rata basis taking into account his effective date of cooptation during the fiscal year.

Peter Child will not receive any fixed or variable compensation, or any other item of compensation.

4.2.2.2 Compensation of the Chief Executive Officer

2019 Fiscal year

Julie WALBAUM
Chief Executive Officer

Components of compensation due or allocated for the 2019 fiscal year	Amount or accounting valuation
Fixed compensation	€450,000
Annual variable compensation	€231,000
Multi-year variable compensation in cash	N/A
Stock options, performance shares or other allocations of securities	Performance shares Valued at €668,006
Exceptional compensation	N/A
Valuation of benefits in kind	€28,318

Julie WALBAUM received the following compensation for 2019:

- **Fixed compensation:**

  Julie WALBAUM's gross fixed annual compensation was set at €450,000 by the Board of Directors at its meeting on 22 March 2019 and was approved by the Shareholders'Meeting of 3 June 2019;

- **Variable compensation:**

  In 2019, Julie WALBAUM received variable compensation for 2018 totalling €110,000, including 55% of the basic compensation for the period (01/07/18 to 31/12/18) with a quantitative portion achieved with a weighted average of 97% of the target and a qualitative portion achieved with a weighted average of 73%. The variable compensation owing to Julie WALBAUM for 2018 was approved by the Shareholders'Meeting of 3 June 2019.

  For 2019, the Board, at its meeting on 10 March 2020, on the recommendations of the Nomination and Compensation Committee, set variable compensation for Julie WALBAUM at the sum of €231,000. This amount was calculated according to achievement of the targets set by the Board of Directors on 22 March 2019, based on the following criteria:

  - 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:
    - 15% concerning the objectives related to the Company's organisation including the Executive Committee,
    - 10% on the preparation of the strategic plan and Capital Market Day,
    - 5% on the CSR objectives that notably enable the definition of 2020-2024 business line road maps and the related governance.

Each criterion was assessed separately, in relation to a target. To assess the attainment rate of each criterion, the Compensation Committee has 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 Committee assessed the overall attainment of performance at 86% of the target performance, with the following attainment rates by criterion:

	% by target	Target attainment rate	Evaluation	% bonus Target	% basic salary
Financial targets					
• Group sales	20%	97%	82%	16.40%	9.84%
• Group Ebit	50%	92.5%	78%	38.75%	23.25%
Non-financial targets					
• Organisation of the Executive Committee	15%	100%	100%	15%	9%
• New strategy plan	10%	80%	80%	8%	4.80%
• CSR priorities and targets	5%	150%	150%	7.50%	4.50%
Attainment rate / bonusy				**85.70%**	
Basic salary	€450,000				**51.39%**
Bonus Target: 60% of basic salary	€270,000				
Bonus to be paid				**€231,000**	

The variable portion for the period was rounded to €231,000, or 51.39% of the base compensation for the period.

This amount will be definitively acquired subject to the approval of the Shareholders'Meeting of 12 June 2020;

- **Medium/long-term incentives:**

At its meeting of 9 May 2019, the Board of Directors, on the recommendations of the Nomination and Compensation Committee, allocated 43,125 free performance shares (or 0.09% of the share capital) to Julie WALBAUM, allowing the Chief Executive Officer to take part in the 2019 Plan set up for the 396 Group employees, out of the 255,344 free performance shares (or 0.56% of the share capital).

The final number of performance shares that Julie WALBAUM may obtain at the end of the vesting period, on 9 May 2022, will be dependent on achievement of the internal Group performance conditions measured according to Sales revenue (as defined in the consolidated financial statements) for 2020 (2020 revenue) of the Maisons du Monde Group, the cumulative 2019 and 2020 EBITDA (as indicated in the consolidated financial statements: 19+20 EBITDA), and a third condition for the cumulative normative 2019 and 2020 earnings per share (19+20 EPS) of the Group.

The Board of Directors set the target levels expected for each of the performance conditions as follows:

- 20% of the shares have a 2020 revenue condition;
- 50% have a 19+20 EBITDA condition;
- 30% have a 19+20 EPS conditio.

Regarding internal performance conditions involving 2020 revenue, the measurement of the performance set as a condition for the number of shares vested for this performance, and subject to continued presence, is established as follows:

- the lower limit of the performance (at 95% of the 2020 revenue objective) gives the right to 50% of the shares dependent on this condition;
- the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition;
- below this lower limit, no shares are acquired for this performance;
- between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

Regarding the two internal performance conditions (19+20 EBITDA and 19+20 EPS), the performance measurement for each of the conditions, a measurement on which depends the number of shares vested for this performance, and which is subject to continued presence, is established as follows:

- the lower limit (at 90% of the objective) gives the right to 50% of the shares dependent on this condition;
- the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition;
- between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

In the event that the number of performance shares obtained following the application of the above performance conditions is not a whole number, it will be rounded down to the nearest unit.

Moreover, the allocation is carried out for up to a maximum annual amount of 150% of overall compensation (fixed plus maximum variable compensation).

In accordance with the provisions of the French Commercial Code, the Chief Executive Officer is also required to retain 40% of the allocated shares as registered shares until the end of her term of office, until she holds a quantity of shares representing two years of base salary. Given this holding obligation, the availability of the performance shares is not conditional on the purchase of additional Company shares.

Lastly, the Board reaffirmed that the Chief Executive Officer may not use hedging products on the Company's shares as well as all related financial instruments, and noted Julie WALBAUM's commitment not to use such hedging operations including on the allocated performance shares;

- **Benefits in kind:**

In 2019, Julie WALBAUM received a benefit in kind for a total amount of €28,318, corresponding notably to unemployment insurance contributions amounting to €11,744. The Chief Executive Officer is is the beneficiary of an executive social security plan (GSC) giving her 12-month compensation, capped at 70% of her net compensation for the tax year for tranches A and B and 55% for tranche C, as well as the use of a company car.

With regard to social protection, Julie WALBAUM has the same supplementary social protection cover as all the other Company executives, governed by binding contracts between the Company and its insurers. On this basis, she is covered by the "incapacity - disability – death" scheme and the healthcare scheme applicable within the Company.

- **Commitments made to the Chief Executive Officer:**
  - **pension commitment:**

    As per the legislation applicable to social security old age pensions, Julie WALBAUM is a beneficiary of the ARRCO and AGIR supplementary schemes. She does not benefit from any internal defined-contribution or defined-benefit supplemental pension plan ;

  - **non-compete commitment**:

    Julie WALBAUM would be subject to a non-compete obligation in the event of the termination of her duties within the Company. In exchange for this twelve-month commitment, starting from the termination of her corporate office, Julie WALBAUM would receive, once her term of office has been terminated and for the entire duration of this non-compete clause, a special monthly payment of 50% of the average gross monthly compensation received for the last twelve complete months of her activity.

    The Company's Board of Directors could however waive the non-compete clause when Julie WALBAUM's term of office is terminated. In this case, Julie WALBAUM would not receive any special fixed monthly payments.

    The Chief Executive Officer will no longer receive special monthly payments once she exercises her right to retire. In any event, no compensation will be paid after she reaches the age of sixty-five,

  - **commitment in the event of the termination of duties:**

    Julie WALBAUM does not benefit from any commitments in the event of termination of her term of office.

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2020 Fiscal year

Julie WALBAUM
Chief Executive Officer

Components of compensation allocated for the 2020 fiscal year	Amount or compensation principle
Fixed compensation	€450,000
Annual variable compensation	€270,000 Target value €405,000 Ceiling depending on performance conditions
Multi-year variable compensation in cash	N/A
Stock options, performance shares or other allocations of securities	Performance shares with a value of €490,490 (based on the closing price of the share on the date of allocation)
Exceptional compensation	N/A
Receipt of benefits in kind	Company vehicle and unemployment insurance contributions

- **Fixed compensation:**

For the current fiscal year, the Board meeting of 10 March 2020 set the gross annual compensation for Julie Walbaum at €450,000, identical to the previous fiscal year.

- **Variable compensation:**

Julie Walbaum's variable compensation will be set according to the following terms and conditions:

  - The annual variable bonus will have a target value of 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 benefit of the bonus will be subject to the attainment of financial and non-financial targets.

- The variable portion will be 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: prepare and implement a prevention and business continuity plan for activities worldwide (crisis management governance, policy to protect the brand's employees and customers, safeguarding of supply flows etc.); Definition of a post COVID-19 business relaunch plan: Target weighting 10%;

- 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%.

Each criterion will be assessed separately, in relation to a target set by the Board. To assess the attainment rate of each criterion, the Compensation Committee has also set a grid with performance thresholds, with a target and maximum. Attainment of a target level of performance for a criterion gives rise to 100% of the target level for this criterion and attainment of a maximum gives rise to 150% maximum of the target level for this criterion.

These compensation modalities will be subject to approval by the Shareholders' Meeting on 12 June 2020.

- **Medium/long-term incentives:**

On 10 May 2020, the Board of Directors, following the recommendations of the Nomination and Compensation Committee, allocated 53,900 free performance shares (or 0.12% of the share capital) to Julie Walbaum, allowing the Chief Executive Officer to take part in the 2020 Plan set up for the 412 Group employees, out of the 352,940 free performance shares (or 0.78% of the share capital).

The final number of performance shares that Julie Walbaum may obtain at the end of the vesting period, on 10 May 2023, will be dependent on achievement of the internal Group performance conditions measured according to Sales revenue (as defined in the consolidated financial statements) for 2021 (2021 revenue) of the Maisons du Monde Group, the cumulative 2020 and 2021 EBITDA (as indicated in the consolidated financial statements: 20+21 EBITDA), and a third condition for the cumulative normative 2020 and 2021 earnings per share (20+21 EPS) of the Group.

The Board of Directors set the target levels expected for each of the performance conditions as follows:

- 20% of the shares therefore have a 2021 revenue condition;
- 50% have a 20+21 EBITDA condition;
- 30% have a 20+21 EPS condition.
- Regarding internal performance conditions involving 2021 revenue, the measurement of the performance set as a condition for the number of shares vested for this performance, and subject to continued presence, is established as follows:

- the lower limit of the performance (at 95% of the 2021 revenue objective) gives the right to 50% of the shares dependent on this condition;
- the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition;
- below this lower limit, no shares are acquired for this performance;
- between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

Regarding the two internal performance conditions (20+21 EBITDA and 20+21 EPS), the performance measurement for each of the conditions, a measurement on which depends the number of shares vested for this performance, and which is subject to continued presence, is established as follows:

- the lower limit (at 90% of the objective) gives the right to 50% of the shares dependent on this condition;
- the performance target (at 100% of the objective) gives the right to 100% of the shares dependent on this condition;
- between the lower limit and the performance target, the shares for this condition are acquired on a proportional and straight-line basis.

In the event that the number of performance shares obtained following the application of the above performance conditions is not a whole number, it will be rounded down to the nearest unit.

The allocation is made within the limit of an annual amount valued at 150% of its total remuneration (fixed plus maximum variable)

The Chief Executive Officer is required to retain 40% of the allocated shares as registered shares until the end of her term of office, until she holds a quantity of shares representing two years of base salary. Given this holding obligation, the availability of the performance shares is not conditional on the purchase of additional Company shares.

Lastly, the Board reaffirmed that the Chief Executive Officer may not use hedging products on the Company's shares as well as all related financial instruments, and noted Julie Walbaum's commitment not to use such hedging transactions including on the allocated performance shares.

- **Benefits in kind:**

In 2020, Julie Walbaum will continue to receive benefits in kind corresponding to the private use of a company vehicle as well as unemployment social contributions.

Julie Walbaum will not receive any other type of compensation in any form whatsoever beyond the aforementioned items of compensation.

4.2.2.3 Level of compensation of executive directors compared to the compensation of Group employees

In accordance with article L. 225-37-3, 6° and 7° of the French Commercial Code, the ratios between the level of compensation of the Chief Executive Officer and Chairman of the Board of Directors and the average and median compensation of Maisons du Monde in France, along with the annual change in compensation, Company performance, the average compensation of Company employees and ratios, over the last five fiscal years are provided below:

	2015	2016	change %	2017	change %	2018	change %	2019	change %
Average employee compensation	€19,500	€24,000	23 %	€23,500 €	- 2 %	€24,500	4 %	€25,500	4 %
Median employee compensation	€19,500	€22,000	13 %	€22,500 €	2 %	€22,500	0 %	€23,500	4 %
Compensation for the Chief Executive Officer									
Julie Walbaum	NA	NA		NA		NA		€1,366,000*	NA
Gilles Petit	NA	€666,000	NA	€2,043,000**	207 %	€919,000***	- 55 %		
Ratio *vs.* average		27.75****		86.94		37.51****		53.57	
Ratio *vs* median		30.27****		90.80		40.84****		58.13	
Compensation of the Chairman of the Board of Directors									
Sir Ian Cheshire	NA	€92,500	NA	€110,000	19 %	€105,000	- 5 %	€100,000	- 5 %
Ratio *vs* moyenne		3.85		4.68		4.29		3.92	
Ratio *vs* médiane		4.20		4.89		4.67		4.26	
Reminder Maisons du Monde									
Revenue	701	882	26 %	1 010	15 %	1,111	10 %	1,225	10 %
Current operating profit before other operating income and expenses	65.5	68.5	5 %	101.5	48 %	108.2	7 %	117.0	8 %
Net income	- 13.9	- 12	14 %	63	NA	61	- 4 %	62	3 %

* *Increased "theoretical" compensation: the 2018 variable portion paid in 2019 was multiplied by two to take into account the fact that it compensated only six months performance, as the position was taken up during the year. The fixed compensation of €200 thousand for the six months of 2018 is not presented. For 2018, for sake of clarity, it was decided to present a full theoretical compensation for Gilles Petit, by multiplying the fixed compensation that he received for six months by two (i.e. €200 thousand x 2 for the year instead of only €200 thousand).*

** *"Theoretical" compensation at the date of allocation: 1/3 of the performance shares will be cancelled when Gilles Petit leaves his position as Chief Executive Officer.*

*** *Increased "theoretical" compensation: as the fixed compensation for 2018 was only received for six months, the amount was multiplied by two.*

**** *These ratios are not representative as no annual allocation of performance shares was granted to the corporate officer during the period.*

The compensation ratios have been calculated based on the following components:

- The compensation selected for the executive directors corresponds to the compensation paid during year N. It comprises the fixed portion including benefits in kind, the variable portion paid during year N in respect of year N-1, performance shares allocated during year N.

Comments:

  - When a compensation component must be considered for a period of less than one year (for example a bonus for 6 months of duties), for transparency purposes, the amount is "recalculated" to correspond to an annual basis;
  - 2015 (one year before the IPO) was a managerial and shareholder structure transition year. It cannot be used as a reference;

- For employees in France, the compensation used corresponds to the compensation paid during fiscal year N (excluding benefits in kind). It comprises the full-time equivalent fixed portion, the variable portion paid during fiscal year N in respect of fiscal year N-1, profit sharing paid during fiscal year N in respect of fiscal year N-1.

Comments:

The average and median employee compensation for 2015 is particularly low due to a strong decrease in profit sharing in 2015.

4.2.2.4 Directors' compensation

2019 Fiscal year

- **Principles of the compensation for directors**:

  The Board distributes the overall amount allocated by the Shareholders'Meeting between the directors, on the proposal from the Nomination and Compensation Committee. This distribution takes account of directors' actual attendance at Board Meetings and at meetings of specialist committees set up by the Board.

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During its meeting held after the Shareholders'Meeting of 3 June 2019, the Board decided to allocate the amount of €500,000 allocated by the shareholders for the 2019 fiscal year, according to the following conditions:

- subject to being present at five Board Meetings with an agenda concerning the approval and/or review of the Company's periodic accounts, each director receives a sum of €40,000 for their term of office, or €8,000 per meeting,
- increase of this amount for the participation in a specialised committee as follows:
  - €5,000 for participation in a specialised committee,
  - €10,000 for chairing the Nomination and Compensation Committee,
  - €15,000 for chairing of the Audit Committee ;
- to these amounts is added €5,000 for attendance at any Board Meeting held in addition to the five meetings mentioned above and having a significant agenda;

- **Setting of compensation for 2019:**

  On the recommendations of the Nomination and Compensation Committee, and taking into account Directors' attendance at Board Meetings during the 2019 fiscal year, at its meeting of 25 March 2020, the Board set the following compensation to be paid for each eligible director;

Amounts in euros	Office as director	Audit Committee	Nomination and Compensation Committee	Non-permanent Strategy Committee	Additional Board Meeting	Total director
Sir Ian CHESHIRE	100,000	n/a	n/a	n/a	n/a	100,000
Michel PLANTEVIN	32,000	n/a	5,000	n/a	n/a	37,000
Julie WALBAUM	n/a	n/a	n/a	n/a	n/a	n/a
Gilles PETIT	40,000	n/a	5,000	n/a	10,000	55,000
Nicolas WOUSSEN	40,000	15,000	n/a	10,000	10,000	75,000
Sophie GUIEYSSE	40,000	n/a	10,000	n/a	10,000	60,000
Marie-Christine LEVET	40,000	5,000	n/a	n/a	10,000	55,000
Marie SCHOTT	40,000	n/a	n/a	n/a	10,000	50,000
Mustapha OULKHOUIR	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL						**432,000**

The Board allocated a flat-rate compensation of €100,000 to Sir Ian CHESHIRE for serving as Chairman of the Board of Directors, including his participation in the Board's two committees.

Moreover, for the creation of the non-permanent Strategy Committee, the Board decided to remunerate its Chairman, Nicolas WOUSSEN, by allocating an additional total amount of €50,000 corresponding to a mission of 12 months and 10 Board Meetings, or €5,000 per meeting. Nicolas WOUSSEN received €10,000 for two meetings of the Strategy Committee held in 2019.

2020 Fiscal year

At its meeting of 25 March 2020, the Board decided to propose to the Shareholders' Meeting to increase the overall compensation allocated to directors from €500,000 to €600,000, notably to take into account the increase in compensation for the Chairman of the Board of Directors and the potential appointment of new directors during the Shareholders' Meeting.

The Shareholders'Meeting will thereby be asked to approve the followings compensation terms:

- total amount allocated to directors: €600,000;
- terms for the compensation of directors:
  - allocation to the Chairman of the Board of Directors of a flat-rate amount of €150,000, paid on a prorated basis in the 2020 fiscal year,
  - subject to being present at five Board Meetings with an agenda concerning the approval and/or review of the Company's periodic accounts, each director receives a sum of €40,000 for their office, or €8,000 per meeting,
  - increase of this amount for the participation in a specialised committee as follows:
    - €5,000 for participation in a specialised committee,
    - €10,000 for chairing the Nomination and Compensation Committe,
    - €15,000 for chairing of the Audit Committee ;
  - allocation of an additional amount of €5,000 for the attendance at any Board meeting held in addition to the five meetings mentioned above and having a significant agenda.

4.2.2.5 Service agreements

The service agreement between Maisons du Monde and GILLES PETIT CONSEIL signed on 29 June 2018, under which Gilles PETIT provided management consultancy, operational management and coaching services to the Senior Management expired on 31 December 2019 and was not renewed.

In accordance with the financial conditions of the agreement, in 2019, GILLES PETIT CONSEIL received a monthly flat-rate compensation of €8,333.33 excluding tax, as well as the repayment of the expenses committed by GILLES PETIT CONSEIL for the execution of the services upon presentation of receipts.

As at the date of this Universal Registration Document, there are no other service agreements signed by Maisons du Monde.

4.2.2.6 Agreements signed between an executive or significant shareholder and a subsidiary

As at the date of this Universal Registration Document, there are no agreements signed, directly or through a third party, between a corporate officer or a significant shareholder of the Company and a company controlled by Maisons du Monde within the meaning of Article L. 233-3 of the French Commercial Code.

4.2.2.7 Regulated agreements

Agreements entered into over the course of the past fiscal year

No agreement referred to in article L. 225-38 of the French Commercial Code was signed during the past fiscal year.

Agreements entered into previously which continued during the fiscal year ended 31 December 2019

- Term of office agreement entered into between the Company and Julie Walbaum on the terms and conditions of her term of office as Managing Director, (Board of Directors authorisation of 29 June 2018);
- Service agreement between the Company and GILLES PETIT CONSEIL, for the provision of management consultancy, operational management and coaching services to the Senior Management (Board of Directors authorisation of 29 June 2018 - Agreement void since 31 December 2019).

The essential characteristics and modalities, as well as the interest for the Company of these conventions and commitments are mentioned in the special report of the Statutory Auditors appearing in point 4.3 of this chapter.

4.2.2.8 Current agreements

In accordance with article L. 225-39 of the French Commercial Code, amended by the PACTE law, the Board of Directors has implemented a procedure to regularly assess whether current agreements concerning current operations signed under normal terms meet these conditions.

At its meeting of 25 March 2020, the Board set up a control procedure for current agreements, that can be found in the Internal Regulations, with the aim of:

- Identifying the agreements qualified as current, separating the agreements signed as part of the normal course of business and intra-group agreements;
- Assessing the current agreements by conducting an annual survey, then an ex post assessment of these agreements in order to check whether they meet the conditions for their qualification as current agreements.

As part of this assessment, the Audit Committee notably reviews the qualification and, if applicable, reclassifies the agreements under regulated agreements, in view of the applicable qualification criteria.

The persons directly or indirectly concerned by one of the agreements do not take part in the assessment.

This procedure will be initiated in 2020 by the Audit Committee and its implementation will be described in the 2020 Universal Registration Document.

4.2.3 FREE SHARE ALLOCATION PROGRAMMES

In accordance with the provisions of article L. 225-197-4 of the French Commercial Code, we hereby report to you on the transactions performed pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code and bring to your attention the additional information regarding the Company's allocations of free shares during the past financial year.

Maisons du Monde free performance share allocation plans

	2016 Plan	2017 Plan	2018 Plan	2019 Plans	2020 Plan
Date of Shareholders'Meeting	29/04/2016	19/05/2017	19/05/2017	19/05/2017	19/05/2017
Allocation date (Board of Directors)	16/12/2016	19/05/2017	18/05/2018	Plan A 09/05/2019 Plan B 24/06/2019	10/03/2020
Total number of shares allocated	153,250	54,350	146,435	265,344	352,940
of which to corporate officers	n/a	34,500	n/a	43,125	53,900
Start of vesting period	16/12/2016	19/05/2017	18/05/2018	09/05/2019	10/03/2020
End of vesting period (final allocation)	16/12/2019	19/12/2019	18/12/2020	Plan A 09/05/2019 Plan B 24/06/2019	10/03/2020
End of holding period (sale possible)	16/12/2020	n/a	n/a	n/a	n/a
Number of shares vested at 31/12/2019	130,757	39,259	n/a	n/a	n/a
Cumulative number of cancelled or lapsed shares	22,493	15,091	32,505	14,625	n/a
Remaining performance shares at the end of the financial year	0	0	113,930	250,719	n/a
Closing price on the allocation date	€24.31	€32.70	€35.14	€16.31	€9.10

2016 Plan

On 16 December 2016, the Board of Directors carried out a new allocation as part of the Group's medium/long-term incentive plan, in consultation with Management, in order to:

- motivate and retain key staff for the Group's future growth and some middle management (including store managers);
- ensure buy-in by the main employees into clear goals communicated to shareholders during the IPO;
- be aligned with other listed companies in the market in establishing an ambitious long-term incentive plan, which is seen as an essential aspect of the Group's compensation policy.

Accordingly, the Board awarded 153,250 free shares to 294 recipients subject to the following conditions:

- vesting period: 3 years;
- holding period: 1 year;
- period for the measurement of performance indicators: 2 financial years;
- performance conditions :
  - performance measured according to cumulative 2017 and 2018 EBITDA (as defined in the consolidated financial statements) for 70% of shares, and based on Maisons du Monde Group 2018 Sales (as defined in the consolidated financial statements) for 30% of shares;
  - a third condition applies to members of the Executive Committee, on 30% of shares, measured according to cumulative normative 2017 and 2018 Earnings Per Share. (for these members of the Executive Committee, the performance of cumulative EBITDA 2017/2018 therefore now only accounts for 50% and 2018 performance based on revenue accounts for only 20%);
  - for each of these performance criteria, the Board has set the target level (in line with the Group's medium-term plan). If met, 100% of the performance-based free shares will be awarded. The Board has also determined a lower limit for each of these criteria below which no shares will be granted. This lower limit is set at 95% of the target sales and at 90% of the target for the remaining two criteria, namely EPS and EBITDA. At this performance threshold, only 50% of the shares dependent on the condition are awarded. Between the lower limit and the target, the number of shares awarded is calculated on a straight-line basis.

The Board of Directors at its meeting of 22 March 2019 noted the achievement of the performance conditions as follows: 95.7% for the beneficiaries excluding the Executive Committee and 97.1% for the Executive Committee beneficiaries.

2017 Plan

On 19 May 2017, the Board of Directors carried out a third free allocation of 54,350 shares to 67 recipients, of which 34,500 shares were allocated to the Executive Director.

The conditions of Plan No. 3 are as follows:

- vesting period: 31 months;
- holding period: n/a;

- period for the measurement of performance indicators: 2 financial years;
  - for all beneficiaries, excluding corporate officers: performance measured according to cumulative 2017 and 2018 EBITDA (as defined in the consolidated financial statements) for 70% of shares, and based on Maisons du Monde Group 2018 Sales (as defined in the consolidated financial statements) for 30% of shares,
  - a third condition applies to the Executive Director, on 30% of shares, measured according to cumulative normative 2017 and 2018 earnings per share. (cumulative 2017/2018 EBITDA performance therefore now only accounts for 50% and 2018 performance based on sales accounts for only 20%),
  - for each of these performance criteria, the Board has set the target level (in line with the Group's ambitious medium-term plan). If met, 100% of the performance-based free shares will be awarded. The Board has also determined a lower limit for each of these criteria below which no shares will be granted. This lower limit is set at 95% of the target sales and at 90% of the target for the remaining two criteria, namely EPS and EBITDA. At this performance threshold, only 50% of the shares dependent on the condition are awarded. Between the lower limit and the target, the number of shares awarded is calculated on a straight-line basis;
- specific details of the allocation to the Executive Director:
  - the 34,500 shares proposed for the Executive Director represent - based on a share price of €32 and a fair value of the share of €30.7 - an amount lower than €1,060,000, (€1,110,000 being the maximum amount, i.e. 150% of the fixed and variable compensation of the Executive Director set by the Board),
  - the Executive Director is required to retain 40% of the allocated shares as registered shares until the end of his term of office, until he holds a quantity of shares representing two years of base salary,
  - following the resignation of the Executive Director, the Board of Directors had granted an exemption to the continued service requirement provided by the plan rules and allocated the shares to the Executive Director on a pro rata basis, taking them from 34,500 to 23,000.

The Board of Directors at its meeting of 22 March 2019 noted the achievement of the performance conditions as follows: 95.7% for the beneficiaries excluding the Executive Committee and 97.1% for the Executive Committee beneficiaries.

2018 Plan

On 18 May 2018, 390 designated beneficiaries were awarded a total of 146,435 performance shares as follows:

- vesting period: 31 months ;
- holding period: n/a ;
- period for the measurement of performance indicators: 2 financial years;
  - for shares awarded to all beneficiaries apart from Executive Committee members, performance is measured on the basis of the level of 2018 and 2019 cumulative EBITDA for 70% of shares, and on the basis of Maisons du Monde Group 2019 sales (as per the consolidated financial statements) for 30% of shares,
  - a third condition is applied to 30% of the shares, solely for Executive Committee members, and is measured in relation to normative, cumulative Earnings Per Share (EPS) in 2018 and 2019, 2018/2019 cumulative EBITDA performance being weighted no higher than 50% and 2019 Sales performance no higher than 20%,
  - for each of these performance criteria, the Board has set the target level (in line with the Group's ambitious medium-term plan). If met, 100% of the performance-based free shares will be awarded. The Board has also determined a lower limit for each of these criteria below which no shares will be granted. This lower limit is set at 95% of the target sales and at 90% of the target for the remaining two criteria, namely EPS and EBITDA. At this performance threshold, only 50% of the shares dependent on the condition are awarded. Between the lower limit and the target, the number of shares awarded is calculated on a straight-line basis.

2019 Plan

"During the 2019 fiscal year, the Board carried out two performance share grants:"

2019 Plan A

On 9 May 2019, 396 designated beneficiaries were awarded a total of 255,344 performance shares, of which 43,125 shares were allocated to the Executive Director as follows:

- vesting period: 36 months ;
- holding period: n/a ;
- period for the measurement of performance indicators: 2 financial years:
  - for shares awarded to all beneficiaries apart from Executive Committee members, performance is measured on the basis of the level of 2019 and 2020 cumulative EBITDA for 70% of shares, and on the basis of Maisons du Monde Group 2020 sales (as per the consolidated financial statements) for 30% of shares,
  - a third condition is applied to 30% of the shares, solely for Executive Committee members, and is measured in relation to normative, cumulative Earnings Per Share (EPS) in 2019 and 2020, 2019/2020 cumulative EBITDA performance being weighted no higher than 50% and 2020 Revenue performance no higher than 20%,
  - for each of these performance criteria, the Board has set the target level (in line with the Group's ambitious medium-term plan). If met, 100% of the performance-based free shares will be awarded. The Board has also determined a lower limit for each of these criteria below which no shares will be granted. This lower limit is set at 95% of the target sales and at 90% of the target for the remaining two criteria, namely EPS and EBITDA. At this performance threshold, only 50% of the shares dependent on the condition are awarded. Between the lower limit and the target, the number of shares awarded is calculated on a straight-line basis;

- specific details of the allocation to the Executive Director:
  - the 43,125 performance shares, or 0.09% of the share capital, representing an amount €668 thousand lower than the amount set by the Board, (of 150% of the fixed and variable compensation of the Executive Director;
  - the Executive Director is required to retain 40% of the allocated shares as registered shares until the end of his term of office, until he holds a quantity of shares representing two years of base salary;
  - Given this holding obligation, the availability of the performance shares is not conditional on the purchase of additional Company shares;
  - Commitment made by the Chief Executive Officer not to use hedging products on Company shares as well as any related financial instruments.

2019 B Plan:

On 24 June 2019, one designated beneficiary was awarded a total of 10,000 performance shares as follows:

- vesting period: 36 months;
- holding period: n/a;
- period for the measurement of performance indicators: 2 fiscal years;
- Performance measurement methods identical to the 2019 plan A.

2020 Plan

On 10 March 2020, 412 designated beneficiaries were awarded a total of 352,940 performance shares, of which 53,900 shares were allocated to the executive director as follows:

- vesting period: 36 months;
- holding period: n/a;
- Period for the measurement of performance indicators: 2 fiscal years:
  - for shares awarded to all beneficiaries apart from Executive Committee members, performance is measured on the basis of the level of 2020 and 2021 cumulative EBITDA for 70% of shares, and on the basis of Maisons du Monde Group 2021 sales (as per the consolidated financial statements) for 30% of shares;
  - a third condition is applied to 30% of the shares, solely for Executive Committee members, and is measured in relation to normative, cumulative earnings per share (EPS) in 2020 and 2021, 2020/2021 cumulative EBITDA performance being weighted no higher than 50% and 2021 Revenue performance no higher than 20%;
  - for each of these performance criteria, the Board has set the target level (in line with the Group's ambitious medium-term plan). If met, 100% of the performance based free shares will be awarded. The Board has also determined a lower limit for each of these criteria below which no shares will be granted. This lower limit is set at 95% of the target sales and at 90% of the target for the remaining two criteria, namely EPS and EBITDA. At this performance threshold, only 50% of the shares dependent on the condition are awarded. Between the lower limit and the target, the number of shares awarded is calculated on a straight-line basis;
- specific details of the allocation to the executive director:
  - 53,900 performance shares, or 0.12% of the share capital, representing an amount of €490,490 (based on the closing price on the allocation date) lower than the amount set by the Board (150% of the fixed and variable compensation of the executive director);
  - the executive director is required to retain 40% of the allocated shares as registered shares until the end of his term of office, until he holds a quantity of shares representing two years of base salary. Given this holding obligation, the availability of the performance shares is not conditional on the purchase of additional Company shares;
  - commitment made by the Chief Executive Officer not to use hedging products on Company shares as well as any related financial instruments.

4.2.4 SUMMARY PRESENTATION OF THE COMPENSATION OF CORPORATE OFFICERS

4.2.4.1 Summary of the compensation paid in 2019 in application of the AFEP-MEDEF code

Summary table of the compensation paid and options and shares allocated to each Executive Director (table 1 of the AFEP-MEDEF Code)

Julie WALBAUM **Chief Executive Officer** *(in euros)*	2019	2018
Compensation for the fiscal year (*as detailed in Table 2*)	709,318	319,542
Valuation of options granted during the year (details of which *are given in Table 4*)	n/a	n/a
Valuation of performance shares granted during the year (details of which are *given in Table 6*)	668,006	n/a
Valuation of other long-term compensation plans	n/a	n/a
TOTAL	1,377,324	319,542

* *In 2018, the compensation is paid in respect of 6 months of corporate office.*

Summary table of the compensation of each Executive Director (table 2 of the AFEP-MEDEF Code)

Julie WALBAUM **Chief Executive Officer** *(in euros)*	2019		2018	
	Due	Paid	Due	Paid
Fixed compensation	450,000	400,000	200,000	200,000
Annual variable compensation	231,000	110,000	110,000	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Directors' Fees	n/a	n/a	n/a	n/a
Benefits in kind (Company car)	28,318	28,318	9,542	9,542
TOTAL	709,318	538,318	319,542	209,542

Table on the directors' fees and other compensation received by non-Executive Directors (table 3 of the AFEP-MEDEF Code)

Michel PLANTEVIN – Vice-Chairman of the Board of Directors – *(in euros)*	2019	2018
Directors' Fees	37,000	85,000
Other compensation	n/a	n/a
TOTAL	37,000	85,000

Sophie GUIEYSSE – Director *(in euros)*	2019	2018
Directors' Fees	60,000	55,000
Other compensation	n/a	n/a
TOTAL	60,000	55,000

Marie-Christine LEVET – Director *(in euros)*	2019	2018
Directors' Fees	55,000	55,000
Other compensation	n/a	n/a
TOTAL	55,000	55,000

Nicolas WOUSSEN – Director *(in euros)*	2019	2018
Directors' Fees	75,000	70,000
Other compensation	n/a	n/a
TOTAL	75,000	70,000

Marie SCHOTT – Director *(in euros)*	2019	2018
Directors' Fees	50,000	55,000
Other compensation	n/a	n/a
TOTAL	50,000	55,000

Gilles PETIT – Director *(in euros)*	2019	2018
Directors' Fees	55,000	24,000
Other compensation	n/a	n/a
TOTAL	55,000	24,000

Michel PLANTEVIN resigned from his office as director on 26 July 2019. The directors' fees allocated to Gilles PETIT take into account his appointment to the Nomination and Compensation Committee as well as an office as director exercised over a full year. Nicolas WOUSSEN benefits from an additional compensation to take into account his participation in the Non-Permanent Strategy Committee as Chairman.

Stock options allocated during the fiscal year to each Executive Director by the issuer or by any Group company (Table 4 of the AFEP-MEDEF Code)

No stock options were allocated to the Executive Director during the course of 2019.

Stock options exercised during the financial year by each Executive Director (Table 5 of the AFEP-MEDEF Code)

No stock options were exercised during the 2018 financial year.

Performance shares allocated to each Executive Director during the financial year by the issuer or by any Group company (Table 6 of the AFEP-MEDEF Code)

First name Surname	Plan number and date	Number of shares allocated during the fiscal year	Valuation of shares *	Date of acquisition	Date of availability	Performance conditions
Julie WALBAUM	Plan of 9 June 2019	43,125	€668,006	9 May 2022	n/a	Performance conditions: 20% of the shares involve a 2020 revenue condition, 50% a 2019+2020 EBITDA condition and 30% a 2019+2020 EPS condition

** Depending on he method used for the consolidated financiel statements.*

Performance shares that have become available during the financial year for each Executive Director (Table 7 of the AFEP-MEDEF Code)

First name Surname	Plan number and date	Number of shares that became available during the fiscal year	Performance conditions
Julie WALBAUM	Plan of 16 December 2016	14,565*	Performance conditions: 20% of the shares involve a 2018 revenue condition, 50% a 2017+2018 EBITDA condition and 30% a 2017+2018 EPS condition Attainment rate: 97.1%

** Allocation made in respect of the Julie WALBAUM'S positon of Digital, Marketing and Customer Relations Director.*

History of stock option allocations (Table 8 of the AFEP-MEDEF Code)

Not applicable.

History of performance share allocations (Table 9 of the AFEP-MEDEF Code)

	2016 Plan	2017 Plan	2018 Plan	2019 Plans
Date of Shareholders'Meeting	29/04/2016	19/05/2017	19/05/2017	19/05/2017
Date of Board of Directors Meeting	16/12/2016	19/05/2017	18/05/2018	09/05/2019 24/06/2019
Total number of shares allocated including the number allocated to:	153,250	54,350	146,435	265,344
Julie WALBAUM	15,000 *	n/a	16,000 *	43,125
Vesting date of shares	16/12/2019	19/12/2019	18/12/2020	09/05/2022 24/06/2022
End-date of holding period	16/12/2020	n/a	n/a	n/a
Performance conditions	20% of the shares involve a 2018 revenue condition, 50% a 2017+2018 EBITDA condition and 30% a 2017+2018 EPS condition	20% of the shares involve a 2018 revenue condition, 50% a 2017+2018 EBITDA condition and 30% a 2017+2018 EPS condition	20% of the shares involve a 2019 revenue condition, 50% a 2018+2019 EBITDA condition and 19% a 2018+2019 EPS condition	20% of the shares involve a 2020 revenue condition, 50% a 2019+2020 EBITDA condition and 30% a 2019+2020 EPS condition
Number of shares vested	130,757	39,259	Vesting on-going	Vesting on-going
Julie WALBAUM	14,565	n/a	Vesting on-going	Vesting on-going
Cumulative number of cancelled or lapsed shares	22,493	15,091	38,085	24,314
Remaining performance shares at the end of the financial year	0	0	108,350	241,030

** Allocation made in respect of the Julie Walbaum's position of Digital, Marketing and Customer Relations Director.*

Summary table of multi-year variable compensation paid to each Executive Director (Table 10 of the AFEP-MEDEF Code)

Not applicable.

Summary of the commitments made to Executive Directors (Table 11 of the AFEP-MEDEF Code)

Executive Corporate officers	Employment contract	Pension schemes Supplementary	Severance payments and benefits due or likely to become due in the event of termination of office	Severance payment in relation to a non-compete clause
Julie WALBAUM				
Chief Executive Officer	No	No	No	Yes
End of term of office 31/12/2022				

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4.2.4.2 Summary of the components of the compensation payable in 2020 submitted for shareholders' approval

Summary of the components of the compensation payable to for corporate officers

Peter CHILD
Chairman of the Board of Directors

Components of compensation allocated for the 2020 fiscal year	Amount or accounting valuation submitted to the vote	Overview
Fixed compensation	N/A	The Chairman will not receive any fixed compensation in respect of the 2020 fiscal year
Annual variable compensation	N/A	The Chairman will not receive any variable compensation in respect of the 2020 fiscal year
Multi-year variable compensation in cash	N/A	There is no multi-year variable compensation
Stock options, performance shares or other allocations of securities	N/A	The Chairman will not benefit from any performance shares
Exceptional compensation	N/A	No exceptional compensation will be paid to the Chairman
Compensation allocated in respect of his office as Director	€150,000	In 2020, the Chairman will receive a lumpsum compensation paid on a prorated basis in respect of his office.
Valuation of benefits in kind	N/A	The Chairman of the Board of Directors will not receive any benefits in kind
Components of compensation due or allocated for the 2020 fiscal year that were or will be submitted to the vote of the Shareholders'Meeting under the procedure for regulated agreements	**Amount submitted to a vote**	**Overview**
Severance payment	N/A	No commitments have been made for the benefit of the Chairman of the Board of Directors
Non-compete payment	N/A	There are no non-compete agreements
Supplemental pension plan	N/A	There is no defined-benefit supplemental pension plan for the Chairman of the Board of Directors

Julie WALBAUM
Chief Executive Officer

Components of compensation allocated for the 2020 fiscal year	Amount or accounting valuation submitted to the vote	Overview
Fixed compensation	€450,000	At its meeting on 25 March 2020, the Board of Directors decided to maintain the Chief Executive Officer's annual compensation for 2020 at €450,000.
Annual variable compensation	Maximum amount €405,000 Target amount €270,000	In 2020, the Chief Executive Officer's variable compensation will be determined according to the following conditions: the target value will be 60% of the fixed compensation, at between 0 and 150% of the target value based on performance, capped at 90% of the fixed compensation and subject to meeting the following targets: 70% of the variable bonus concerns a financial target based on Group revenue (20%) and EBIT (50%). 30% of the bonus concerns the following non-financial targets: Operational management of the Covid-19 crisis (10%), Action plan aimed at mitigating the effects of the crisis (15%) and Implementation of gender equality and diversity indicators (5%).
Multi-year variable compensation in cash	N/A	There is no multi-year variable compensation
Stock options, performance shares or other allocations of securities	Allocation within the limit of an annual amount corresponding to 150% of the total compensation (fixed + maximum variable)(LTI 2020: €490,490 based on the closing price of the share on the date of allocation)	In 2020, the Chief Executive Officer is eligible for the allocation of performance shares. 2020 Plan of 10/03/2020: allocation of 53,900 performance shares to the Chief Executive Officer. Performance conditions: 20% of the shares involve a 2021 revenue condition, 50% a 2020+2021 EBITDA condition and 30% a 2020+2021 EPS condition. Requirement to retain 40% of the shares acquired as registered shares until the end of the term of office and commitment not to use hedging products on Company shares.

Julie WALBAUM
Chief Executive Officer

Components of compensation allocated for the 2020 fiscal year	**Amount or accounting valuation submitted to the vote**	**Overview**
Exceptional compensation	N/A	No exceptional compensation will be paid to the Chief Executive Officer
Valuation of benefits in kind	Maximum amount €25,000	Unemployment insurance contributions, company vehicle
Components of compensation due or allocated for the 2020 fiscal year that were submitted to the vote of the Shareholders'Meeting under the procedure for regulated agreements and commitments	**Amount submitted to a vote**	**Overview**
Severance payment	N/A	No commitments have been made to the Chief Executive Officer
Non-compete payment	Yes	A twelve-month non-compete commitment has been given to the Chief Executive Officer, starting from the termination of her corporate office, in exchange for which she will receive, once her term of office has ended and throughout the commitment period, a fixed special monthly gross payment of 50% of the average monthly gross compensation received for the last twelve complete months of her activity. The Board may renege on its commitment. Payments will stop as soon as the Chief Executive Officer exercises her right to retire and when she is over 65
Supplemental pension plan	N/A	There is no defined-benefit supplemental pension plan for the Chief Executive Officer

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Summary of the components of compensation allocated to corporate officers

Principles of compensation for corporate officers in respect of the 2020 fiscal year	**Amount submitted to a vote**
Overall compensation	€600,000
Breakdown conditions: - Attendance at the five main Board meetings - Attendance at additional meetings with important agendas - Chairman of the Audit Committee - Chairman of the Nomination and Compensation Committee - Service on a Board Committee	 - €8,000 per meeting - €5,000 per meeting - €15,000 - €10,000 - €5,000

4.2.5 IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The Company uses the AFEP-MEDEF Corporate Governance Code as its reference, amended in June 2018, with the exception of the following recommendations:

Recommendations of the AFEP-MEDEF Code	Company practices
Board Meetings “It is recommended that at least one meeting per year is held without the executive directors.”(Article 10.3)	Julie Walbaum attended all Board meetings held during the past fiscal year. However, she left the room whenever a Board discussion concerned her. During the next fiscal year, the Chairman plans to hold a full working meeting without the attendance of an executive director.
Assessment of the Board "A formal assessment is carried out at least once every three years. It can be implemented under the direction of the Selection or Nomination Committee or by an independent director, with the help of an external consultant."(Article 9-3 paragraph 2)	In December 2019, the Board decided to launch an external assessment of the Board with support from a specialist, independent consulting firm (Say-on-Pay): a transparent process around a neutrally organised dialogue. This assessment, which was more comprehensive than those carried out in previous years, included individual interviews with the consultant in order to generate more in-depth responses to the items identified in the questionnaire and enable the collection of verbatim responses, examples and reformulated impressions. This process should be completed during the first half of 2020 and should enable discussions to be opened on progress and improvement points, as well as the collective preparation of actions to be implemented.
Date of allocation of performance shares "The Board must ensure that allocations are carried out during the same calendar periods, for example after the publication of the financial statements for the previous fiscal year and preferably every year."	The Board decided to bring forward the annual allocation date of free performance shares to the end of the first quarter (10 March for the 2020 fiscal year) in order to better meet the requirements of the code and external observers. Whenever possible, and after the publication of the financial statements for the previous fiscal year, the Board wants to be able to allocate the shares without waiting until May (allocation date for the past three fiscal years). Thus, the performance conditions - which condition the vesting of the shares - which cover several fiscal years will be communicated earlier in the year. This is an improvement as the medium-term expected performance includes the current fiscal year (in line with the budget).

4.3 Reports and verifications by the Statutory officers

4.3.1 SPECIFIC VERIFICATIONS BY THE STATUTORY AUDITORS REGARDING CORPORATE GOVERNANCE

In accordance with the provisions of Article L. 225-235 amended by Order 2017-1162, reference is made to the specific verifications performed by the statutory auditors on the report of the Board of Directors on corporate governance in their report on the annual financial statements, which is contained in Section 6.4 of this Universal Registration Document.

4.3.2 SPECIAL REPORT BY THE STATUTORY OFFICERS ON RELATED PARTY AGREEMENTS

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

Annual general meeting held to approve the financial statements for the year ended 31 December 2019

To the Shareholders,

As Statutory Auditors of your Company, we hereby present our report on related party agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions, the purpose and benefits to the Company of the agreements brought to our attention or which we encountered during our engagement. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other agreements exist. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code (*Code de commerce*), to assess the merit of these agreements with a view to approving them.

In addition, it is our responsibility, where appropriate, to inform you, pursuant to Article R.225-31 of the French Commercial Code (*Code de commerce*), of the agreements approved at the Annual General Meeting in prior financial years.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French national institute of statutory auditors (CNCC) relating to this engagement. Those standards require that we plan and perform our work to verify that the information provided to us is consistent with the documents from which it was derived.

Agreements submitted for approval at the annual general meeting

Agreements authorised and signed during the financial year

In accordance with Article L.225-38 of the French Commercial Code (*Code de commerce*), we hereby inform you that we were not advised of any agreements authorised during the year that were submitted for approval at the Annual General Meeting.

Agreements previously approved at annual general meetings

Agreements approved in prior years, which continued to apply during the financial year

In accordance with Article R.225-30 of the French Commercial Code (Code de commerce), we have been informed of the following agreements, which were approved at Annual General Meetings in prior years and continued to apply in the financial year.

Mandate agreement between the Company and Ms Julie Walbaum

Authorisation: Board of Directors meeting on 29 June 2018,

Person concerned: Julie Walbaum, Chief Executive Officer

Nature and purpose: Set the terms and conditions governing Julie Walbaum's term of office as Chief Executive Officer

Benefits to the Company: Preservation of the Company's legitimate interests

Terms and Conditions: Fixed annual gross compensation of €400,000 payable over a 12-month period

- A gross annual variable bonus whose target value is 60% of variable compensation, subject to performance conditions
- Use of a company car corresponding to a benefit in kind of €6,000
- Supplementary health and retirement benefits, civil liability insurance, unemployment insurance guaranteeing indemnities over a 12-month period
- In exchange for compliance with a non-compete obligation after termination of her term of office, a flat-rate indemnity equal to 50% of average gross monthly compensation paid in the 12 months preceding termination of the term of office

Service agreement between the Company and Gilles Petit Conseil

Authorisation: Board of Directors meeting of 29 June 2018

Person concerned: Gilles Petit, director of the Company and Chairman and Sole Shareholder of Gilles Petit Conseil

Nature and purpose: Provision of consultancy services (including operational management and coaching) to Management

Benefits to the Company: Consultancy and support services provided by Gilles Petit Conseil, whose Chairman is the former Chief Executive Officer of Maisons du Monde

Terms and Conditions: Payment of a monthly flat-rate sum of €8,333.33 excluding tax for 12 months in 2019.

Termination: 31 December 2020.

Nantes and Paris - La Défense, le 9 april 2020

The Statutory Auditors

KPMG AUDIT Department of KPMG S.A.	Deloitte & Associés
Gwénaël CHEDALEUX Partner	Jean Paul SEGURET Partner

Notes to fiscal year 2019

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5.1 Key highlights

5.1.1 ACQUISITION OF RHINOV

In June 2019, the Group completed the purchase of a 70.4% stake in Rhinov, with an option to acquire the remaining outstanding shares in future. Maisons du Monde's stake has been financed entirely in cash, without recourse to additional indebtedness.

Rhinov is a start-up specialising in 3D internal design simulation, from a plan or photo, for professionals and individuals. The Company reported revenue of €1.3 million in 2018.

5.1.2 SALE OF CHIN CHIN LIMITED

On 13 November 2019, the Group signed a memorandum of understanding for the sale on 13 December 2019 of its stake in the joint-venture, Chin Chin Limited, to its partner for HK$1. Maisons du Monde France owned a 50% stake in this company which was accounted for using the equity method. This disposal also includes the sale of its wholly-owned direct (Shangai Chin Chin Furnishings Co Limited) and indirect (Wujiang Chin Chin Furniture, Wujiang Henghui Machinery) subsidiaries.

5.2 Results of operating activities

5.2.1 KEY METRICS

KEY FINANCIAL INDICATORS FOR THE FULL YEAR 2019 [(1)]

	Year ended 31 December		
(in € millions)	**2019**	**2018**	**% change**
Sales	**1,225.4**	**1,111.2**	**+10.3%**
Of which Maisons du Monde	1,181.4	1,085.4	+8.8%
% like-for-like change	+3.6%	+3.1%	-
Of which Modani	44.1	25.9	n/a
Gross margin	**800.4**	**734.4**	**+9.0%**
As a% of sales	65.3%	66.1%	(80) bps
EBITDA	**152.7**	**148.0**	**+3.2%**
As a% of sales	12.5%	13.3%	(80) bps
EBIT	**113.8**	**111.6**	**+2.0%**
As a% of sales	9.3%	10.0%	(70) bps
NET INCOME	**62.4**	**60.7**	**+2.9%**
Dividend per share *(€)*	-	0.47	+6.4%
FREE CASH FLOW [(2)]	**84.1**	**13.3**	**n/a**
NET DEBT [(1)]	**142.9**	**185.5**	**(23.0)%**
Leverage ratio [(3)] *(x)*	0.9 x	1.3 x	(0.4) x

(1) Before application of IFRS 16. For more information, see note 2.2 “New standards, amendments and interpretations” of Section 6.1.6 “Notes to the consolidated financial statements” of Chapter 6 “Financial Statements” and Section 5.2.5 “Non-IFRS financial metrics” of Chapter 5 “Notes to financial year 2019” of this Universal Registration Document.

(2) Before acquisition of subsidiaries (net of cash acquired).

(3) Net debt divided by EBITDA.

5.2.2 ANALYSIS OF SALES

OVERVIEW OF FULL YEAR 2019 SALES

	Year ended 31 December		
(in € millions)	2019	2018	% change
SALES BY GEOGRAPHY			
France	672.6	647.4	+3.9%
International	552.8	463.8	+19.2%
TOTAL SALES	1,225.4	1,111.2	+10.3%
France *(%)*	54.9%	58.3%	-
International *(%)*	45.1%	41.7%	-
TOTAL SALES *(%)*	100.0%	100.0%	-
SALES BY DISTRIBUTION CHANNEL			
Stores	923.0	859.5	+7.4%
Online	302.4	251.8	+20.1%
TOTAL SALES	1,225.4	1,111.2	+10.3%
Stores *(%)*	75.3%	77.3%	-
Online *(%)*	24.7%	22.7%	-
TOTAL SALES *(%)*	100.0%	100.0%	-
SALES BY PRODUCT CATEGORY			
Decoration	662.2	619.0	+7.0%
Furniture	563.2	492.2	+14.4%
TOTAL SALES	1,225.4	1,111.2	+10.3%
Decoration *(%)*	54.0%	55.7%	-
Furniture *(%)*	46.0%	44.3%	-
TOTAL SALES *(%)*	100.0%	100.0%	-

Maisons du Monde posted total sales of €1,225.4 million in 2019, up 10.3% compared to 2018 including Modani (12 months of business compared to 8 months in 2018), and up 8.8% at like-for-like. Like-for-like sales growth was 3.6% over the period.

All geographical areas, distribution channels and product categories contributed to this growth. International sales grew sharply (+19.2%) and represented around 45% of total Group sales in 2019, while sales in France increased by 3.9%. Modani contributed €44.1 million to international sales in 2019. Online sales continued to generate sustained double-digit growth (+20.1%), representing around 25% of total Group sales in 2019, while in-store sales increased by 7.4%. Including orders made in stores using digital devices such as tablets, digital sales accounted for nearly 50% of the Group's sales in 2019. Lastly, furniture sales grew by 14.4% compared to 2018, while sales of decoration items increased by 7.0%.

During 2019, Maisons du Monde continued to implement its store network development roadmap, with 41 gross store openings, including 18 in France and 23 internationally (including six Modani stores). Given that there were also 14 store closures as a result of actively managing its fleet, the Group had 27 net store openings in 2019, including 12 in France and 15 internationally (including five Modani stores). At 31 December 2019, the Group operated with 376 (including 18 Modani) stores in nine countries, up from 349 at 31 December 2018, with a total retail trading space of 432,300 square metres, an addition of 33,900 square metres year-on-year.

A. Sales by geography

In 2019, the Group's sales in France reached 672.6 million, or 54.9% of total sales, up 3.9% compared to 2018, due to strong growth in online sales, the net opening of 12 new stores over the period and the full-year impact of store openings that occurred in 2018. This compensated for a softer retail environment overall that impacted in-store traffic and the negative effects of the pension reforms strike in France, which blocked the Group's warehouses in Marseille and disrupted its end-of-year sales, particularly in the Paris region.

The Group's international sales were €552.8 million in 2019, or 45.1% of total sales, up 19.2% compared to 2018, reflecting the continued strong growth in sales on a like-for-like basis, the full-year impact of store openings that occurred in 2018 and the net opening of 15 new stores over the period. Modani contributed €44.1 million to international sales in 2019, compared to €25.9 million in 2018 (from May to December).

B. Sales by distribution channel

In 2019, store sales reached €923.0 million, or 75.3% of total sales, up 7.4% compared to 2018, as a result of continued sales growth on a like-for-like basis of the international stores. The latter benefited from the greater appeal and visibility of the Group's collections, the net opening of 27 new stores over the period and the full year effect of store openings in 2018. This partially offset the impact of a softer retail environment overall in France which affected in-store traffic.

Online sales in 2019 stood at €302.4 million, or 24.7% of the Group's total sales, up 20.1% compared to 2018, benefiting from a ROI-based marketing strategy, and from improvements to the Group's website, which increased the conversion rate. Rhinov contributed €1.2 million to online sales in 2019.

C. Sales by product category

In 2019, sales of decoration items were €662.2 million, accounting for 54.0% of total sales, up 7.0% compared to 2018, while furniture sales reached €563.2 million, representing 46.0% of total sales, up 14.4% compared to 2018. This performance reflected strong growth in online sales, which have a more concentrated product mix for furniture.

5.2.3 EBITDA ANALYSIS

BREAKDOWN OF EBITDA BY GEOGRAPHY (1)

	Year ended 31 December		
(in € millions)	**2019**	**2018**	**% change**
France	141.8	136.6	+3.8%
International	80.8	74.1	+9.1%
Corporate segment	(69.8)	(62.7)	+11.4%
EBITDA	**152.7**	**148.0**	**+3.2%**

(1) *Before application of IFRS 16. For further information, refer to note 4 "Segment reporting" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial statements" of this Registration Document.*

In 2019, EBITDA amounted to €152.7 million in 2018, up 3.2% compared to 2018, resulting in an EBITDA margin of 12.5% compared to 13.3% in 2018. This change stems mainly from (i) solid sales growth, (ii) a reduction in gross margin due to increased promotional activity, in particular towards the end of the year and, to a lesser extent, an unfavourable product mix with a higher contribution from furniture sales compared to higher margin decoration items, and (iii) a slight reduction in overhead costs and administrative expenses as a percentage of sales, which was partly offset by Modani's operating losses in the United States, which were caused by the temporary increase in storage costs and the faster rate of opening of new stores in the second half of the year.

A. EBITDA in France

In France, EBITDA totalled €141.8 million in 2019, up 3.8% compared to 2018. This change is due mainly to a slight increase in sales on a like-for-like basis, despite a softer retail environment overall, and the negative effects of the pension reform strikes in France on Group sales at the end of the year. There was also a scope effect related to new store openings over the period. EBITDA also benefited from cost reduction measures implemented during the second half of 2019. As a percentage of sales in France, the EBITDA margin (excluding the corporate segment) was 21.1% in 2019, i.e. stable compared to 2018.

B. International EBITDA

Internationally, EBITDA was €80.8 million in 2019, up 9.1% compared to 2018, mainly due to the continuing strong like-for-like sales growth and a scope effect linked to the new store openings, which partially offset Modani's operating losses in the United States. As a percentage of international sales, the EBITDA margin (excluding the corporate segment) was 14.6% in 2019 compared to 16.0% in 2018.

5.2.4 INCOME STATEMENT ANALYSIS

SIMPLIFIED CONSOLIDATED INCOME STATEMENT [(1)]

	Year ended 31 December	
(in € millions)	2019	2018
Sales	**1,225.4**	**1,111.2**
Other revenue from ordinary activities	35.3	31.9
Revenue	**1,260.8**	**1,143.1**
Cost of sales	(425.1)	(376.8)
Personnel expenses	(235.0)	(213.6)
External expenses	(446.8)	(403.5)
Depreciation, amortisation and allowance for provisions	(38.9)	(36.4)
Fair value - derivative financial instruments	5.2	(1.2)
Other income and expenses from operations	4.1	2.6
Other expenses from operations	(7.2)	(6.1)
Current operating profit before other operating income and expenses	**117.0**	**108.2**
Other operating income and expenses	(8.3)	(4.7)
Operating profit (loss)	**108.6**	**103.5**
Cost of net debt	(6.8)	(6.6)
Finance income	1.4	1.6
Finance expenses	(3.2)	(4.3)
Financial profit (loss)	**(8.5)**	**(9.3)**
Share of profit of equity-accounted subsidiaries	-	-
Profit/(loss) before income tax	**100.1**	**94.2**
Income tax	(37.7)	(33.5)
NET INCOME	**62.4**	**60.7**

(1) *Before application of IFRS 16. For more information, see note 2.2 "New standards, amendments and interpretations" of Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements" of this Universal Registration Document.*

A. Revenue

In 2019, the Group's **sales** reached €1,225.4 million, up 10.3% compared to 2018 (see analysis of sales in Section 5.2.2).

The contributions from other revenue reached €35.3 million in 2019 compared to €31.9 million in 2018, mainly due to a higher volume of transportation services sold, reflecting growth in sales.

In view of all these elements, the Group's consolidated **revenue** stood at €1260.8 million in 2019, up by €117.6 million, or 10.3%, compared to 2018.

B. Gross margin

Cost of sales increased by €48.3 million, or 12.8%, to €425.1 million in 2019, compared to €376.8 million in 2018. As a percentage of sales, the cost of sales was 34.7% in 2019 compared to 33.9% in 2018. This change is due mainly to (i) greater promotional activity, particularly towards the end of the year, and (ii) to a lesser extent, an unfavourable product mix, with a greater contribution from furniture sales compared to higher margin decoration items.

In 2019, Maisons du Monde posted a **gross margin** of €800.4 million, or 65.3% of sales, compared to €734.4 million, or 66.1% of sales, in 2018.

C. Current operating profit

Personnel expenses increased by €21.4 million, or 10.0%, to €235.0 million in 2019, compared with €213.6 million in 2018, as the average number of full-time equivalent (FTE) employees increased from 6,630 employees at 31 December 2018 to 7,516 at 31 December 2019. This increase is related mainly to (i) the opening of new stores and (ii) the full-year impact of the additional resources recruited in 2018 and in 2019 in the central functions..

As a percentage of sales, personnel expenses were 19.2% in 2019, stable in comparison with 2018. This was mainly due to (i) the relative stability in same-store personnel expenses in a context of sales growth and (ii) changes in the sales breakdown by distribution channel, with lower personnel costs for online sales (which posted higher growth than in-store sales for the period), offset by (iii) a €1.5 million increase in employee profit-sharing and €0.6 million increase in share-based payments (including social security costs).

External expenses increased by 43.3 million, or 10.7%, to €446.8 million in 2019 compared to €403.5 million in 2018. This was primarily due to (i) the 19.9% increase in transportation costs related to higher sales and the greater volume of transportation services provided by third parties following the disposal of Distri-Meubles business assets in 2018, (ii) the increase in the retail trading space related to net store openings, rising from 398,400 square metres at 31 December 2018 to 432,300 square metres at 31 December 2019, resulting in increased rents and related expenses and repair and maintenance costs, (iii) increased advertising and marketing expenses, and (iv) a rise in other external expenses, mainly reflecting the impact of Modani's logistics subcontracting expenses.

As a percentage of sales, external charges were 36.5% in 2019, compared to 36.3% in 2018. This change primarily reflects (i) the Group's continued investments to support its sales growth, particularly in marketing, IT and data, and (ii) temporary pressure on logistics and marketing costs at Modani associated with its rapid expansion, partially offset by (iii) the Group's good management of its in-store operating costs.

Depreciation, amortisation, and allowance for provisions increased by €2.6 million, or 7.1%, to €38.9 million in 2019, compared to €36.4 million in 2018, primarily driven by the depreciation of fixed assets related to new store openings in 2018 and 2019.

As a percentage of sales, depreciation, amortisation, and allowance for provisions amounted to 3.2% in 2019, compared to 3.3% in 2018.

The **change in the fair value of derivative financial instruments**, which hedge or enable the hedging of all Group purchases of goods and sea freight denominated in US dollars for the Group, amounted to income of €5.2 million in 2019, compared to an expense of €1.2 million in 2018.

Other **operating income and expenses** represented a net expense of €3.1 million in 2019, compared to a net expense of €3.5 million in 2018. This change is due primarily to (i) an increase in the expenses for store relocations as part of the Group's active management of its store portfolio and (ii) commercial litigations, which by nature may be volatile.

The Group posted current **operating profit before operating income and expenses** of €117.0 million in 2019 compared to €108.2 million in 2018. Excluding the change in the fair value of derivative financial instruments, current operating profit before operating income and expenses increased by €2.4 million to €111.8 million in 2019, compared to €109.4 million in 2018.

D. Operating profit (loss)

Other operating income and expenses represented a net expense of €8.3 million in 2019, compared to a net expense of €4.7 million in 2018. This mainly included (i) unrecoverable debts following the disposal of Chin Chin (€2.1 million), (ii) a provision for risk in the context of a trade dispute (€2.0 million), (iii) costs associated with non-relocated store closures (€1.5 million), and (iv) restructuring expenses (€1.5 million).

As a result, the Group posted an **operating profit** of €108.6 million in 2019 compared to €103.5 million in 2018.

E. Financial profit (loss)

Financial profit (loss) represented a net expense of €8.5 in 2019, compared to a net expense of €9.3 million in 2018. This included, in particular, an exchange gain of €1.0 million (compared to an exchange loss is not €0.3 million in 2018). The cost of net debt rose by €0.2 million to €6.8 million in 2019, compared to €6.8 million in 2018, including a non-cash charge of €4.2 million relating to the convertible bonds (OCEANE).

F. Income tax expense

In 2019, **income tax** represented an expense of €37.7 million, compared to €33.5 million in 2018. This comprised: (i) €37.4 million in current tax due (€30.8 million in 2018), including €6.8 million in the French CVAE tax, the Italian IRAP tax and the German Gewerbesteuer tax of €6.8 million (€6.3 million in 2018), and (ii) a deferred tax expense of €0.3 million (compared with a €2.7 million expense in 2018).

G. Net income

In 2019, the Group recorded a **profit** of €62.4 million in 2018 compared to €60.7 million in 2018.

5.2.5 NON-IFRS FINANCIAL METRICS

The Group adopted IFRS 16 on 1 January 2019 and decided to apply the simplified retrospective method. Consequently, the data from prior financial years are presented in accordance with previous accounting policies, as presented in the Group's consolidated financial statements for the year ended 31 December 2018. In order to facilitate comparison with prior periods, the Group provides financial metrics before the impact of IFRS 16, including EBITDA, EBIT, free cash flow and net debt.

RECONCILIATION OF EBITDA

	Year ended 31 December	
(in € millions)	**2019**	**2018**
Current operating profit before other operating income and expenses	**122.6**	**108.2**
Depreciation, amortisation, and allowance for provisions	139.8	36.4
Fair value - derivative financial instruments	(5.2)	1.2
Expenses prior to openings	1.9	2.2
EBITDA	**259.2**	**148.0**
Impact IFRS 16	(106.5)	-
EBITDA BEFORE IFRS 16 IMPACT	**152.7**	**148.0**

RECONCILIATION OF EBIT

	Year ended 31 December	
(in € millions)	**2019**	**2018**
EBITDA	**259.2**	**148.0**
Depreciation, amortisation and allowance for provisions	(139.8)	(36.4)
EBIT	**119.4**	**111.6**
Impact IFRS 16	(5.6)	-
EBITDA BEFORE IFRS 16 IMPACT	**113.8**	**111.6**

RECONCILIATION OF NET INCOME

	Year ended 31 December			
(in € millions)	**2019 IFRS 16**	**Transition from IFRS 16 to IAS 17**	**2019 IAS 17**	**2018 IAS 17**
Current operating profit before other operating income and expenses	**122.6**	**(5.6)**	**117.0**	**108.2**
Other operating income and expenses	(8.3)	-	(8.3)	(4.7)
Operating profit (loss)	**114.2**	**(5.6)**	**108.6**	**103.5**
Cost of net debt	(6.7)	(0.1)	(6.8)	(6.6)
Cost of lease liability	(12.8)	12.8	-	-
Finance income	1.4	-	1.4	1.6
Finance expenses	(3.1)	(0.1)	(3.2)	(4.3)
Financial profit (loss)	**(21.1)**	**12.6**	**(8.5)**	**(9.3)**
Share of profit (loss) of equity-accounted investees	-	-	-	-
Profit (loss) before income tax	**93.1**	**7.0**	**100.1**	**94.2**
Income tax expense	(35.3)	(2.4)	(37.7)	(33.5)
Net income	**57.8**	**4.6**	**62.4**	**60.7**

RECONCILIATION OF FREE CASH FLOW

	Year ended 31 December			
(in € millions)	2019 IFRS 16	Transition from IFRS 16 to IAS 17	2019 IAS 17	2018 IAS 17
Profit (loss) before income tax	**93.1**	**7.0**	**100.1**	**94.2**
Depreciation, amortisation, and allowance for provisions	144.5	(100.9)	43.6	38.8
Cost of net debt	6.7	0.1	6.8	6.6
Lease liability costs	12.8	(12.8)	-	-
Change in other operating items	(0.7)	-	(0.7)	5.6
Change in operating working capital requirements	36.1	1.3	37.4	(75.8)
Income tax paid	(36.9)	-	(36.9)	(17.7)
Net cash generated by/(used in) operating activities(A)	**255.5**	**(105.2)**	**150.3**	**51.6**
Capital expenditure	(60.9)	-	(60.9)	(45.8)
Change in debts on fixed assets	(4.3)	-	(4.3)	7.3
Proceeds from sale of non-current assets	0.5	-	0.5	0.2
Decrease in lease liability	(96.6)	95.1	(1.5)	-
Lease liability interest paid	(10.1)	10.1	-	-
Net cash generated by/(used in) investment activities (B)	**171.4**	**105.2**	**66.2**	**38.3**
FREE CASH FLOW (1) (A) + (B)	**84.1**	**-**	**84.1**	**13.3**
Acquisition of subsidiaries (net of cash acquired)	(10.2)	-	(10.2)	(36.3)
FREE CASH FLOW AFTER INVESTMENT ACTIVITIES	**73.9**	**-**	**73.9**	**(23.0)**

(1) *Before acquisition of subsidiaries (net of cash acquired).*

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RECONCILIATION OF EBITDA

	As of 31 December	
(in € millions)	2019	2018
Convertible Bond	182.1	177.8
Term loan	49.8	49.6
Revolving Credit Facilities	(0.4)	9.3
Other borrowings (1)	1.7	1.5
Finance leases	-	4.6
Finance leases	666.2	-
Cash and cash equivalents	(94.5)	(57.2)
NET DEBT	**804.9**	**185.5**
Impact IFRS 16	(662.0)	-
NET DEBT AFTER IFRS 16 IMPACT	**142.9**	**185.5**

(1) *Including other borrowings, deposits and guarantees, and bank overdrafts.*

5.3 Liquidity and capital resources

5.3.1 ANALYSIS OF CASH FLOWS

The table below shows the Group's consolidated cash flows for the financial years ending 31 December 2018 and 2019 (before application of IFRS 16).

	Year ended 31 December	
(in € millions)	**2019**	**2018**
Net cash flow from/(used in) operating activities	150.3	51.6
Net cash generated by/(used in) investment activities	(74.9)	(74.6)
Net cash flow from/(used in) financing activities	(37.6)	(20.5)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**37.9**	**(43.5)**
Cash and cash equivalents at beginning of period	56.6	100.1
Net increase/(decrease) in cash and cash equivalents	37.9	(43.5)
Exchange gains/(losses) on cash and cash equivalents	0.0	(0.0)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**94.5**	**56.6**

In 2019, the **Group's operating activities** generated a net change in cash flow of €150.3 million (compared to a net positive change of €51.6 million in 2018) which included (i) a gain of €149.9 million in pre-tax profit after restatement of the cost of net debt of €6.7 million and an expense of €43.1 million with no impact on cash flow (including €43.6 million in depreciation, amortisation and allowance for provisions, €2.6 million in share-based payments, €2.1 million in gains or losses on disposals and a positive change of €5.2 million in fair-value hedging derivatives), (ii) a positive change of €36.1 million in working capital requirements and (iii) a €36.9 million cash outflow related to the payment of income tax.

The **change in working capital** had a positive impact on cash flow of €36.1 million in 2019 (compared with a negative impact of €75.8 million in 2018), due mainly to an increase in inventories of €30.9 million (compared with an increase of €71.9 million in 2018).

In 2019 the **Group's investing activities** generated a net negative change in cash flow of €74.9 million (compared with a net negative change of €74.6 million in 2018). This primarily included capital expenditure of €60.9 million (compared with €45.8 million in 2018), including €29.9 million for development investments for the opening of 41 new stores (gross data) and €12.0 million in IT investments.

In 2019, **the Group's financing activities** generated a net negative change in cash flow of €37.6 million (compared to a net negative change of €20.5 million in 2018), which mostly included (i) the repayment of the revolving credit facility for €10.5 million, (ii) net acquisitions of treasury shares under the liquidity contract and share buyback plans, for €2.9 million, (iii) interest paid, related mainly to the term loan and revolving credit facility, for €1.9 million, and (iv) the payment of dividends to Group shareholders for €21.1 million.

5.3.2 FINANCIAL RESOURCES

The change in net debt between 31 December 2018 and 31 December 2019 breaks down as follows (before application of IFRS 16):

		Cash impact			Without cash impact					
(in € thousands)	**31 December 2018**	**Increase**	**Decrease**	**Scope effect**	**Issuance fees**	**Finance leases**	**Interest**	**Change effect**	**Scope effect**	**31 December 2019**
Convertible Bond	177,791	-	(250)	-	318	-	4,216	-	-	182,075
Term loan	49,633	-	(633)	-	171	-	639	-	-	49,810
Revolving Credit Facilities	9,275	-	(10,814)	-	327	-	806	-	-	(407)
Other borrowings	373	-	(603)	-	38	-	91	8	997	904
Finance leases	4,559	-	-	-	-	(305)	-	-	-	4,524
Deposits and guarantees	471	319	-	-	-	-	-	-	-	790
Bank overdraft	615	-	(605)	-	-	-	-	-	-	11
Cash and cash equivalents	(57,181)	36,789	-	519	-	-	-	-	-	94,489
TOTAL NET DEBT	**185,536**	**(36,470)**	**(12,905)**	**(519)**	**854**	**(305)**	**5,752**	**8**	**997**	**142,948**

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5.4 Events after the reporting date

As of the publication date of this URD, the Group has not identified any other subsequent events other than those outlined in the corporate and consolidated financial statements (see Chapter 6.1 Note 39 and 6.3 Note 28).

5.5 Outlook

Due to the unprecedented nature of the health crisis relating to the COVID-19 virus, and the fact that it is extremely rapidly developing throughout the world, the Group believes that it is not possible to quantify the impact of the limitation of its activity in the various countries in which it operates on its sales and results. It is therefore not possible at this stage to provide reliable sales and profit forecasts for 2020.

Furthermore, given the developments since 11 March 2020, in particular the closure of all Maisons du Monde stores in Europe and the United States, the information provided by the Group on expected sales trends for Q1 and Q2 2020 in year-on-year terms are no longer valid.

Business priority areas

In 2020, Maisons du Monde's commercial priorities are to:

- mitigate the impact of COVID-19 on commercial activity and financial results;
- improve in-store traffic in France by repositioning some parts of the network;
- selectively increase our international presence;
- launch the Maisons du Monde "Marketplace" this year;
- continue to develop Modani, improve profitability and optimise the supply chain;
- support Rhinov's development, particularly by testing sales of its services in our French stores;
- continue to develop our B2B offering and our franchising activities (including a new opening planned in Algeria).

Current situation

The Group is actively managing two external shocks which are affecting revenue growth :

- the impact of the French dockers' strike on the level of stocks has been substantial during most of the quarter that is dissipating; the delay in processing containers in Marseille improved at the end of March. Mitigatory measures primarily involved sending and unloading containers in non-French ports, which improved our restocking capacity, albeit with higher logistical expenses.
- Nevertheless, the strike reduced the availability of products online and in-store which, in turn, reduced first quarter revenue growth;
- the coronavirus (Covid-19) started to disrupt the production of items in China in mid February, leading to the closure of our plants for more than one month. Since then, production has resumed in most of our plants, but with reduced capacity and an uncertain ramp-up rate. Between 11 March and 19 March 2020, all Maisons du Monde stores in Europe and the United States closed. Nevertheless, the Group continued to sell its products and serve its customers in its various geographies through its e-commerce activity. Modani stores progressively closed beginning 14 March 2020 and were all closed as of 3 April 2020.

Moreover, the repercussions of COVID-19 are likely to have a negative impact on revenue growth in the second quarter of 2020.

Outlook

Given the above, first-quarter 2020 sales were down 13% overall compared to the first quarter of 2019, and the Group estimates that second-quarter sales in 2020 will be lower year-on-year.

Given the unprecedented nature of COVID-19 and its unpredictable consequences on the potential behaviour of consumers, it is not possible at this stage to provide a reliable sales and profits forecast for 2020 as a whole. The Group will provide this as soon as visibility improves.

In terms of developing new stores and given current circumstances, the Management team is in the process of reviewing the store opening plan for the year in order to strike the correct balance between investments in future sales growth and protecting cash. Other capital expenditure is also undergoing an in-depth review.

Lastly, the Group is implementing a significant cost reduction program in order to protect its income and cash generation.

Financial statements

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6.1 Consolidated financial statements for the year ended 31 December 2019

6.1.1 CONSOLIDATED INCOME STATEMENTS

(in € thousands)	Notes	31 December 2019	31 December 2018
Revenue	5	1,231,017	1,118,194
Other revenue from ordinary activities	5	32,680	24,944
Revenue		**1,263,697**	**1,143,138**
Cost of sales		(425,057)	(376,751)
Personnel expenses	6	(234,991)	(213,634)
External expenses	7	(343,292)	(403,492)
Depreciation, amortization and allowance for provisions		(139,801)	(36,353)
Fair value - derivative financial instruments	24	5,164	(1,166)
Other income from operations	8	4,063	2,561
Other expenses from operations	8	(7,195)	(6,100)
Current operating profit before other operating income and expenses		**122,586**	**108,203**
Other operating income and expenses	9	(8,346)	(4,718)
Operating profit (loss)		**114,241**	**103,485**
Cost of net debt	10	(6,663)	(6,617)
Cost of lease debt (1)	10	(12,764)	-
Finance income	10	1,445	1,620
Finance expenses	10	(3,136)	(4,326)
Financial profit (loss)		**(21,118)**	**(9,323)**
Share of profit (loss) of equity-accounted investees		0	0
Profit (loss) before income tax		**93,123**	**94,162**
Income tax expense	11	(35,285)	(33,473)
PROFIT (LOSS)		**57,838**	**60,689**
Attributable to:			
• owners of the Parent		59,477	60,050
• non-controlling interests		(1,639)	640
Earnings per share attribuable to the owners of the parent:			
Basic earnings per share	12	1.32	1.33
Diluted earnings per share	12	1.26	1.26

(1) The impact of the IFRS 16 application is presented in note 2.2.

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

6.1.2 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in € thousands)	Notes	31 December 2019	31 December 2018
PROFIT (LOSS) FOR THE PERIOD		**57,838**	**60,689**
• Remeasurements of post employment benefit obligations	28	(1,307)	226
• Income tax related to items that will not be reclassified		379	(77)
Total items that will not be reclassified to profit or loss		**(928)**	**149**
• Cash-flow hedge	24	9,244	41,467
• Currency translation differences		931	947
• Income tax related to items that will be reclassified		(3,183)	(14,277)
Items that will be reclassified subsequently to profit or loss		**6,992**	**28,137**
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		6,064	28,286
TOTAL COMPREHENSIVE INCOME (LOSS)		**63,902**	**88,975**
Attributable to:			
• owners of the parent		65,333	88,223
• non-controlling interests		(1,431)	752

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

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6.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in € thousands)	Notes	31 December 2019	31 December 2018
Goodwill	14	375,202	368,449
Other intangible assets	15	247,068	267,244
Property, plant and equipment	16	165,662	159,282
Rights of use [1]	17	680,090	-
Other non-current financial assets	18	15,693	14,816
Deferred income tax assets	19	4,581	2,751
Derivative financial instruments	24	-	4,664
Other non-current assets	20	-	7,862
Non-current assets		**1,488,297**	**825,070**
Inventories	21	210,837	241,229
Trade receivables and other current receivables	22	63,430	83,547
Other current financial assets	23	-	27
Current income tax assets		4,450	4,310
Derivative financial instruments	24	16,858	-
Cash and cash equivalents	25	94,489	57,181
Current assets		**390,063**	**386,294**
TOTAL ASSETS		**1,878,360**	**1,211,364**

Equity and Liabilities

(in € thousands)	Notes	31 December 2019	31 December 2018
Share capital	26	146,584	146,584
Share premiums	26	134,283	134,283
Retained earnings	26	292,788	248,946
Profit (loss) for the period		59,477	60,050
Equity attributable to owners of the Company		**633,132**	**589,863**
Non-controlling interests		(679)	752
TOTAL EQUITY		632,453	590,614
Borrowings	26	50,891	53,039
Convertible bond	26	182,075	178,092
Medium and long term lease liability (1)	17	554,547	-
Deferred income tax liabilities	19	60,319	58,180
Post-employment benefits	28	10,939	8,619
Provisions	29	13,702	14,409
Derivative financial instruments	24	141	-
Other non-current liabilities	**31**	**23,149**	**34,994**
Non-current liabilities		895,764	347,332
Current portion of borrowings and convertible bond	27	216	11,586
Short term lease liability (1)	17	111,653	-
Trade payables and other current payables	30	232,772	250,940
Provisions	29	3,856	1,128
Corporate income tax liabilities		1,646	964
Derivative financial instruments	24	-	2,354
Others current liabilities	32	-	6,450
Current liabilities		**350,143**	**273,422**
TOTAL LIABILITIES		1,245,906	620,754
TOTAL EQUITY AND LIABILITIES		**1,878,360**	**1,211,364**

(1) The impact of the IFRS 16 application is presented in note 2.2.

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

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6.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in € thousands)	Notes	31 December 2019	31 December 2018
Profit (loss) for the period before income tax		93,123	94,162
Adjustments for:			
• Depreciation, amortization and allowance for provisions		144,500	38,802
• Net (gain) loss on disposals	8 & 9	2,066	1,686
• Change in fair value – derivative financial instruments	24	(5,164)	1,166
• Share-based payments		2,560	2,717
• Other		(197)	-
• Cost of net debt	10	6,663	6,617
• Cost of Lease debt		12,764	-
Change in operating working capital requirement:			
• (Increase) decrease in inventories		30,855	(71,869)
• (Increase) decrease in trade and other receivables		19,723	(397)
• Increase (decrease) in trade and other payables		(14,492)	(3,534)
Income tax paid		(36,900)	(17,736)
Net cash flow from/(used in) operating activities		**255,501**	**51,614**
Acquisitions of non-current assets:			
• Property, plant and equipment	16	(47,343)	(42,632)
• Intangible assets	15	(12,716)	(6,419)
• Subsidiaries acquisition, net of cash acquired (1)		(10,156)	(36,288)
• Other non-current assets		(796)	3,210
• Change in debts on fixed assets	30	(4,312)	7,275
Proceeds from sale of non-current assets	8 & 9	467	233
Net cash flow from/(used in) investing activities		**(74,855)**	**(74,621)**
Proceeds from borrowings	27	318	10,081
Borrowings	27	(10,479)	(2,228)
Decrease in lease debt (2)	17	(96,632)	-
Acquisitions (net) of treasury shares	26	(2,880)	(6,544)
Dividends paid	26	(21,143)	(19,890)
Interest paid	27	(1,878)	(1,893)
Lease interest paid (2)	17	(10,074)	-
Net cash flow from/(used in) financing activities		**(142,768)**	**(20,473)**
Exchange gains/(losses) on cash and cash equivalents		35	(48)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		37,878	(43,480)
Cash and cash equivalents at beginning of period		56,565	100,093
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**94,478**	**56,565**

(1) Related to:

- *in 2019, the acquisition of Rhinov (See note 1.1 – Acquisition of Savane Vision (“Rhinov”);*
- *in 2018, the acquisition of Modani (See note 1.1 – Acquisition of the Modani Group in the United States).*

(2) The impact of the IFRS 16 application is presented in note 2.2.

(in € thousands)	31 December 2019	31 December 2018
Cash and cash equivalents (excluding bank overdrafts)	94,489	57,181
Bank overdrafts	(11)	(615)
CASH AND CASH EQUIVALENTS	**94,478**	**56,565**

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

6.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent						
(in € thousands)	**Notes**	**Share capital**	**Share premium**	**Retained earnings**	**Currency translation difference**	**Total**	**Non-controlling interest**	**Total equity**
Balance as of 1 January 2018		**146,584**	**134,283**	**244,652**	**(481)**	**525,037**	**-**	**525,037**
Variation of non controlling interest (1)		-	-	-	-	-	*18,287*	-
Non-controlling interest put option (1)		-	-	-	-	-	*(18,287)*	-
Dividends		-	-	(19,890)	-	(19,890)	-	(19,890)
Share-based payments		-	-	2,717	-	2,717	-	2,717
Treasury shares		-	-	(6,226)	-	(6,226)	-	(6,226)
Profit (loss) for the period		-	-	60,050	-	60,050	640	60,689
Other comprehensive income for the period		-	-	27,339	835	28,174	112	28,286
BALANCE AS OF 31 DECEMBER 2018		**146,584**	**134,283**	**308,641**	**354**	**589,862**	**752**	**590,613**
Balance as of 1 January 2019		**146,584**	**134,283**	**308,641**	**354**	**589,862**	**752**	**590,613**
Variation of non controlling interest (2)		-	-	-	-	-	*1,776*	-
Non-controlling interest put option (2)		-	-	-	-	-	*(1,776)*	-
Non-controlling interest put option (3)	31	-	-	(709)	-	(709)		(709)
Dividends cash-settled		-	-	(21,143)	-	(21,143)	-	(21,143)
Share-based payments	26	-	-	(1,766)	-	(1,766)	-	(1,766)
Treasury shares	26	-	-	1,555	-	1,555	-	1,555
Profit (loss) for the period		-	-	59,477	-	59,477	(1,639)	57,838
Other comprehensive income for the period		-	-	5,133	723	5,856	208	6,064
BALANCE AS OF 31 DECEMBER 2019		**146,584**	**134,283**	**351,188**	**1,077**	**633,131**	**(679)**	**632,453**

(1) Acquisition of Modani in the United Stated.

(2) Acquisition of Savane Vision ("Rhinov") (See note 1.1 and note 31 – Other non-current liabilities).

(3) Revaluation of put debt on minority interests at 31 December 2019 (See note 31).

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

Maisons du Monde S.A. is a limited liability company with a Board of Directors, governed by the laws of France. Its registered office is at Le Portereau – 44120, Vertou. Maisons du Monde's shares are listed on Euronext Paris.

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

The Group is a fast-growing omnichannel retailer of stylish, affordable furnishings and homeware products through its network of stores and its e-commerce platform. Its product range includes a wide variety of styles and categories of furnishings, both in terms of small decorative items, with products including household textiles, tableware and kitchenware, mirrors and picture frames, and large decorative products and furniture, such as large mirrors and lamps, tables, chairs, armchairs and sofas, cupboards, bookshelves and outdoor furniture.

The consolidated financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 25 March 2020 and will be submitted to the Annual Shareholders' Meeting for approval on 12 June 2020. All amounts are expressed in thousands of euro, unless otherwise specified.

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL

Note 1 Significant events

1.1 Savane Vision Group acquisition ("Rhinov")

In June 2019, the Group acquired a 70.4% majority stake in Rhinov, with an option to acquire the remainder of the capital over time. This equity investment was financed entirely by cash, without resorting to additional debt.

Rhinov is a company specializing in 3D simulation of interior fittings from a plan or a photo. The company, which caters to both professionals and individuals, posted sales of around €1.3 million in 2018.

The Group has measured non-controlling interests at fair value (full goodwill method). This resulted in goodwill of €5.8 million on the acquisition date (note 14.1).

Following the valuations carried out with the help of independent experts, no separable intangible asset was recognized in the context of the allocation of the acquisition price of Savane Vision due in particular to the recent creation of the Company and its strong development potential (start-up profile).

The table below presents the fair value of the assets and liabilities at the acquisition date:

(in € thousands)	**Fair value of the assets/liabilities on the acquisition date**
Total non-current assets	1,378
Total current assets	1,293
TOTAL ASSETS	**2,671**
Total other non-current liabilities	997
Total current liabilities	1,518
TOTAL LIABILITIES	**2,515**
NET ASSETS	**156**

This majority stake is accompanied by two put options granted to the minority shareholders exercisable in 2022 and then in 2024. By mutual agreement between the parties, the sale or redemption price of the 29.6% shares has been set at fair market value on the exercise date of the options.

As of 31 December 2019, the debt related to the put options granted to minority interests was measured at the present value of the exercise price of the option, based on the enterprise value determined in the context of the work on the price ‘acquisition. This debt is recognized in the balance sheet item "Other non-current liabilities" for €1.8 million. Subsequent changes in the fair value of the debt will be recognized against the Group's equity.

1.2 Sale of "Chin Chin Limited"

On 13 November 2019, the Group signed a memorandum of understanding on the sale on 13 December 2019 of its 500 shares held in the capital of "Chin Chin Limited" for the symbolic sum of 1 Hong Kong dollar. This company was 50% owned by Maisons du Monde France and consolidated using the equity method. This disposal also includes the sale of "Shanghai Chin Chin Furnishings Co. Limited" and its direct (Wujiang Chin Chin Furniture) and indirect (Wujiang Henghui Machinery) subsidiaries wholly owned by the company "Chin Chin Limited"(note 9).

Note 2 Accounting policies and consolidation rules

2.1 Basis of preparation

The 2019 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The standards adopted by the European Union are available on the European Commission's website: http://ec.europa.eu/finance/accounting/ias/index.fr.htm.

On the reporting date, there is no difference between the framework used and the standards adopted by the IASB, which are mandatory for the financial year presented.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value or at amortized cost as discussed in the accounting policies below. The main accounting principles applied are unchanged from the prior year, except for the adoption of the standards described in the note 2.2, applicable since 1 January 2019 including those related to the first application of IFRS 16 – Rental contracts and IFRIC 23 – Accounting for uncertainties in income taxes.

Financial data is presented in € thousands. Amounts are rounded to the nearest thousand, unless otherwise stated. Generally speaking, the amounts stated in the consolidated financial statements and notes to the consolidated financial statements are rounded to the nearest unit. As a result, there may be immaterial differences between the sum of the rounded amounts and the total reported.

2.2 New standards, amendments and interpretations

a) New standards, amendments to existing standards and interpretations whose application is mandatory as of 1 January 2019

Adopted by the European Union:

- amendments to IFRS 9 - Prepayment features with negative compensation;
- amendments to IAS 28 – Long term interest in associates and joint-ventures;
- amendments to IAS 19 – Plan amendment, reduction or settlement;
- annual improvements to the 2015-2017 IFRS cycle;

The application of these new standards has no impact for the Group.

The new standards whose application has an impact for the Group are as follows:

- **IFRS 16 - Leases**

  The IFRS 16 "Leases" standard, applicable to years open from 1 January 2019, replaces IAS 17 and the associated IFRIC and CIS interpretations. The standard imposes a single method of accounting for contracts by underwriters by recognizing an asset "Rights of Use relating to leases" and a liability "Lease debts". The lease term is defined contract by contract and corresponds to the firm period of the commitment taking in consideration that the optional periods are reasonably certain to be exercised.

  As of 1 January 2019, the Group chose to apply the simplified retrospective method of accounting for the cumulative effect of the initial application as an adjustment on opening equity. As a result, data from previous years are presented in accordance with previous accounting methods as presented in the consolidated financial statements for the year ended 31 December 2018.

  The Group's leases cover real estate assets, in particular stores and also warehouses and offices.

  At the transition date, the Group has adopted the following simplification measures under the standard:

  - the right of use lease contracts is equal to the amount of lease debt adjusted by the amount of rent paid in advance or provisioned if applicable, for the lease recorded on the balance sheet immediately before the application date;
  - use of a single discount rate to a set of contracts with similar characteristics;
  - initial direct costs are not taken into account when assessing the right of use (commissions, legal fees, negotiation fees, etc.);
  - only contracts identified as leases as of 31 December 2018 have been retired in accordance with IFRS 16.

  At the transition date, the Group has adopted the following exemption measures:

  - leases of low-value property are excluded;
  - contracts with residual terms of less than one year are excluded.

  No impact is recorded in equity as of 1 January 2019.

  No taxes were recorded as of 1 January 2019.

  On 16 December 2019, the IFRS IC published an agenda decision on the following topics:

  - the determination of the enforceable period of a tacitly renewable lease contract, or of an open-ended contract, which may be terminated by one of the parties with due notice. In particular, the question was asked about the concept of penalties on which the definition of the enforcement period is based.
  - the link between the amortization period of the fitting's inseparable from the rental property, and the duration of a lease contract.

In its conclusions, the IFRS IC adopted a broad and economical concept of penalties, going beyond contractual payments. Inseparable arrangements that are not amortized may constitute a penalty to be taken into account in determining the enforceable period of the contract.

Given the late publication of this agenda decision and the practical implementation difficulties for 31 December 2019, the Group is currently analyzing the possible impacts. These could result in an extension of the rental period initially retained and lead to a revision of the rental debt and the right of use relating to the rental contracts concerned.

Leases capitalized on first application date

- Lease debt

  As of 1 January 2019, the Group has recorded a rental debt of €652.0 million corresponding to the discounted amount of payments still to be made on single leases identified as of 31 December 2018.

  The lease term withheld has been defined contract by contract and corresponds to the firm period of the commitment taking into account the optional periods that the Branch considers to be reasonably certain to be exercised.

  The discount rates applied to the transition date are based on the Group's marginal borrowing rate to which a spread is added to account for country-specific economic environments. These discount rates were determined by taking into account the residual durations of the contracts from the date of first application, 1 January 2019 and their maturation.

  The marginal average rate at the transition date is 1.91%.

  The financing rental debt on the balance sheet as of 31 December 2018 in financial debt is reclassified on 1 January 2019 on non-current and non-current lease lines amounting to €4.4 million.

- Right of use

  As of 1 January 2019, the book value of the user fees for single leases amounting to €678.3 million is equal to rental debt, adjusted for advance or provisioned rental payments and net benefits received from lenders, recorded as of 31 December 2018.

  The following items were reclassified as "use rights" as of 1 January 2019:

  – lease fees amounting to €29.3 million as of 1 January 2019;
  – "pas de porte" amounting to €8.8 million as of 1 January 2019;
  – deductibles amounting to €(16.3) million as of 1 January 2019;
  – leases amounting to €4.4 million as of 1 January 2019.

- Presentation impact

  The "Rights of use" and "Lease liability" are presented respectively in the Consolidated Financial Statement on a separate line.

  Depreciation and amortization and the resulting interest expense are recorded respectively in current operating income and financial results on a separate line "Cost of lease debt."

  For the year ended 31 December 2019, IFRS 16 impacts on the various aggregates of the income statement are as follows:

  – on current operating income, the impact is €4.9 million, taking into account the decrease in lease charges of €107.1 million and the increase in depreciation and rights of use amortization of €(102.2) million;
  – on the financial result, the impact linked to interest charges relating to lease debts is €(12.8) million.

  During the period, the repayments of the lease debts amounted to €(96.6) million.

The following table shows the IFRS 16 application impact on the balance sheet:

Assets

(in € thousands)	31 December 2018 published	First time application IFRS 16	1 January 2019 IFRS 16
Goodwill	368,449	-	368,449
Other intangible assets	267,244	(29,344)	237,900
Property, plant and equipment	159,282	(4,416)	154,866
Rights of use	-	678,311	678,311
Other non-current financial assets	14,816	-	14,816
Deferred income tax assets	2,751	-	2,751
Derivative financial instruments	4,664	-	4,664
Other non-current assets	7,862	(7,862)	0
Non-current assets	**825,070**	**636,689**	**1,461,759**
Inventories	241,229	-	241,229
Trade receivables and other current receivables	83,547	(1,141)	82,406
Other current financial assets	27	-	27
Current income tax assets	4,310	-	4,310
Cash and cash equivalents	57,181	-	57,181
Current assets	**386,294**	**(1,141)**	**385,153**
TOTAL ASSETS	**1,211,364**	**635,548**	**1,846,914**

Equity and Liabilities

(in € thousands)	31 December 2018 published	First time application IFRS 16	1 January 2019 IFRS 16
Share capital	146,584	-	146,584
Share premiums	134,283	-	134,283
Retained earnings	248,946	-	248,946
Profit (loss) for the period	60,050	-	60,050
Equity attributable to owners of the Company	**589,863**	**-**	**589,863**
Non-controlling interests	752		752
TOTAL EQUITY	**590,614**	**-**	**590,614**
Borrowings	53,039	(3,287)	49,752
Convertible bond	178,092	-	178,092
Medium and long term lease debt	-	554,092	554,092
Deferred income tax liabilities	58,180	-	58,180
Post-employment benefits	8,619	-	8,619
Provisions	14,409	-	14,409
Other non-current liabilities	34,994	(14,999)	19,996
Non-current liabilities	**347,332**	**535,806**	**883,138**
Current portion of borrowings and convertible bond	11,586	(1,295)	10,291
Short term lease debt	-	102,528	102,528
Trade payables and other current payables	250,940	(1,491)	249,449
Provisions	1,128	-	1,128
Corporate income tax liabilities	964	-	964
Derivative financial instruments	2,354	-	2,354
Others current liabilities	6,450	-	6,450
Current liabilities	**273,422**	**99,742**	**373,164**
TOTAL LIABILITIES	**620,754**	**635,548**	**1,256,302**
TOTAL EQUITY AND LIABILITIES	**1,211,364**	**635,548**	**1,846,914**

As of 31 December 2019, following the early termination of contracts in 2019, the first application impact has changed slightly from 30 June 2019.

The table below shows the IFRS 16/IAS 17 comparative results:

(in € thousands)	31 December 2019	Restatement IFRS 16	31 December 2019 IAS 17
Revenue	1,231,017	-	1,231,017
Other revenue from ordinary activities	32,680	2,942	29,738
Revenue	**1,263,697**	**2,942**	**1,260,755**
Cost of sales	(425,057)	-	(425,057)
Personnel expenses	(234,991)	-	(234,991)
External expenses	(343,292)	103,522	(446,814)
Depreciation, amortization and allowance for provisions	(139,801)	(100,856)	(38,945)
Fair value - derivative financial instruments	5,164	-	5,164
Other income from operations	4,063		4,063
Other expenses from operations	(7,195)		(7,195)
Current operating profit before other operating income and expenses	**122,586**	**5,608**	**116,980**
Other operating income and expenses	(8,346)	-	(8,346)
Operating profit (loss)	**114,241**	**5,608**	**108,635**
Finance expenses on net debt	(6,663)	116	(6,779)
Cost of lease debt	(12,764)	(12,764)	-
Finance income	1,445	-	1,445
Finance expenses	(3,136)	15	(3,151)
Financial profit (loss)	**(21,118)**	**(12,633)**	**(8,484)**
Share of profit (loss) of equity-accounted investees	0	-	0
Profit (loss) before income tax	**93,123**	**(7,025)**	**100,148**
Income tax expense	(35,285)	2,419	(37,704)
PROFIT (LOSS)	**57,838**	**(4,606)**	**62,444**

Reconciliation of lease debts at the transition date with off-balance sheet single-rental commitments as of 31 December 2018:

(in € thousands)		
Commitments given under operating leases as of 31 December 2018		**730.1**
Perimeter		**11.2**
Effects related to optional periods not taken into account in off-balance sheet commitments [(1)]	15.0	
Effects related to deferred availability	(8.3)	
Effects related to short-term contracts not recognized in lease debts as of 1 January 2019	4.6	
Duration		**(24.0)**
Effects related to the optional periods taken into account in off-balance sheet commitments and not retained in the lease debt	(24.0)	
Lease debts before discounting		**717.3**
Discount		**(60.7)**
Discounting effect	(60.7)	
Lease debts after discounting		**656.6**

(1) *Concerns furniture contracts which had not been presented as off-balance sheet commitments given their immaterial nature as well as Mekong real estate contracts which had been omitted.*

IFRIC 23 – Accounting for uncertainties in income taxes

On 1 January 2019, the Group applied the IFRIC 23 interpretation "Accounting for uncertainties in income taxes ".

IFRIC 23 clarifies the application of the provisions of IAS 12 "Income Taxes" regarding recognition and measurement, when there is uncertainty about the treatment of income tax. This application had no effect on the Group accounts.

Not yet adopted by the European Union: None

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

Adopted by the European Union:

- changes to the references of the conceptual framework in IFRS;
- amendment to IAS 1 and IAS 8 - Refine the definition of material;
- amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform.

Not yet adopted by the European Union:

- IFRS 17 – Insurance contract;
- amendment to IFRS 3 – Business combination.

2.3 Consolidation method

a) Business combination

Business combinations are recognised according to the acquisition method. Identifiable assets acquired and assumed liabilities are measured at fair value on the date control was obtained.

On the acquisition date, goodwill is measured as the difference between:

- the fair value of the consideration transferred, plus the amount of any non-controlling interest, and where relevant, the acquisition-date fair value of the acquirer's previously held equity interest; and
- the fair value of the identifiable assets acquired, and the liabilities assumed.

Non-controlling interests are measured either at fair value, or at the non-controlling interest's proportionate share of net assets of the entity acquired. This option is available on a case-by-case basis for each acquisition.

Negative goodwill is immediately recognised in profit or (loss).

Acquisition expenses are immediately recognised in expenses as they are incurred, unless they relate to equity instruments.

b) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when its relationship with the entity exposes it to or gives it rights to variable returns and it has the ability to affect those returns through its power it exercises over the entity. Power over the investee is assessed based on the actual rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns). Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All intercompany transactions, balances and realised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, subsidiaries' accounting methods have been adjusted to conform with the Group's accounting policies.

2.4 Foreign currency translation method

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euros, which is the Group's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges, *via*:

- the operating profit for the transactions related to operational activities;

- the financial profit for the transactions related to financing activities.

c) Group companies

The results and financial position of all the Group's companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities, including goodwill and fair value adjustments, for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at weighted-average annual exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

2.5 Segment reporting

In accordance with IFRS 8 Operating Segments, segment information is reported on the basis of internal management reports used by the Board of Directors – the Group's main decision-making body – to analyse performance and decide on the allocation of resources.

As a result, an operating segment is a separate component that engages in business activities from which the Group may earn revenues and incur expenses. Each operating segment is monitored individually and the operating profit from each segment is reviewed by the Board with a view to assessing performance in making decisions on resource allocation.

Operating segment information is disclosed in note 5 of this Section.

2.6 Revenue

Revenues from sales of goods and services is assessed on the basis of the counterparty that is planned to be transferred to the client in the contract and does not include amounts collected for third parties.

The Group mainly generates its revenues from the sale of furniture and decorative items in stores or on its website. It also delivers transport services for goods delivery to clients as well as for supply chain services for third parties.

a) Sales of goods in stores or on website

The Group recognizes revenue when the control of goods is transferred to the client. This is supposed to arise at the very moment of the delivery, when the client accepts and takes physical possession of the asset. Then, he bears the risks and benefits from the advantages related to its property.

The amount recognized as revenue is based on the transaction's price that is fixed in the contract and corresponds to the amount the Group expects to receive in accordance with the contractual agreement. As a Group's specificity, the price does not include any variable amount which would require the use of estimates.

A receivable is recognized as soon as the Group is discharged from its liabilities, at the date of the goods delivery.

Either in store or on the website, customers pay the full amount when they order. The Group has also concluded partnerships with companies specialized in consumer lending to provide payment facilities to clients. Contracts concluded with clients do not include financing component as the selling price does not change either the purchase is done through a consumer credit or not.

A return policy is attached to online sales. When appropriate, the Group recognizes a liability that represents future refunds and an asset that should be equal to the goods it expects to recover. Traditionally, the Group has a low return rate.

Guarantees given to buyers over the goods sold do not represent a distinct performance obligation, meaning that customers could not benefit from additional services that could be sold on a stand-alone basis. Guarantees solely ensure products compliance and are recognized in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets when applicable.

As the Group does not have contracts that exceed one year, it decided to apply simplified measures by not disclosing information on performance obligations that would not be completed yet at closing.

b) Sales of transportation services

The Group recognized revenue when it has fulfilled its obligations towards the client. That is supposed to happen at the delivery time, when the customer accepts and takes physical possession of the asset.

c) Sales of decoration services

The Group recognized revenue when it has fulfilled its obligations towards the client. That is supposed to happen at the delivery time of project.

2.7 Share-based payments

The Group's share-based payment policy consists of implementing regular performance shares grant plans and occasionally stock options in favour of members of Senior Management and other senior and middle managers. The plans in progress at 31 December 2019 are settled in shares for performance shares and in cash for stock options.

The cost of performance share plans (settled in shares) is recognized as personnel expenses over the vesting period, with a corresponding increase in equity.

The cost of stock options plan (settled in cash) is recognized in personnel expenses over the vesting period, with a corresponding increase of social debt.

Performance shares valuation

In accordance with IFRS 2, the performance shares plan cost is determined by reference to the fair value of the shares at the grant date, corresponding to the share price at the same date less the estimated present value of dividends not received during the vesting period.

The estimated probability of market performance conditions being met reduces the performance shares' fair value on the grant date.

Non-market performance conditions (such as condition of continued presence within the Group, or internal performance objectives) are not taken into account for the purpose of measuring grant-date fair value but adjust the final cost of the plan, depending on the actual number of equity instruments that vest.

The dilution effect of non-vested performance share allocations plans in progress is reflected in the calculation of diluted earnings per share.

Performance shares are measured at fair value, taking into account a discount to reflect their non-transferability. The cost of non-transferability is measured as the cost of a two-step strategy consisting in the forward sale of shares being non-transferable for one year and the purchase on the spot market of the same number of shares funded by an amortizable loan with an in fine capital repayment.

Valuation is based on the following main underlying assumptions:

- dividend growth rate, based on the forecast average annual growth rate;
- employee departure rate which is estimated for each position in the Group and based on the historical employee departure rate of the corresponding occupational category. This departure rate is used to estimate the shares that will not be allocated due to the departure of beneficiaries;
- the achievement of performance conditions.

Stock options valuation

In accordance with IFRS 2, the stock options plans cost is determined by reference to stock options fair value at the grant date, corresponding to the option price at the same date less the exercise price. As stock options plan is related to subsidiary's unlisted securities, the valuation was carried out by using the profit multiplier method.

2.8 Other operating income and expenses

Other operating income and expenses mainly includes reorganization costs (store closure without relocation), restructuring costs, acquisition-related. This income statement item includes cash as well as non-cash items.

Other operating income and expenses relates to other unusual, infrequent or non-recurring items. Such items are those that in management's opinion need to be disclosed in the financial statements by virtue of their size, nature or incidence. The accounting classification is consistent with the way that financial performance is measured by management and reported to the Board of Directors and assists in providing a meaningful analysis of the trading results of the Group.

2.9 Financial income and expenses

Interest income and expense are recognised according to the time elapsed, taking into account the actual return from the asset, which is the interest rate required to discount the future cash flows expected over the life of the asset to make it equal to the asset's initial value.

2.10 Dividends

Dividend income from equity interests is recognised when the shareholder's right to receive payment is established.

Dividends paid to the shareholders of the Company are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

2.11 Earnings per share

a) Basic earnings per share

Basic earnings per share are calculated by dividing:

- the net profit for the period attributable to the Group;
- by the weighted average number of ordinary shares outstanding during the period, less the weighted average number of treasury shares held by the Group.

b) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding used in the determination of basic earnings per share to take into account dilutive instruments.

Under certain circumstances, the dilutive effect may result from the subscription of options granted to the employees, stock purchase warrant or bonds conversion according to the prevailing condition at the closing date.

Diluted earnings per share consider:

- performance shares allocated to employees;
- the impact of all potentially dilutive ordinary shares, particularly those resulting from convertible bonds;
- The number of shares retained is the one that would have been allocated if the performance criteria were evaluated at the end of the closing period or may be created if all bonds issued were converted.

2.12 Intangible assets

a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint-ventures and represents the difference between the consideration transferred, the amount of any non-controlling interest in the acquired entity, as well as the acquisition-date fair value of any previous equity interest in the acquired entity, and the fair value of the net identifiable assets acquired. When the difference is negative, this amount is recognised in profit or loss during the year of acquisition.

Where settlement is deferred, the amounts payable in the future are discounted to their present value as at the date of settlement. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financial establishment under comparable terms and conditions.

A potential price adjustment is estimated at its fair value on the acquisition date, and this initial value may not be adjusted subsequently as an offset to goodwill except in the case of new information obtained about facts and circumstances that were in existence at the acquisition date, and insofar as the measurement was presented as provisional (the measurement period is 12 months). Any subsequent adjustments that do not meet these criteria are recognised in debt or receivables, with an offsetting entry in income.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill is included in intangible assets and is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or group of cash-generating units, that is expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is allocated represents the smallest level within the entity at which the goodwill is monitored at Group level. Goodwill is monitored at the geographical level: France and International.

The carrying net value of goodwill is compared to the recoverable amount of the CGU or group of CGU to which the goodwill is allocated, which is the higher of value in use and the fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Any impairment is recognised immediately as an expense and is not subsequently reversed. Impairment is allocated first to the carrying amount of any goodwill allocated to the CGU, and then to the carrying amounts of the other assets on the CGU on a prorata basis.

b) Brands

A brand has an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The valuation of brands has been determined with the assistance of valuation specialists, taking into account various factors, including brand awareness. The "royalties" method was used to estimate the fair value of brands. This approach consists in determining the brand's value on the basis of futures revenues from royalties received in the event that the brand is exploited under the form of a license by a third party. These brands, which are legally protected, are not amortised but are tested for impairment annually or more frequently if signs of impairment exist at Group level. Advertising and promotional campaigns contribute to maintain the positioning of brands.

c) Trademarks and licenses

Acquired trademarks and licences are recorded at acquisition cost.

Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are subsequently carried at acquisition cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their useful lives, estimated at one to four years.

d) Internally generated software development costs

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software development so that it will be available for use;
- management intends to complete the software development and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated that the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

When these criteria are met, internal software development costs are capitalised during the application development stage. The costs capitalised correspond to external direct costs and employee costs related to the time spent on the project during the capitalisation period. Capitalised software is evaluated for impairment annually or when changing circumstances indicate that amounts capitalised may be impaired. Amortisation is calculated from the point at which the asset is put into use, using the straight-line method to allocate the cost of software over their estimated useful lives of three years.

2.13 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives and is recognised in profit and loss. The estimated useful lives of PPE for the period are as follows:

Constructions:	20 to 25 years
Fixtures And Fittings To Buildings:	7 to 15 years
General Installations:	7 to 10 years
Equipment And Machinery:	3 to 15 years
Transportation Equipment:	4 to 5 years
Office And Computer Equipment:	3 to 5 years
Furniture:	5 to 10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.14 Lease contracts

The Group recognizes a lease agreement as long as it obtains almost all of the economic benefits associated with the use of an identified asset and has the right to control that asset. The Group's leases mainly cover real estate, stores and warehouses.

Since 1 January 2019, lease contracts are recorded on the balance sheet at the beginning of the contract for the present value of future payments. This translates into the finding:

- a non-current asset "Rights of Use relating to leases" and,
- a lease debt under the obligation to pay.

Right of use:

On the date of the possession of a lease, the assessed right of use includes: the initial amount of debt to which; the initial direct costs, the estimated costs of refurbishment of the asset, the "Pas de porte", the rights to the lease are added if applicable, advance payments made to the renter and net if any of the benefits received from the lessor.

The right of use is depreciated over the duration of the contract which generally corresponds to the firm term of the contract, taking into account the optional periods that are reasonably certain to be exercised. Operating allowances for operating rights are recorded in current operating income.

The right of use recoverability is tested as soon as events or changes in the market environment indicate a risk of loss of value of the asset. The provisions for implementing the impairment test are identical to those relating to tangible and intangible assets as described in notes 2.12 and 2.13.

"Droits au bail commerciaux" and "Pas-de-porte"

In France, the holder of the lease has the right to renew the lease most of the time indefinitely. If the lessor wishes to terminate a commercial lease in France, the tenant has the right to receive an eviction allowance equal to the value of the lease rights on the cancellation date. As a result, lease rights have an indefinite lifespan, as there is no foreseeable end to the period during which lease rights are expected to generate net incoming cash flows. As a result, the principal lease rights (paid to the former tenant) are not depreciated, but they are subject to a depreciation test each year and whenever events or circumstances indicate that their recoverable amounts may be below their book value.

Following the IFRS 16 application, the "Droit au bail" is included in the right of use.

In some cases, another legal term is used for lease rights. This is "Pas-de-porte", the amount paid by the tenant to the landlord. Previously classified as "Prepaid expenses" under "Customer and other receivables" and "Other non-current assets" and linearly recorded as rents over the estimated term of the lease. They are now, following the entry into force of IFRS 16, reclassified as user fees and depreciated over the estimated duration of the lease.

Following the IFRS 16 application:

- the "droits au bail", originally classified as intangible assets have been reclassified as "right to use" (see note 2.2);
- the "Pas de porte" previously classified as "Prepaid Expenses" under "Customer And Other Receivables" and "Other Non-Current Assets" and linearly recorded as rents over the estimated term of the lease are now reclassified as user fees and depreciated over the term of the estimated lease (see note 2.2).

Lease debt

On the effective date of the contract, lease debt is recorded for an amount equal to the present value of future payments including rent deductible which includes, fixed rents, variable rents that depend on an index or rate contract, as well as payments for extension, purchase, termination or non-renewal options, if the Group is reasonably certain to exercise them.

When the implied rate of the contract is not easily determinable, the Group retains the marginal debt rate to assess the right of use and the corresponding rent debt, which takes into account, among other things the Group's financing conditions. and the economic environment in which the contract was signed.

Subsequently, the lease debt is assessed at the amortized cost using the effective interest rate method.

The interest expense for the period is recorded in the financial result.

Leasing debt is presented separately from net debt.

Exemptions

Leases for low value or short-term assets are recorded directly in expenses.

2.15 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or some intangible assets – are not amortised and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the difference between the asset's carrying amount and its recoverable amount, if the latter is less than the asset's carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped into cash-generating units which are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.16 Financial assets

Under IFRS 9, financial assets contain three classifications categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (JVOCI) and financial assets measured at fair value through profit and loss statement (JVPL).

The classification is based on the business model in which financial assets are managed and their future cash flows characteristics.

A) FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Those financial assets are held to collect contractual cash flows.

At initial recognition, they are measured at fair value on the acquisition date, usually the transaction price. Afterwards, if they are not hedged, the assets are measured at amortized cost, according to the effective interest rate method.

They mainly correspond to the following balance sheet items: loans, deposits, trades receivables, other receivables, and receivables from suppliers.

B) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Financial assets at FVOCI are financial assets held to both collecting contractual cash flows and selling the financial asset. Those instruments are recognized at fair value in the balance sheet through other comprehensive income. Only, interests and dividends received as well as exchange rate changes impacts are recognized in the income statement.

The fair value of investments on listed companies is determined by the market price which is disclosed at closing date. Changes in fair value are recognized in other comprehensive income statement (directly in equity). On disposal of the investment, the cumulative change in fair value is recycled in other comprehensive income.

For non-consolidated investments that are not quoted on a market, those are maintain at the acquisition cost that the Group estimates to be equal to the fair value. An impairment is recognized if a sustained loss of the value in use is recorded. The value in use is determined based on the most appropriate financial criteria to each specific situation and each company. Criteria that are usually used are: equity value and profitability prospects.

C) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Financial assets classified and measured at FVPL are the ones that cannot be included in the above categories. Those assets are held for trading and are recognized at fair value through the income statement.

Financial assets fall into this category if they were acquired in order to be sold on a short-term basis and or if no contractual cash flows are predetermined. Derivatives that have not been designated in a hedging relationship are considered as held-for-trading.

Those assets mainly refer to investments in Economic Interest Groups.

2.17 Impairment of financial assets

Impairment

The Group recognized an impairment based on expected loss for financial assets measured at amortized cost or at FVOCI.

The provision amount is measured annually in order to reflect the financial asset's credit risk evolution since its initial recognition.

The Group uses the lifetime expected credit losses method for financial assets (other than trade receivables), only when the credit risk increased significantly. If the financial instrument's credit risk has not increased significantly since its initial recognition, the Group measures the 12-months expected credit losses (after the closing date).

In order to test the credit risk evolution, the Group compares the financial instrument's default risk with the default risk at initial recognition, taking into consideration reasonable and justifiable information that is available without engaging undue cost or effort and that indicate important increase in credit risk since initial recognition.

For trade receivables, the Group uses the simplified method and recognizes lifetime credit losses.

Derecognition

The Group derecognizes a financial asset when the rights to the cash flows expire or the asset is transferred to another party.

If the Group does not transfer or still retains almost all risks and benefits from the asset and keeps controlling it, it recognizes its residual interest. If the Group retains almost all risks and benefits of a transferred asset, the Group maintain the recognition of this asset.

When a financial asset measured at amortized cost is derecognized, the difference between the book value and the consideration received is recognized in the profit or loss.

2.18 Derivative financial instruments and hedging activities

The Group uses derivatives to hedge its exposure to currency risk. The use of these instruments allows the Group to manage risks arising from exchange rates and commercial transactions.

On inception of the hedging relationship, the Group designates and documents the hedging relationship by describing the relationship between the hedging instrument and the underlying hedged, the Group's risk management objective and strategy for undertaking the hedge: designation of the hedging instrument and the underlying hedged, type of risk hedged, means chosen by the Group to test and determine the extent of any the edge effectiveness.

The hedging relationship meet effectiveness constraints if:

- an economic relationship exists between the hedging instrument and the underlying hedged;
- the credit risk does not exceed the changes in the value which arise from this economic relationship;
- the hedge ratio of the hedging relationship equals the ratio of the quantity of the underlying hedged and the quantity of hedging instruments the Group uses to cover that quantity of underlying hedged.

When a derivative contract is concluded, the hedging instruments are recorded at fair value and then reassessed at fair value on each closure. The derivatives' fair value is measured based on the exchange rate at closing.

Changes in the fair value of derivatives are recognized in profit or loss, unless for instrument defined as cash flow hedging instrument for which changes in the fair value are recognized in other comprehensive income for their effective share and in profit or loss for their ineffective share.

The hedging instrument's fair value is classified in non-current asset or non-current liability when the remaining maturity is higher than 12 months, and in current asset or current liability when the remaining maturity is smaller than 12 months. Transaction-for-trading on derivatives are classified in current asset or current liability.

2.19 Inventories

Inventories are recognised at the lower of historical cost and net realisable value.

Cost is determined using the weighted-average cost method. The valuation of warehouse inventory is equal to the cost of acquisition plus shipping, duty and transportation costs. The valuation of retail store inventory is composed of the warehouse cost price plus the warehouse-to-retail stores' transportation costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

2.20 Trade and other receivables

Trade receivables are recognized at fair value and then reassessed at amortized cost through the effective interest rate method, after deduction of the depreciation provisions.

The Group uses the simplified method and recognizes expected credit losses over future trade receivables' lifetime. Expected credit losses are measured by considering a range of factors specific to customers and other debtors and using current general economic conditions and economic conditions forecasts that are available at closing date without supporting undue cost and effort.

The provision amount is recognized in profit or loss in "Depreciation, amortization and allowance for provisions".

2.21 Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents (excluding bank overdrafts) include cash and other short-term investments (marketable securities) with original maturities of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts. In the consolidated statement of financial position, bank overdrafts are presented within borrowings in current liabilities.

2.22 Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are presented as a deduction to equity, net of tax, with no impact on net income.

When the Group buys back its own shares, they are classified as treasury shares at the purchase price and recognised as a deduction from equity for the consideration paid. Gains and losses on disposals of treasury shares are recognised directly in equity, for their amount net of tax, without affecting profit.

No impairment losses are recognised on treasury shares.

2.23 Post-employment benefits

Group companies operate various pension schemes, which are all defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of leading corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, recognised in the income statement in personnel expenses, reflects the increase in the defined benefit obligation resulting from employee service in the current year.

Past-service costs, which are the change in the present value of the defined benefit obligation resulting from a plan amendments or curtailments, are recognised immediately in profit or loss.

The interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in other finance expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.25 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been delivered in the ordinary course of business from suppliers. These debts are classified as current liabilities if payment is due within 12 months after the reporting date (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.26 Other non-current liabilities

Other non-current liabilities mainly relate to non-current portion of free rents granted by lessors which is reversed on a straight-line basis over the expected lease term and to the put option held by the minority shareholders.

Following the IFRS 16 implementation, the non-current share of rent deductibles granted by landlords and depreciated over the estimated term of the lease has been reclassified to less than the right of use as at 1 January 2019(cf. 2.14).

2.27 Borrowings and other financial debts

a) Borrowing from credit institutions

Borrowings, including issued bonds, and other financial debts are initially recognised at fair value, net of transaction costs incurred. Borrowings and other financial debts are subsequently carried at amortised cost. Any difference between the amounts (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. The effective interest rate is the rate used to discount the expected stream of future cash flows (transaction costs included) through the maturity of the financial liability, or a shorter period if appropriate, to the current net carrying amount of the liability on the date of initial recognition.

Fees are deducted from borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Convertible bond

A convertible bond is a “compound financial instrument”, with a debt component and an equity component that are measured and accounted separately.

The debt component refers to the present value of the contractual future cash flows, discounted at the interest rate applied by the market at that date to instruments with identical characteristics, but without any conversion option. It is then measured using the amortized cost method over its estimated useful life.

The equity portion is equal to the difference between the issued nominal value and the debt component. The value recorded in equity corresponding to the valuation of the conversion option is not revalued during the life of the loan.

Issuance costs are booked as a reduction of debt and equity based on their respective value.

2.28 Current and deferred income tax

The income tax for the period comprises current and deferred tax. Current or deferred income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and their tax bases in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against on which they can be used.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In accordance with IAS 12, the Group recognises the CVAE tax (France), IRAP tax (Italy) and Gewerbesteuermessbetrag tax (Germany) as an income tax.

The Group recognised deferred tax assets on tax loss carry forwards. A budget forecast has been prepared to document the use of this deferred tax asset within a reasonable period.

2.29 Contingent assets and liabilities

Depending on the outcome of uncertain future events, contingent assets and liabilities may be recognised by an entity. Details of these are set out in the notes to the consolidated financial statements.

Note 3 Critical estimates and judgements

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

Estimates and assumptions are reviewed on a regular basis, and at least on each reporting date. They may vary if the circumstances on which they are based change or new information becomes available. Actual results may differ materially from these estimates.

The main estimates made by Management during the preparation of the consolidated financial statements relate to the assumptions used for:

- valuation of intangible assets (goodwill and brands): see notes 2.12 (a and b) and 2.15
- deferred tax: see note 2.28;
- financial instruments and their classification: see note 2.18;
- provision for litigations: see note 2.24;
- the duration used for the rental contracts and the Group's marginal debt ratio: see note 2.14;
- uncertain tax positions in accordance with IFRIC 23: note 2.2.

Goodwill is not amortized but an impairment test is performed annually or whenever potential impairment evidence has occurred (see note 2.12 a).

Note 4 Geographical segment information

In accordance with IFRS 8 "Operating segments", segment information is based on internal analytical data used to analyze the performance of activities and the allocation of resources by the Board of Directors, which is the Group's main operational decision-making body.

Consequently, an operating segment is a separate component of the Group that engages in activities from which the Group is likely to acquire revenue, ordinary activities and incur expenses. Each operating segment is regularly reviewed by the Board of Directors in order to take decisions on the resources to be allocated and to evaluate their performance.

Sales, EBITDA and Goodwill, other intangible assets and property, plant and equipment are presented by geographical 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;

ii) the change in fair value of its derivative instruments, which are both non-cash items;

iii) store pre-opening expenses related to expenses incurred prior to the opening of new stores;

iv) IFRS 16 impacts.

EBITDA by geographical segment includes:

- allocations of certain marketing expenses related to the network of stores as well as operating and marketing expenses for the e-commerce platform. The allocation of these expenses by geographical segment is based on Sales (stores and e-commerce) for each country;
- allocation of EBITDA of the logistical entities by geographical segment is based on their respective cost of sales.
- Sales and EBITDA related to B2B activity (Maisons du Monde) has been fully allocated to the France segment.

This segment information is consistent with groups of CGU that have been identified for the impairment test (see note 14).

4.1 Segment income statement

(in € thousands)	31 December 2019	31 December 2018
Sales	1,225,421	1,111,191
France	*672,640*	*647,429*
International	*552,781*	*463,762*
Cost of sales	(425,057)	(376,751)
Gross margin	**800,364**	**734,440**
Gross margin (%)	**65.3%**	**66.1%**
EBITDA	**152,706**	**147,963**
France	*141,762*	*136,579*
International	*80,770*	*74,051*
Corporate	*(69,826)*	*(62,667)*
Depreciation, amortization and allowance for provisions	(139,801)	(36,353)
IFRS 16 impact [(1)]	100,856	-
EBIT	**113,761**	**111,611**
Change in fair value - derivative financial instruments	5,164	(1,166)
Expenses prior to openings	(1,947)	(2,241)
IFRS 16 impact [(1)]	5,609	-
Current operating profit before operating income and expenses	**122,586**	**108,203**
Other operating income and expenses	(8,346)	(4,718)
Operating profit (loss)	**114,241**	**103,485**
Financial profit (loss)	(21,118)	(9,323)
Share of profit (loss) of equity-accounted investees	0	0
Profit (loss) before income tax	**93,123**	**94,162**
Income tax expense	(35,285)	(33,473)
PROFIT (LOSS)	**57,838**	**60,689**

(1) See note 2.2 which presents the comparative income statement IFRS 16/IAS 17.

4.2 Segment assets and liabilities

The Group discloses here only segment assets whose amounts are regularly reviewed by the Executive Committee, under Board of Director's supervision.

	31 December 2019			
(in € thousands)	France	International	Corporate	Total
Segment assets [(1)]	340,454	229,334	218,144	787,932
Rights of use	387,956	282,923	9,211	680,090
Non-segment assets				410,338
TOTAL ASSETS				**1,878,360**

(1) Goodwill, other intangible and tangible assets.

	31 December 2018			
(in € thousands)	France	International	Corporate	Total
Segment assets [(1)]	351,708	208,709	234,560	794,976
Non-segment assets				416,388
TOTAL ASSETS				**1,211,364**

(1) Goodwill, other intangible and tangible assets.

Note 5 Revenue

5.1 Revenue breakdown

(in € thousands)	31 December 2019	31 December 2018
Sales	1,225,421	1,111,191
Sales to franchise and promotional sales	5,596	7,003
Retail revenue and decoration services (1)	**1,231,017**	**1,118,194**
Transportation to customers	25,947	21,799
Supply chain services	918	996
Other services	5,814	2,149
Other Revenue from ordinary activities	**32,680**	**24,944**
TOTAL REVENUE	**1,263,697**	**1,143,138**

(1) *Including decoration services by Rhinov for the second half of 2019.*

5.2 Revenue by channel

	31 December 2019			31 December 2018		
(in € thousands)	Maisons du Monde	Modani	Total	Maisons du Monde	Modani	Total
Stores	883,457	39,559	923,016	836,153	23,253	859,406
Web	297,899	4,506	302,405	249,201	2,584	251,784
TOTAL SALES	**1,181,356**	**44,065**	**1,225,421**	**1,085,353**	**25,837**	**1,111,191**

5.3 Revenue by product

	31 December 2019			31 December 2018		
(in € thousands)	Maisons du Monde	Modani	Total	Maisons du Monde	Modani	Total
Decoration	661,818	422	662,240	618,993	-	618,993
Furniture	519,538	43,643	563,181	466,360	25,837	492,197
TOTAL SALES	**1,181,356**	**44,065**	**1,225,421**	**1,085,353**	**25,837**	**1,111,191**

Note 6 Personnel expenses

Personnel expenses are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Wages and salaries	(167,136)	(151,106)
Social security costs	(49,533)	(46,391)
Share-based payment (including social security costs) (1)	(3,191)	(2,586)
Employee profit-sharing (including social security costs)	(13,737)	(12,202)
Post-employment benefits - Defined benefit plans	(1,394)	(1,350)
TOTAL PERSONNEL EXPENSES	**(234,991)**	**(213,634)**

(1) *The social security costs related to share-based payments amounts to €0.2 million as of 31 December 2019 as compare to €0.1 million as of 31 December 2018.*

For the year ended 31 December 2018, the Group recorded accrued income of €4.7 million related to CICE tax credit (introduced in France in 2013 to encourage competitiveness and employment). This income is accrued under personnel expenses items (social security costs). Since 1 January 2019, the CICE has been removed and replaced by a reduction in employer payroll tax.

The average number of full-time employees (FTE) is 6.951 for the year 2019 and 6.399 for the year 2018.

Note 7 External expenses

External expenses are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Energy and consumables used	(22,907)	(23,315)
Leases and related expenses	(23,235)	(117,914)
Rental	(8,528)	(8,889)
Repairs and maintenance	(18,757)	(16,984)
Insurance	(1,889)	(1,849)
Temporary staff	(24,971)	(22,462)
Advertising & marketing	(46,379)	(41,840)
Fees	(12,226)	(13,627)
Transportation	(143,693)	(119,878)
Post & Telecom	(5,525)	(5,314)
Travel & meeting expenses	(8,689)	(7,634)
Bank services	(8,522)	(7,071)
Taxes other than on income	(11,968)	(12,647)
Other external expenses	(6,004)	(4,068)
TOTAL EXTERNAL EXPENSES	**(343,292)**	**(403,492)**

The change booked on rents and related charges and leases is mainly related to IFRS 16 €(107.1 million). Residual rents and related charges correspond to variable rents, rents for non-retired tenancy agreements (short term) and rental. Residual rentals relate to short-term furniture contracts for low-value assets or contracts for which the Group does not obtain almost all the economic benefits linked to the use of the asset.

In 2019, other external expenses are made up of Modani's logistic outsourcing expenses for €3.6 million (compared to €1.9 million in 2018 for 8 months of operation) as well as other non-significant items individually.

Note 8 Other income and expenses from operations

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

(in € thousands)	31 December 2019	31 December 2018
Pre-opening expenses	(1,947)	(2,241)
Gains and losses on disposals [(1)]	(2,129)	(981)
Commercial disputes & losses	1,105	431
Leases & related expenses [(1)]	(198)	(99)
Other income and expenses from operations	37	(649)
TOTAL OTHER OPERATING INCOME/EXPENSES FROM OPERATIONS	**(3,132)**	**(3,539)**

(1) Relate to stores relocated in the same area.

Note 9 Other operating income and expenses

Other operating income and expenses are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Gains and losses on disposals [(1)]	(33)	(509)
Provision for closure of store [(1)]	(1,487)	(79)
Restructuring costs	(1,502)	(1,233)
Commercial disputes & losses [(2)]	(4,322)	-
Acquisition costs	(119)	(801)
Other [(3)]	(882)	(2,095)
TOTAL OTHER OPERATING INCOME/(EXPENSES)	**(8,346)**	**(4,718)**

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

(2) Mainly related to:

- *Bad debts following the sale of CHIN CHIN €(2.1) million;*
- *Provision for risk in the context of commercial litigation €(2.0) million.*

(3) Mainly related to costs relating to Capital Market Day €(0.8) million.

Note 10 Financial profit (loss)

Finance income and expenses are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Interests on term loan	(814)	(802)
Interests on convertible bond	(4,534)	(4,432)
Interests on loans, including Revolving Credit Facilities	(1,331)	(1,396)
Proceeds from cash and cash equivalents	20	30
Interests on bank overdrafts	(4)	(18)
Cost of net debt	**(6,663)**	**(6,617)**
Financial lease	-	(100)
Cost of lease debt [(1)]	(12,764)	-
Exchange gains and losses	1,047	(329)
Commission costs	(2,614)	(2,252)
Other finance income & costs	(124)	(25)
TOTAL FINANCIAL PROFIT (LOSS)	**(21,118)**	**(9,323)**

(1) Cost of lease debt IFRS 16.

Note 11 Income tax

Income tax is broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Current income tax	(37,368)	(30,779)
Deferred tax	2,083	(2,694)
INCOME TAX EXPENSE	**(35,285)**	**(33,473)**

The Group's income tax differs from the theoretical tax which would apply according to the actual tax rate applicable to the results of consolidated companies for the following reasons:

(in € thousands)	31 December 2019	31 December 2018
Profit (loss) for the period	57,838	60,689
Less income tax expense	(35,285)	(33,473)
Profit (loss) of consolidated companies before tax	**93,123**	**94,162**
Theoretical tax rate	34.43%	34.43%
Theoretical income tax expense (+)/ product (-)	**32,062**	**32,420**
Difference in income tax rates in other countries [(1)]	(1,286)	(1,853)
Tax [(2)]	4,456	4,167
Impact of tax credits	(3,478)	(4,938)
Impact of permanent differences	3,243	2,551
Other	287	1,126
TOTAL INCOME TAX ON OTHER COMPREHENSIVE INCOME (LOSS)	**35,285**	**33,473**

(1) Mainly the effect from the gradual decrease in the tax rate from 34.43% to 25.9% for French entities.

(2) Including CVAE (France), IRAP (Italy) and Gewerbesteuermessbetrag (Germany).

The tax effects relating to other comprehensive income (loss) are as follows :

(in € thousands)	31 December 2019	31 December 2018
Cash-flow hedge	(3,183)	(14,277)
Income tax relating to items that may be subsequently reclassified to profit or loss	**(3,183)**	**(14,277)**
Tax on actuarial gains (losses) on post-employment benefits	379	(77)
Income tax relating to items that will not be subsequently reclassified to profit or loss	**379**	**(77)**
TOTAL INCOME TAX ON OTHER COMPREHENSIVE INCOME (LOSS)	**(2,804)**	**(14,454)**

Note 12 Earnings per share

(in € thousands, unless otherwise stated)	31 December 2019	31 December 2018
Profit (loss) for the period attributable to shareholders of the parent	**59,477**	**60,050**
Weighted average number of ordinary shares (in thousands)	45,128	45,121
BASIC EARNINGS PER SHARE *(IN EUROS)*	**1.32**	**1.33**
Profit (loss) for the period attributable to shareholders of the parent (1)	62,242	62,552
Weighted average number of ordinary shares (in thousands)	**45,128**	**45,121**
Adjustment for dilutive impact of performance shares	317	293
Dilutive effect of convertible bonds (2)	4,133	4,109
Adjusted weighted average number of ordinary shares, excluding treasury shares (in thousands euros)	**49,579**	**49,524**
DILUTED EARNINGS PER SHARE (IN EUROS)	**1.26**	**1.26**

(1) For the calculation of the diluted earning per share, the profit (loss) for the period has been restated of convertible bonds' interests.

(2) Shares that may be created in the event of conversion of all the convertible bonds issued by the Group.

The share capital of the Group as of 31 December 2019 consists solely of the ordinary shares of Maisons du Monde S.A. and the number of ordinary shares remained the same during the 2019 and 2018 financial years.

The change in the weighted average number of common shares is the result of restating treasury stock, whose number has changed during the period (see note 26.2).

Diluted earnings per share take into account the weighted average number of performance shares allocated to employees (see note 26.3) and the convertible bond (see note 27.1).

Note 13 Dividend per share

For the financial year 2018, an ordinary dividend of € 0.47 per share was allocated at the General Meeting of 03 June 2019 and paid on 04 June 2019 for € 21,264 thousand. The dividend attributable to treasury shares has not been paid. The amount corresponding to the dividends not paid to the treasury shares has been allocated to reserves and the overall amount of the dividend has been adjusted accordingly.

Notes on consolidated balance sheet

Note 14 Goodwill

14.1 Goodwill

Management reviews the business performance based on geographical sectors. Therefore, management allocates the goodwill at the geographical area-level. For the Group, it has identified France and International geographical areas. The following is a summary of goodwill allocation:

(in € thousands)	France	International	Total
Balance as of 1 January 2018	**240,949**	**80,234**	**321,183**
Acquisitions	-	44,805	44,805
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	2,461	2,461
Balance as of 31 December 2018	**240,949**	**127,500**	**368,449**
Balance as of 1 January 2019	**240,949**	**127,500**	**368,449**
Acquisitions [(1)]	5,844	-	5,844
Disposals	-	-	-
Impairment	-	-	-
Currency translation differences	-	909	909
BALANCE AS OF 30 SEPTEMBER 2019	**246,793**	**128,409**	**375,202**

(1) *See note 1.1 Rhinov's acquisition.*

14.2 Impairment tests for goodwill and other assets

a) Cash-generating unit (CGU)

Impairment tests are performed at the level of the cash-generating unit. Goodwill is allocated at the geographical area-level (France and International). Each geographical area represents a group of CGUs, each CGU representing a brick and mortar store or online store.

The brand "Maisons du Monde" is allocated at the geographical area-level (France and International) based on the sales generated. The brand "Modani" is allocated to the International geographical area-level.

b) Valuation by the discounted cash-flow method

The core assumptions used to determine the recoverable amount of an asset or a CGU or a group of CGUs are consistent with those used to prepare the Group's business plans and budgets approved by governance bodies. Assumptions are based on historical data and past experience and also take into account information from external sources such as sector growth forecasts and forecasts concerning geopolitical and macro-economic developments in the related CGU's.

Main drivers of the business plan are the Sales growth and the gross margin variance.

The Sales growth is made up of the followings:

- like-for-like growth that is the result of both the work done on the collections and the optimization of the two channels: the Group's store network and e-commerce platform;
- network expansion (stores) that illustrates the potential of opening identified by the expansion team in the existing countries.

Regarding the gross margin hypothesis, this is the result of an analysis of the expected evolution on foreign exchange rates combined with the pricing and commercial strategy.

The projection period is limited to five years. Cash flows are discounted at a rate corresponding to the year-end weighted average cost.

KEY ASSUMPTIONS USED FOR VALUE IN USE CALCULATIONS AS OF 31 DECEMBER 2019:

	Discount factor (WACC)	Average growth rate over the 5 year period	Terminal value growth rate
France	9.8%	6.1%	2.0%
International	10.8%	15.9%	1.8%
TOTAL	**10.3%**	**10.9%**	**1.9%**

Average growth rate used for the impairment test is on a like-for-like basis.

SENSITIVITY TO VARIATIONS OF THE DISCOUNT RATE (WACC)

The carrying value of the CGU France would get higher than the recoverable amount if the discount rate related to France increased by more than 2,153 basis points.

The carrying value of the CGU International would get higher than the recoverable amount if the discount rate related to International increased by more than 4,545 basis points.

SENSITIVITY TO VARIATIONS OF THE TERMINAL VALUE GROWTH RATE

The carrying value of the CGU France would get higher than the recoverable amount if the terminal value growth rate related to France decreased by more than 3,374 basis points.

The carrying value of the CGU International would get higher than the recoverable amount if the terminal value growth rate related to International decreased by more than 6,403 basis points.

SENSITIVITY TO VARIATIONS OF THE EXCHANGE RATE EUR/USD

The sensitivity analysis presented below is based on the assumption of an increasing purchase price in euros without any mechanism to balance this effect.

The carrying value of the CGU France would get higher than the recoverable amount if the exchange rate EUR/USD was lower than 0.94.

The carrying value of the CGU International would get higher than the recoverable amount if the exchange rate EUR/USD was lower than 0.95.

The impairment test as at 31 December 2019 supported the Group's opinion that goodwill was not impaired (same in 2018).

Note 15 Other intangible assets

15.1 Detail of Other intangible assets

(in € thousands)	Brand, Trademarks, licenses, patents	Commercial leasehold rights	Internally generated software development costs	Other	Total
Net carrying amount as of 1 January 2018	**210,160**	**34,283**	**3,662**	**2,412**	**250,517**
Acquisitions	2,023	1,186	3,091	119	6,419
Disposals	(10)	(239)	-	(51)	(300)
Amortization charge	(1,983)	(296)	(1,639)	-	(3,918)
Impairment (charge/release)	-	(516)	-	67	(449)
Net carrying amount as of 31 December 2018	**225,581**	**36,534**	**5,113**	**16**	**267,244**
Transfer first time application	-	(29,344)	-	-	(29,344)
Net carrying amount as of 1 Janvier 2019	**225,581**	**7,190**	**5,113**	**16**	**237,900**
Change in scope of consolidation	37	-	979	243	1,259
Acquisitions	1,596	265	7,689	2,708	12,259
Disposals	(61)	(636)	-	(146)	(843)
Amortization charge	(1,960)	1,219	(2,704)	-	(3,445)
Impairment (charge/release)	(2)	(1,018)	-	-	(1,020)
Other	(2,825)	591	-	2,904	670
Currency translation differences	280	1	4	3	288
NET CARRYING AMOUNT AS OF 31 DECEMBER 2019	**222,647**	**7,612**	**11,081**	**5,728**	**247,068**

For the financial year 2019, the change in intangible assets is mainly explained by the lease rights reclassification in right of use for €29.3 million.

Given the relatively recent development of Rhinov brand (2013) and its low awareness, this brand has not been recognized on the balance sheet.

Note 16 Property, plant and equipment

(in € thousands)	Constructions	Technical installations, industrial equipment and machinery	Other property, plant and equipment	Fixed assets under construction	Advances and payments on property, plant and equipment	Total
Net carrying amount as of 1 January 2018	**97,105**	**10,038**	**37,124**	**1,777**	**627**	**146,671**
Change in scope of consolidation	-	103	1,518	104	-	1,725
Acquisitions	22,371	3,036	13,213	5,192	1,350	45,162
Disposals	(976)	(90)	(266)	(105)	(45)	(1,482)
Amortization charge	(17,882)	(2,490)	(11,697)	-	-	(32,070)
Impairment (charge/release)	47	-	-	-	-	47
Other	462	170	(208)	(1,345)	(309)	(1,229)
Currency translation differences	236	59	154	8	-	457
Net carrying amount as of 31 December 2018	**101,363**	**10,827**	**39,838**	**5,631**	**1,623**	**159,282**
Transfer related to IFRS 16	62	(1,680)	(2,798)	-	-	(4,416)
Net carrying amount as of 1 Janvier 2019	**101,425**	**9,147**	**37,040**	**5,631**	**1,623**	**154,866**
Change in scope of consolidation	-	-	75	-	-	75
Acquisitions	25,049	3,343	14,360	2,893	1,689	47,333
Disposals	(915)	(49)	(871)	(22)	(62)	(1,919)
Amortization charge	(18,931)	(2,567)	(11,606)	-	-	(33,104)
Impairment (charge/release)	(1,014)	(31)	(280)	-	-	(1,324)
Other	7,394	(3,239)	835	(4,604)	(1,117)	(729)
Currency translation differences	289	48	124	5	-	465
NET CARRYING AMOUNT AS OF 31 DECEMBER 2019	**113,296**	**6,653**	**39,677**	**3,903**	**2,133**	**165,662**

Note 17 Right of use and lease debt

17.1 Right of use

The rights of use as defined in note 2.2 have the following net values:

(in € thousands)	Constructions	Technical installations, industrial equipment and machinery	Other property, plant and equipment	Total
Net carrying amount as of 31 December 2018	**-**	**-**	**-**	**-**
Transfer related to IFRS 16	(62)	1,680	2,798	4,416
Net carrying amount as of 1 January 2019	**(62)**	**1,680**	**2,798**	**4,416**
Change in scope of consolidation	554	-	-	554
First time application	668,900	3,424	1,571	673,895
New contracts	99,237	2,798	1,328	103,363
Ended contracts	(5)	-	-	(5)
Amortization charge	(98,961)	(2,092)	(1,380)	(102,433)
Other	25	277	(277)	25
Currency translation differences	274	-	-	274
NET CARRYING AMOUNT AS OF 31 DECEMBER 2019	**669,963**	**6,087**	**4,040**	**680,090**

17.2 Lease debt

The changes in lease debt are detailed as follows:

		Cash impact		Without cash impact					
(in € thousands)	31 December 2018	Increase	Decrease	IFRS 16 First application	New contracts	Interest	Change effect	Scope variation	31 December 2019
Lease debt	-	-	(96,632)	656,612	102,703	2,690	287	540	666,200
TOTAL NET DEBT	**-**	**-**	**(96,632)**	**656,612**	**102,703**	**2,690**	**287**	**540**	**666,200**

As of 31 December 2019, the maturities of lease debt are analysed as follows:

	Maturity as of 31 December 2019			
(in € thousands)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Lease debt	111,653	333,129	221,418	666,200
TOTAL BORROWINGS	**111,653**	**333,129**	**221,418**	**666,200**

As of 31 December 2019, the lease debt bears interest at a fixed rate.

Note 18 Other non-current financial assets

(in € thousands)	31 December 2019	31 December 2018
Equity securities (1)	2,245	2,245
Other financial assets (2)	13,448	12,571
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	**15,693**	**14,816**

(1) Equity securities mainly correspond to investments in economic interest groups acquired at opening of stores for €2.2 million.

(2) Other financial assets relate mainly to deposits and guarantees paid or granted to the lessor of the store, warehouses, headquarters and facilities for €13.4 million.

Note 19 Deffered income tax assets and liabilities

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

(in € thousands)	31 December 2019	31 December 2018
Deferred tax assets	4,581	2,751
Deferred tax liabilities	(60,319)	(58,180)
TOTAL DEFERRED TAX ASSETS/(LIABILITIES)	**(55,738)**	**(55,428)**

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

Movements in deferred income tax assets and liabilities are shown in the table below:

(in € thousands)	Brand	Tax loss carryforwards	Temporary differences	Hedging instruments	Commercial leasehold rights	Step/Free rents	IFRS 16	Others	Oceane defered tax	Total
31 December 2017	**(53,316)**	**4,569**	**3,854**	**13,081**	**2,749**	**3,562**	**-**	**(1,948)**	**(6,974)**	**(34,421)**
Change in P&L	-	(4,382)	(229)	402	(94)	365	-	(60)	1,305	(2,694)
Change in equity	-	-	-	(14,277)	-	-	-	(77)	-	(14,354)
Change in scope of consolidation	(3,454)	-	-	-	(306)	-	-	-	-	(3,760)
	(190)	-	-	-	(17)	-	-	7	-	(200)
31 December 2018	**(56,959)**	**187**	**3,625**	**(795)**	**2,332**	**3,927**	**-**	**(2,077)**	**(5,669)**	**(55,428)**
Change in P&L	-	1,269	(993)	(1,778)	377	(974)	2,577	358	1,248	2,083
Change in equity	-	-	-	(3,183)	-	-	-	379	-	(2,803)
Change in scope of consolidation	-	479	-	-	-	-	-	-	-	479
Currency translation differences	-	-	-	-	-	-	-	(68)	-	(68)
31 DECEMBER 2019	**(56,959)**	**1,935**	**2,632**	**(5,755)**	**2,709**	**2,953**	**2,578**	**(1,407)**	**(4,421)**	**(55,738)**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

According to the forecast budget, the Group has fully activated tax loss carry forwards. It amounts to €7.4 million as of 31 December 2019 compared to €0.7 million as of 31 December 2018. The change mainly results from the use of tax loss carry forwards over the period by the French tax group.

(in € thousands)	France (tax consolidation)	France (excluding of tax consolidation)	Portugal	Luxembourg	United States	Total loss carryforwards
Loss carryforwards until						
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
> 2021	-	-	-	-	-	-
Loss carryforwards indefinitely	-	1,004	103	-	4,615	5,722
Change in scope of consolidation	-	1,711	-	-	-	1,711
TOTAL LOSS CARRYFORWARDS 2019	**-**	**2,715**	**103**	**-**	**4,615**	**7,433**
Of which not recognized	-	-	-	-	-	-
TOTAL LOSS CARRYFORWARDS 2018	**-**	**-**	**-**	**111**	**621**	**732**
Of which not recognized	-	-	-	-	-	-

A projected plan has been established to demonstrate the use of this deferred tax asset within a reasonable period of time.

Note 20 Other non-current assets

The "Other non-current assets" mainly correspond to the commercial leasehold rights, referred to as key money "Pas de porte", which are recognized as rents on a straight-line basis over the estimated term of the lease. The "Pas de porte" balance as of 31 December 2018 has been reclassified as user fees as of 1 January 2019 (see note 2.2).

The "Other non-current assets" also comprised a profitable lease agreement identified with the purchase price allocation process following the acquisition of Modani and estimated at €1.2 million (see note 2.2).

Note 21 Inventories

The carrying amounts of inventories are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Packaging and supplies	5,400	5,075
Semi-finished products	1,981	1,644
Merchandise	203,802	234,912
Gross value	**211,182**	**241,631**
Depreciation	(345)	(402)
NET CARRYING AMOUNT	210,837	241,229

The low level of provision is explained by the depletion of inventory at a price higher than cost.

Note 22 Trade receivables and other current receivables

Trade receivables and other current receivables are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Trade receivables	13,909	13,128
Impairment of receivables	(1,686)	(1,615)
Trade receivables - Net	**12,223**	**11,513**
Advances paid to suppliers	20,863	16,142
Receivables from suppliers	15,225	23,072
Taxes and duties	8,939	13,125
Other receivables	1,509	1,593
Prepaid expenses	4,672	18,102
Other receivables	**51,208**	**72,034**
TOTAL TRADE AND OTHER RECEIVABLES	63,430	83,547

All receivables have a maturity date shorter than one year.

As of 31 December 2019, prepaid expenses mainly consist of expenses related to next year's catalogues for € 2.0 million.

As of 31 December 2018, deferred charges included rents for the next quarter for € 11.5 million and "Pas de porte" for an amount of € 0.9 million. Following the implementation of IFRS 16, the amount of "Pas de porte" was reclassified as user rights on 1 January 2019 (see note 2.2).

Note 23 Other current financial assets

Other current financial assets are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Receivables from related parties	-	444
Depreciation	-	(417)
TOTAL OTHER CURRENT FINANCIAL ASSETS	**-**	**27**

Note 24 Derivative financial instruments

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

	31 December 2019		31 December 2018	
(in € thousands)	**Asset**	**Liabilitiy**	**Asset**	**Liabilitiy**
Forward foreign exchange contracts	16,858	141	4,664	2,354
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	**16,858**	**141**	**4,664**	**2,354**

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 $537.4 million as of 31 December 2019 and $417.1 million as of 31 December 2018.

The amount recognized directly in equity at the end of December 2019 is €5.2 million. It corresponds to the value of the current contract at the closing date which are intended to cover the expected cash flows. The amount recognized in the profit or loss, in current result, for €5.2 million corresponds to the time value for the change in fair value of hedging instruments (forward spread “premium/discount”).

Note 25 Cash and cash equivalents

Cash and cash equivalents (excluding bank overdrafts) are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Cash at bank and in hand	94,472	57,165
Short term investments & cash equivalent	16	16
TOTAL CASH AND CASH EQUIVALENTS	**94,489**	**57,181**

Short term investments (such as investments in SICAVs and certificates of deposit) are short-term investments (less than 3 months) which are subject to an insignificant risk of changes in value.

Bank overdrafts are presented as borrowing under “Current liabilities”.

Note 26 Equity

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to shareholders.

26.1 Shares

The share capital as of 31 December 2019 is composed of 45,241,894 ordinary shares of Maisons du Monde S.A. Based on a nominal value of €3.24 per share, Maisons du Monde S.A.'S share capital amounted to €146,583,736.56 as at 31 December 2019.

26.2 Treasury shares

Treasury shares are Maisons du Monde S.A. shares held by the Group as part of a liquidity contract, in accordance with an Ethics Charter established by the French association of financial markets (AMAFI charter) and approved by the French financial markets authority (Autorité des marchés financiers), or as part of shares buyback plans allocated to performance shares plans.

As of 31 December 2019, the Group held 106,024 treasury shares under this liquidity contract compared to 73,022 as of 31 December 2018. As part of the shares buyback plans allocated to performance shares plans, the Group holds 219,952 treasury shares.

26.3 Share-based payments

a) New performance share plan

The 13th resolution adopted by the Extraordinary Shareholder's Meeting held on 19 May 2017 authorizes the Board of Directors to grant free shares to Group employees, up to a maximum of 2% of the Company's share over a 38-month period. Under this authority, the Board of Directors adopted a new plan in two times, on 09 May 2019 (5a) and on 24 June 2019 (5b) which granted 265,344 performance shares to 398 beneficiaries located in France and abroad.

Performance shares are subject to:

- a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee of a Group company during a vesting period, calculated as from the grant date, of 36 months, either 9 May 2022 (5a) and 24 June 2022 (5b). In the event of death, disability or retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;
- performance requirements based on Sales level and EBITDA for all beneficiaries;
- an additional performance requirement for the Executive Committee's members, based on the earning per share level.

The granted shares shall be either shares issued through a share capital increase performed by Maisons du Monde SA by no later than the definitive vesting date or shares bought back by the Group on the market prior to such date.

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

The performance conditions as defined were calculated for plan n°4 and were deemed to have been fully at the valuation date for plans n°5a and n°5b.

In December 2019, plans no.2 and no.3 were delivered.

	Plan n°2	Plan n°3	Plan n°4	Plan n°5a	Plan n°5b
	16 December 2016	19 May 2017	18 May 2018	9 June 2019	24 June 2019
Duration of plan	3 years	2.59 years	2.58 years	3 years	3 years
Fair value of performance shares *(in euros)*	22.51	31.28	33.61	15.49	18.35

As part of the performance share plans, an expense of €2.5 million (excluding social charges) was recognized in the income statement (€2.7 million in 2018), with a corresponding increase in equity, within:

- other operating income and expenses for the part allocated to the former Company's Chief Executive Officer (see note 10) as well as for some executives who left the Group;
- personal expenses for the part awarded to the other beneficiaries (see note 6).

c) New stock option plan

For the financial year 2019, as part of the stock option plans, an expense of €0.6 million was recognized in the income statement as personnel expenses (see note 6), with a corresponding increase in social debt.

Note 27 Net debt

27.1 Net debt

The variations in net debt are broken down as follows:

(in € thousands)	31 December 2018	Cash impact			Without cash impact					31 December 2019
		Increase	Decrease	Scope variation	Issuance fees	Finance leases	Interest	Change effect		
Cash and cash equivalents	57,181	36,789	-	519	-	-	-	-	-	94,489
Total Cash and cash equivalents	**57,181**	**36,789**	**-**	**519**	**-**	**-**	**-**	**-**	**-**	**94,489**
Convertible bond	177,791	-	(250)	-	318	-	4,216	-	-	182,075
Term loan	49,633	-	(633)	-	171	-	639	-	-	49,810
Revolving Credit Facilities	9,275	-	(10,814)	-	327	-	806	-	-	(407)
Other borrowings	373	-	(603)	-	38	-	91	8	997	904
Finance leases	4,559	-	-	-	-	(4,559)	-	-	-	-
Deposits and guarantees	471	319	-	-	-	-	-	-	-	790
Banks overdrafts	615	-	(605)	-	-	-	-	-	-	11
Total debt	**242,717**	**319**	**(12,905)**	**-**	**854**	**(4,559)**	**5,752**	**8**	**997**	**233,182**
TOTAL NET DEBT	**185,536**	**(36,470)**	**(12,905)**	**(519)**	**854**	**(4,559)**	**5,752**	**8**	**997**	**138,694**

(1) As of 31 December 2019, the financial lease debt is presented in the lease debt in note 17.1.

The breakdown by currency of the net debt is broken down as follows:

	EUR								
(in € thousands)	EUR	CHF	GBP	USD	IDR	INR	RMB	VND	Total
Convertible bond	182,075	-	-	-	-	-	-	-	182,075
Term loan	49,810	-	-	-	-	-	-	-	49,810
Revolving Credit Facilities	(407)	-	-	-	-	-	-	-	(407)
Other borrowings	904	-	-		-	-	-	-	904
Deposits and guarantees	790	-	-	-	-	-	-	-	790
Banks overdrafts	11	-	-	-	-	-	-	-	11
Cash and cash equivalents	(82,880)	(4,077)	(1,198)	(5,764)	(4)	(11)	(121)	(433)	(94,489)
TOTAL NET DEBT	**150,302**	**(4,077)**	**(1,198)**	**(5,764)**	**(4)**	**(11)**	**(121)**	**(433)**	**138,694**

	31 December 2018							
(in € thousands)	EUR	CHF	GBP	USD	IDR	INR	RMB	Total
Convertible bond	177,791	-	-	-	-	-	-	177,791
Term loan	49,633	-	-	-	-	-	-	49,633
Revolving Credit Facilities	9,275	-	-	-	-	-	-	9,275
Other borrowings	-	-	-	373	-	-	-	373
Finance leases	4,559	-	-	-	-	-	-	4,559
Deposits and guarantees	471	-	-	-	-	-	-	471
Banks overdrafts	615	-	-	-	-	-	-	615
Cash and cash equivalents	(48,546)	(845)	(2,386)	(5,004)	(7)	(31)	(361)	(57,181)
TOTAL NET DEBT	**193,797**	**(845)**	**(2,386)**	**(4,631)**	**(7)**	**(31)**	**(361)**	**185,536**

a) Convertible Bond

On 6 December 2017, Maisons du Monde issued bonds convertible into new or existing shares ("OCEANE") due December 2023 by way of a private placement to institutional investors, for a nominal amount of €200 million (4,100,041 bonds with a nominal value of €48.78). Existing shareholders of the Company shall have no preferential subscription rights (or priority subscription period) in connection with the bonds or the underlying shares of the Company.

The Bonds have been issued at par and bear interest at an annual rate of 0.125%, payable annually in arrears on 6 December of each year and for the first time on 6 December 2018. Issuance fees were €2.3 million.

Unless previously converted, exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed at par on 6 December 2023. The Bonds may be redeemed prior to maturity at the option of the Company, subject to certain conditions, and at the option of the holders in the event of a change of control of the Company.

From the Issue Date (i.e. 6 December 2017) and up to 5.00pm. (Paris time) on the 7th business day preceding the maturity date or the relevant early redemption date, the Bonds will entitle their holders to receive shares of the Company at a ratio of one share per Bond, subject to any potential subsequent adjustments.

The Bonds are listed on the Euronext Access™ market of Euronext Paris since 12 December 2017.

The General Meeting of June 03, 2019 decided to distribute a dividend of €0.47 per share, resulting in a change in the conversion/exchange ratio.

Following this dividend payment, and in accordance with the Terms & Conditions provided in article 2.6.(B).10 on OCEANEs, the Conversion/Exchange Ratio as defined in the Terms & Conditions increased starting 4 July 2019 from 1.004 shares to 1.012 Maisons du Monde S.A. shares for 1 OCEANE (determined with three decimal places by rounding to the nearest thousandth). The new Conversion/Exchange Ratio is effective on 4 July 2019.

The market rate used and the initial breakdown between the "Debt" portion and the "Equity" portion are as follows:

- market rate used for the calculation of the debt: 2.35%;
- fair value of financial debt at issue: €173.3 million (net of €2.1 million of issuance fees);
- equity portion of the convertible bond: €24.3 million (net of € 0.3 million of issuance fees).

As of 31 December 2019:

- the amount of the convertible bond, net of issuance fees, is €182.1 million;
- effective interest rate stands at 2.55% and the financial expense amounts to €4.2 million (debt accretion effect using the effective interest rate method).

During 2019, no bonds were converted or refunded.

	31 December 2019
1 - Number of convertible bonds	
Beginning of the period	4,100,041
Conversion of the period	-
At the end of the period	4,100,041
2 - Number of shares issued in respect of the convertible bond	
Beginning of the period	-
Transactions for conversions	-
End of the period	-
3 - Number of shares that may be issued by 6 December 2023	
Minimum number	4,100,041
4 - Gross amount of initial issue *(in thousands of euros)*	**200,000**
5 - Maximum amount repayable at maturity under the convertible bonds *(in thousands euros)*	**200,000**

b) Senior Credit Facilities ("Term Loan" and "RCF") and additional Credit Revolving Facility ("Additional RCF")

The Senior Credit Facility comprises a €50 million term loan and a €75 million Revolving Credit Facility (€10 million drawn as at 31 December 2019).

The additional Revolving Credit Facility amounts to €75 million (undrawn as at 31 December 2019).

Issuances fees amounted to €4.5 million for the Senior Credit Facilities (of which €3.5 million for the Term Loan and €1 million for the RCF) and to €0.5 million for the additional Revolving Credit Facility.

Issuances fees related to the Revolving Credit Facilities are amortized on a straight-line basis over their maturity. The issuance cost not yet amortized, related to the repaid portion of the Term Loan, were booked as expense on the period.

The corresponding financial expenses are breakdown as of 31 December 2019:

	Finance expenses			
	Interest rate	**Margin**	**Commitment Fees**	**User fees**
Term loan	EURIBOR 6 month	1.25%	n/a	n/a
Revolving Credit Facility (available amount)	n/a	n/a	0.44%	n/a
Revolving Credit Facility (undrawn amount)	EURIBOR 1, 3 or 6 months (1)	1.25%	n/a	
Less than €25 million				*0.1%*
From €25 million to €50 million				*0.2%*
More than €50 million				*0.4%*

(1) The applicable EURIBOR period depends on the interest rate period applicable to the relevant drawdown.

In 2019, the margin remained stable at 1.25%.

From 1 June 2019, the applicable margin for the next 12-months-period will be the percentage per annum set out below, depending on the Leverage ratio:

Leverage ratio	Margin
Superior to 3.50:1	2.50%
Less than or equal to 3.50:1 but superior to 3.00:1	2.25%
Less than or equal to 3.00:1 but superior to 2.50:1	2.00%
Less than or equal to 2.50:1 but superior to 2.00:1	1.75%
Less than or equal to 2.00:1 but superior to 1.50:1	1.50%
Less than or equal to 1.50:1 but superior to 1.00:1	1.25%
Less than or equal to 1.00:1	1.00%

The senior credit facility and the revolving credit facility agreements include a financial covenant under which the leverage ratio may not exceed the ratio set out in the table below for each period:

Relevant period	Leverage ratio
Expiring 31 December 2018	4.25:1
Expiring 30 June 2019	4.00:1
Expiring 31 December 2019	3.75:1
Expiring 31 December 2020	3.75:1
Expiring 31 December 2021	3.75:1

The leverage ratio, which is the ratio of total net debt on the last day of the period, and the consolidated pro forma EBITDA of the Group for the same period is fulfilled as of 31 December 2019.

27.2 Maturity of borrowings and other financial debts

As of 31 December 2019, the maturity ranges of borrowings are as follows:

	Maturity as of 31 December 2019			
(in € thousands)	Less than 1 year	From 1 to 5 years	More than 5 years	Total
Convertible bond	-	182,075		182,075
Term loan	-	49,810	-	49,810
Revolving Credit Facilities	-	(407)	-	(407)
Other borrowings	205	684	15	904
Deposits and guarantees	-	-	790	790
Bank overdraft	11	-	-	11
TOTAL BORROWINGS	**216**	**232,163**	**805**	**233,182**

27.3 Fixed and variable rate

(in € thousands)	31 December 2019	31 December 2018
Floating rate	49,874	64,868
Fixed rate	183,307	177,848
TOTAL BORROWINGS	**233,183**	**242,717**

Floating rate borrowings includes the Term Loan, Credit revolving facilities, financial leases (only on 31 December 2018) and bank overdrafts.

Note 28 Post-employment benefits

The employment benefits provision relates to defined benefit pension plans.

In addition to State plans, the Group's French subsidiaries are legally required to pay lump sums to employees when they retire from service, the "indemnités de fin de carrière" (IFC). The amounts are based on years of service in the Company and on the base salary according to the collective bargaining agreement in force. This scheme covers all employees under permanent contract within the Company.

For the Italian subsidiary, Trattamento di Fine Rapporto (TFR) is an employee benefit payable at the end of the working period or as soon as the employee leaves the Company. According to IAS 19, the TFR falls into "post-employment benefits" category.

Concerning the Swiss subsidiary, the occupational benefit is a reserve funded by the employer's and employee's contribution. This capital is converted into a life annuity based on a "conversion rate" defined by the law, currently set at 6.8%.

The defined benefit obligations are broken down by country as follows:

(in € thousands)	31 December 2019	31 December 2018
France	3,712	2,796
Swiss	729	364
Italy	6,498	5,459
DEFINED BENEFIT OBLIGATION	10,939	8,619

The movements in the defined benefit obligation over the years presented are as follows:

(in € thousands)	Defined benefit obligation
Balance as of 31 December 2017	**7,703**
Current service cost	1,483
Interest expense/(income)	126
TOTAL EXPENSE/(INCOME)	1,609
Actuarial (gains) and losses - demographic assumptions	-
Actuarial (gains) and losses - financial assumptions	(250)
Experience (gains)/losses	24
TOTAL REMEASUREMENTS	(226)
Employer contributions	(118)
Other contributions	-
Benefits paid	(361)
Currency impact	12
TOTAL PAYMENTS	(467)
Balance as of 31 December 2018	**8,619**
Current service cost	1,394
Interest expense/(income)	341
TOTAL EXPENSE/(INCOME)	1,735
Actuarial (gains) and losses - demographic assumptions	(112)
Actuarial (gains) and losses - financial assumptions	1,241
Experience (gains)/losses	178
TOTAL REMEASUREMENTS	1,307
Employer contributions	(164)
Other contributions	-
Benefits paid	(584)
Currency impact	26
TOTAL PAYMENTS	(722)
NET CARRYING AMOUNT AS OF 31 DECEMBER 2019	10,939

The significant actuarial assumptions were as follows:

	31 December 2019			31 December 2018		
	France	Italy	Switzerland	France	Italy	Switzerland
Discount rate	0.90%	0.70%	0.35%	1.50%	1.60%	0.70%
Turnover rate	0.00% à 12.50%	10%	10%	0.00% à 11.60%	10%	10%
Mortality rate	INSEE 2009-2011	IPS55	BVG 2015 GT	INSEE 2009-2011	IPS55	BVG 2015 GT
Estimated future salary increase	1.50% à 2.50%	1.8%	1.5%	1.50% à 2.50%	1.5%	1.5%
Probable retirement age	62-64	68	variable - légal	62-64	68	variable - légal

Turnover rates for France for the years ended 31 December 2019 and 2018 are based on internal statistics over the last 3 years per entity, age category and category of personnel.

The sensitivity of the commitment to a variation of 0.25% of some assumptions, all other things remaining unchanged, breaks down as follows at 31 December 2019:

	Impact on defined benefit obligation		
(in € thousands)	**Change in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	0.25%	(805)	629
Salary growth rate	0.25%	909	(577)

The estimated amount of payments to be paid out in 2020 is €895 thousand.

As of 31 December 2019, the average duration of the Group's benefit obligation was 20 years (17 years as of 31 December 2018).

Note 29 Provisions

(in € thousands)	Provisions for commercial disputes	Provisions for labor disputes	Provision relating to stores (closures and lease disputes)	Tax Provisions	Other	Total
Balance as of 1 January 2018	**12,699**	**824**	**257**	**119**		**13,899**
Additionnal provisions	730	721	48	26	1,000	2,524
Unused amounts reversed	(278)	(119)	(93)	-	-	(491)
Amounts used during the year	(137)	(126)	(134)	-	-	(396)
Balance as of 31 December 2018	**13,014**	**1,300**	**78**	**145**	**1,000**	**15,537**
Of which non-current	*13,014*	*1,201*	*49*	*145*	*-*	*14,409*
Of which current	*-*	*99*	*29*	*-*	*1,000*	*1,128*
Balance as of 1 January 2019	**13,014**	**1,300**	**78**	**145**	**1,000**	**15,537**
Additionnal provisions	2,005	796	329	35	230	3,395
Unused amounts reversed	(100)	(542)	(3)	(77)	-	(722)
Amounts used during the year	(42)	(575)	(22)	(11)	-	(650)
Balance as of 31 December 2019	**14,877**	**978**	**382**	**92**	**1,230**	**17,559**
Of which non-current	*12,877*	*685*	*48*	*92*	*-*	*13,702*
Of which current	*2,000*	*291*	*335*	*-*	*1,230*	*3,856*

As of 31 December 2019, the Group carried out a review of its main commercial disputes, which led to the recognition of an additional provision of €2.0 million. During the year, the Group did not have identified new disputes requiring to account for a significant provision.

Note 30 Trade and other payables

Trade and other payables are broken down as follows:

(in € thousands)	31 December 2019	31 December 2018
Trade payables	97,342	123,776
Advance payments received on orders in progress	43,572	37,490
Social and tax payables	74,507	71,756
Amounts payable on fixed assets	7,206	11,511
Deferred revenue	10,146	6,407
TOTAL TRADE PAYABLES AND PAYABLES	**232,772**	**250,940**

Deferred revenue mainly includes goods not delivered.

Note 31 Other non-current liabilities

"Other non-current liabilities" are mainly related to debt corresponding to the put options held by the Modani's and Rhinov's minority shareholders for €26 million at 31 December 2019 compared to €19.4 million at 31 December 2018 by the Modani's minority shareholders. This debt is measured at the current exercise price of the option (see Note 1.1 and 1.2).

The change in the debt fair value is recognized against the Group's equity.

Following the IFRS 16 implementation, the balance of rent deductibles granted by landlords was reclassified to less than the right of use (the non-current share amounted to €16.3 million at 31 December 2018).

Note 32 Other current liabilities

The "Other current liabilities" corresponded on 31 December 2018 to the additional price associated with the acquisition of Modani (€6.4 million), which was paid in full in the first half of 2019.

Note 33 Financial instruments

33.1 Financial instruments by category

(in € thousands)	Loans and receivables	Fair value through P&L	Hedging derivatives	Total	Fair value
Assets -31 December 2019					
Other non-current financial assets	15,693	-	-	15,693	15,693
Trade receivables	12,223	-	-	12,223	12,223
Other receivables (excl. Prepaid expenses and Corporate Income Tax)	46,536	-	-	46,536	46,536
Other current financial assets	-	-	-	-	-
Derivative financial instruments	-	-	16,858	16,858	16,858
Cash and cash equivalents	94,489	-	-	94,489	94,489
TOTAL	**168,941**	**-**	**16,858**	**185,799**	**185,799**

(in € thousands)	Other financial liabilities at amortized costs	Fair value through P&L	Hedging derivatives	Total	Fair value
Liabilities -31 December 2019					
Borrowings	50,892	-	-	50,892	50,892
Convertible bond	182,075	-	-	182,075	182,075
Derivative financial instruments	-	-	141	141	141
Borrowings and current convertible bond	216			216	216
Trade payables and other payables (excl. Deferred revenue)	222,626	-	-	222,626	222,626
TOTAL	**455,809**	**-**	**141**	**455,950**	**455,950**

(in € thousands)	Loans and receivables	Fair value through P&L	Hedging derivatives	Total	Fair value
Assets -31 December 2018					
Other non-current financial assets	14,816	-	-	14,816	14,816
Trade receivables	11,513	-	-	11,513	11,513
Other receivables (excl. Prepaid expenses and Corporate Income Tax)	53,932	-	-	53,932	53,932
Other current financial assets	27	-	-	27	27
Derivative financial instruments	-	-	4,664	4,664	4,664
Cash and cash equivalents	57,181	-	-	57,181	57,181
TOTAL	**137,468**	**-**	**4,664**	**142,132**	**142,132**

(in € thousands)	Other financial liabilities at amortized costs	Fair value through P&L	Hedging derivatives	Total	Fair value
Liabilities -31 December 2018					
Borrowings	53,039	-	-	53,039	53,039
Convertible bond	178,092	-	-	178,092	178,092
Derivative financial instruments	-	-	2,354	2,354	2,354
Borrowings and current convertible bond	11,586	-	-	11,586	11,586
Trade payables and other payables (excl. Deferred revenue)	244,533	-	-	244,533	244,533
TOTAL	**487,249**	**-**	**2,354**	**489,604**	**489,604**

33.2 Fair value estimation

As at 31 December 2019, 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 24) are carried at fair value using a valuation method that relies on inputs based on observable market data.

The concept of fair value shall be understood to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a three-level fair value hierarchy under IFRS 13:

- level 1: fair value is measured by reference to quoted prices in active markets for identical assets or liabilities;
- level 2: fair value is measured by reference to inputs other than quoted market prices included within level 1, which are observable for the asset or liability, either directly (price) or indirectly (inputs derived from price);
- level 3: fair value is measured by reference to information on the asset or liability that are not observable (unobservable inputs) in the market.

Below you will find an analysis of the financial instruments by level:

(in € thousands)	Level 1	Level 2	Level 3
Balance as of 31 December 2019			
Derivative financial instruments	-	16,717	-
Balance as of 31 December 2018			
Derivative financial instruments	-	2,310	-

The following table presents the Group's financial assets and liabilities that are measured at fair value as of 31 December 2019:

	Notes	IAS 39 measurement principles	IFRS 7 Fair value hierarchy
Financial assets:			
Derivatives financial instruments	24	Fair value	2
Trade and other receivables	22	Amortised cost	N/A
Cash and cash equivalents	25	Fair value	1
Other non current/current financial assets	20 et 23	Amortised cost	N/A
Financial liabilities:			
Borrowings and other financial debts (excl. Bank overdrafts)	27	Amortised cost	N/A
Derivatives financial instruments	24	Fair value	2
Bank overdrafts	27	Fair value	1
Trade and other payables	30	Amortised cost	N/A

Financial risk management

Note 34 Financial risk management

In the course of its activities, the Group is mainly exposed to foreign exchange risk, liquidity risk and credit risk. The Group's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

The Group uses derivative financial instruments to hedge its foreign exchange risk exposures. In this case, the Group only enters into derivative transactions related to operating and/or financial assets and liabilities or forecast future transactions. The Group does not enter into any speculative transactions without underlying assets or liabilities.

Risk management is carried out by the Group's Treasury Department and the Chief Financial Officer, under policies approved by the Board of Directors.

34.1 Financial risks factor

a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's subsidiaries' functional currency which is the Euro, for most of them.

A majority of the Group's purchases from suppliers and sea freight costs are denominated in US dollars and is therefore exposed to fluctuations on the translation into euros of its foreign currency liabilities. The Group hedges all of these US dollar transactions using forward contracts and Accumulated Boost Forward Contracts negotiated with leading banks. Hedging is part of the forecast/budget process.

The fair value of foreign currency financial instruments is €16.7 million as of 31 December 2019 compared to 2.3 million as of 31 December 2018.

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

In addition:

- the Group sales in UK and Switzerland are denominated in local currency but foreign exchange risk is limited given the volume of sales in these currencies;
- the Group operations in US are denominated in local currency but foreign exchange risk is limited given the volume of operations in this currency.

b) Interest rate risk

The Group gross indebtedness exposed to interest rate fluctuations amounted to €49.9 million as of 31 December 2019, compared to €64.9 million as of 31 December 2018.

An increase in interest rates by 100 basis points (+1%) across all yield curves would have an effect of approximately +€0.5 million on the Group's annual financial expenses before tax, assuming outstanding debt remains constant. A decrease in interest rates would have almost no effect as the applicable interest rates at the end of the year 2019 are nil for most of the debt.

In case of an interest rates increase, the Group will consider using hedging instruments.

c) Liquidity risk

Financial liabilities mainly comprise borrowings and trade and other payables. These liabilities may expose the Group to liquidity risk in the event of early repayment or short maturity.

In order to manage its liquidity risk, the Group contracts revolving credit contracts or bank facilities for an appropriate amount and maturity to ensure that it has adequate available funds to meet its commitments with various financial institutions. The total amount of credit facility that was not used as of 31 December 2019 is €150 million, compared to €140 million as of 31 December 2018.

Maisons du Monde France has contracted various credit facilities (totalling €10 million) from Arkea Banque Entreprises et Institutionnels, Banque Palatine, Banque Populaire, BNP Paribas, CIC Ouest, Credit Agricole Corporate and Investment Bank, Natixis and Société Générale.

The tables below analyse the Group's financial liabilities based on their contractual maturities:

(in € thousands)	Carrying amount	Total	Less than 1 year	From 1 to 5 years	More than 5 years
	Contractual cash flows as of 31 December 2019				
Term Loan	50,000	50,000		50,000	-
Interests on Term Loan	54	1,510	625	885	-
Issuance fees related to Term Loan	(244)	-	-	-	-
Convertible bond [(1)]	175,366	200,000	-	200,000	-
Interests on convertible bond	8,122	1,000	250	750	
Issuance fees related to convertible bond	(1,413)	-	-	-	-
RCF	-	-	-	-	-
Interests on RCF [(1)]	54	1,586	656	930	-
Issuance fees related to RCF	(461)	-	-	-	-
Other borrowings	904	904	205	684	15
Deposits	790	790	-	-	790
Bank overdraft	11	11	11	-	-
TOTAL BORROWINGS	**233,182**	**255,800**	**1,747**	**253,249**	**805**
Other non current liabilities	23,149	23,149	-	23,149	-
Trade and other payables	232,772	232,772	232,772	-	-
TOTAL OTHER LIABILITIES	**255,922**	**255,922**	**232,772**	**23,149**	**-**

(1) *The contractual cash-flows for interests on the Term Loan and the RCF are based on the following assumption: a rate of 1.25% which are the minimum contractual rate, for the presented periods according to the forecast debt leverage (see note 27.1).*

(in € thousands)	Carrying amount	Total	Less than 1 year	From 1 to 5 years	More than 5 years
	Contractual cash flows as of 31 December 2018				
Term Loan	50,000	50,000		50,000	-
Interests on Term Loan [(1)]	45	1,510	625	885	-
Issuance fees related to Term Loan	(412)	-	-	-	-
Convertible bond [(1)]	175,366	200,000	-	200,000	-
Interests on convertible bond	4,156	1,250	250	1,000	-
Issuance fees related to convertible bond	(1,731)	-	-	-	-
RCF	10,000	10,000	10,000	-	-
Interests on RCF [(1)]	61	1,586	656	930	-
Issuance fees related to RCF	(786)	-	-	-	-
Other borrowings	373	373	373		-
Finance leases	4,559	4,559	1,286	3,273	-
Deposits	471	471	-	-	471
Bank overdraft	615	615	615	-	-
TOTAL BORROWINGS	**242,716**	**270,364**	**13,806**	**256,088**	**471**
Other non current liabilities	34,994	34,994	-	23,396	11,598
Others current liabilities	6,450	6,450	6,450	-	-
Trade and other payables	250,940	250,940	250,940	-	-
TOTAL OTHER LIABILITIES	**292,384**	**292,384**	**257,390**	**23,396**	**11,598**

(1) *The contractual cash-flows for interests on the Term Loan and the RCF are based on the following assumption: a rate of 1.5% until 31 May 2018 then 1% from 1 June 2018, which are the minimum contractual rate, for the presented periods according to the forecast debt leverage (see note 27.1).*

d) Credit risk

Credit risk relates to cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as customer credit, including outstanding receivables.

Sales (store and online) are mostly settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk through exposure to individual customers.

Additional information

Note 35 Off-balance sheet commitments

35.1 Secured debt

The shares of Maisons du Monde S.A., Maisons du Monde France, Maisons du Monde Italy, Maisons du Monde Belgium and Maisons du Monde Spain are pledged to guarantee the term loan of €50 million as well as the Revolving Credit Facilities of €150 million.

35.2 Bilateral Lending Facilities

Maisons du Monde France has entered into various credit facilities (for an aggregate amount of €10 million) with Arkea Banque Entreprises et Institutionnels, Banque Palatine, Banque Populaire, BNP Paribas, CIC Ouest, Credit Agricole Corporate and Investment Bank, Natixis and Société Générale.

35.3 Letter of Credit Facilities

The Group is a party to certain letter of credit facilities (crédit documentaire) with Banque Tarneaud, Banque Populaire, CIC Ouest, Crédit Agricole Corporate and Investment Bank and Crédit Lyonnais issued in favour of certain of our suppliers in the ordinary course of business. As of 31 December 2019, the Group had $1.2 million aggregate amount of letters of credit issued, as compared to $4.7 million as of 31 December 2018.

35.4 Call option for Modani shares

The Group's acquisition of a majority stake in Modani's capital is accompanied, among other things, by a call option granted to the Group exercisable during the first half of 2023. By mutual agreement between the parties, the redemption price of the share 30% has been set at fair market value at the date of exercise of the option.

35.5 Call option for Savane Vision (Rhinov) shares

The Group's acquisition of a majority stake in Savane Vision (Rhinov) capital is accompanied, among other things, by two call options granted to the Group on minority interests (29.6% of the shares) exercisable over two exercise periods. The first period is in 2023 and concerns a portion of shares between 65% and 75%. The second period is in 2025 for remaining shares. The repurchase price of the 29.6% shares was set as a multiple of the EBITDA on the date of exercise of the option.

35.6 Purchase commitment

As part of the disposal of its joint-venture Chin Chin Limited, the Group committed to a purchase volume of $6.0 million of merchandise over the year 2020 based on a defined list of products and prices.

35.7 Contingent liabilities

Following a tax audit in Italy covering the financial years 2014 to 2016, MDM Italy has initiated an amicable settlement procedure with the Italian tax authorities. The Group is confident in the final outcome of this procedure and did not record any provision in that regard in the financial statements as at 31 December 2019.

Note 36 Transactions with related parties

36.1 Relations with the Group's other shareholders

a) Consulting services agreements

From 1 July 2018 following the appointment of Julie Walbaum as CEO, the Group has entered for a period of 18 months into a new consulting agreement with Gilles Petit Conseil, an entity owned and controlled by Gilles Petit. As such, and in accordance with the terms of the agreement, Gilles Petit Conseil received €0.1 million for the year ended 31 December 2019 compared to €0.1 million for the year ended 31 December 2018.

b) Attendance fees

Some members of the Board of Directors are paid by attendance fees. The total gross amount of attendance fees due for the 2019 financial year by the Company and its subsidiaries to all of the directors was €432 thousand compared to €449 thousand for the year 2018.

36.2 Compensation and benefits granted to key management personnel

The key management personnel are the members of the Board of Directors of the Company, the General Manager of the Company, and the members of the Executive Committee of the Group.

Terms and conditions of the compensation and benefits granted to the Executive Director are approved by the Board of Directors, following the recommendation of the Appointments and Remunerations Committee.

The following table presents the total gross amount of fixed compensation paid by the Company and its controlled entities to the members who are at the closing (or, have been during the period), members of the key management of the Group.

These amounts were booked as expenses in 2019 and 2018 according the following detail:

(in € thousands)	31 December 2019	31 December 2018
Short-term employment benefits	2,963	2,946
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	67	155
Share-base payments	963	1,331
TOTAL COMPENSATION AND BENEFITS	**3,992**	**4,432**

Members of the Board of Directors of the Company did not receive any compensation from the Group except attendance fees (see note 36.1b).

Note 37 Statutory auditor's fees

The following table shows the amount of auditor's fees included in the Group's consolidated income statement for the year, broken down into audit and certification fees for the statutory and consolidated financial statements and fees for other services rendered. The fees shown apply to fully consolidated subsidiaries.

	KPMG				Deloitte			
	Amount		%		Amount		%	
(in € thousands)	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2018
Audit								
Statutory audit fees, certification, auditing of the accounts	**258**	**260**	**86%**	**87%**	**190**	**188**	**99%**	**98%**
• Parent company	116	95	45%	36%	103	98	54%	52%
• Subsidiaries	142	165	55%	64%	87	91	46%	48%
Other services rendered by auditors' networks to fully-conso-lidated subsidiaries	**42**	**38**	**14%**	**13%**	**2**	**3**	**1%**	**2%**
• Other	42	38	100%	100%	2	3	100%	100%
TOTAL FEES PAID TO THE STATUTORY AUDITOR	**300**	**298**	**100%**	**100%**	**191**	**191**	**100%**	**100%**

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Note 38 Scope of consolidation

The table set out below provides a list of the Group's subsidiaries and shows the ownership interest of Maisons du Monde S.A. in each entity as of 31 December 2019:

As of 31 December 2019, 40 companies have been fully consolidated in the financial statements (40 in 2018) and none companies have been consolidated through equity method (4 in 2018).

Subsidiary	Activity	Country of incorporation	Consolidation method	As of 31 December 2019		As of 31 December 2018	
				% control	% interest	% control	% interest
Maisons du Monde S.A.	Holding Company - Parent entity	France	Full	100%	100%	100%	100%
Maisons du Monde France	Retail stores selling home furnishings and decorations/Main buyer	France	Full	100%	100%	100%	100%
Maisons du Monde Belgique	Retail stores selling home furnishings and decorations	Belgium	Full	100%	100%	100%	100%
Maisons du Monde Espagne	Retail stores selling home furnishings and decorations	Spain	Full	100%	100%	100%	100%
Maisons du Monde Italie	Retail stores selling home furnishings and decorations	Italy	Full	100%	100%	100%	100%
Maisons du Monde Luxemburg	Retail stores selling home furnishings and decorations	Luxemburg	Full	100%	100%	100%	100%
Maisons du Monde Allemagne	Retail stores selling home furnishings and decorations	Germany	Full	100%	100%	100%	100%
Maisons du Monde Switzerland	Retail stores selling home furnishings and decorations	Switzerland	Full	100%	100%	100%	100%
Maisons du Monde Portugal (1)	Retail stores selling home furnishings and decorations	Portugal	Full	100%	100%	n. a	n. a
MDM Furniture & Decoration	Retail stores selling home furnishings and decorations	United Kingdom	Full	100%	100%	100%	100%
Distrimag	Warehouse logistics and order preparation	France	Full	100%	100%	100%	100%
Distri-Traction	Container transport between harbour and warehouses	France	Full	100%	100%	100%	100%
Distri-Meubles (2)	Customer delivery	France	Full	0%	0%	100%	100%
Chin Chin Limited	Holding Company	Hong Kong	Equity Method	0%	0%	50%	50%
Shanghai Chin Chin (3)	Furniture manufacturing	China	Equity Method	0%	0%	50%	50%
Mekong Furniture	Furniture manufacturing	Vietnam	Full	100%	100%	100%	100%
Savane Vision (Rhinov) (4)	Design	France	Full	100%	70%	n. a	n. a
International MDM	Dormant entity	France	Full	100%	100%	100%	100%
International MGL	Dormant entity	France	Full	100%	100%	100%	100%
Maisons du Monde USA	Holding Company	United-States	Full	100%	100%	100%	100%
Modani Holdings LLC	Holding Company and support functions	United-States	Full	100%	70%	100%	70%

Subsidiary	Activity	Country of incorporation	Consolidation method	As of 31 December 2019		As of 31 December 2018	
				% control	% interest	% control	% interest
Modani Atlanta LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Boca Raton LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Brickell LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Chicago LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Dallas LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Doral LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Frisco LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Fort Lauderdale LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani King of Prussia LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Paramus LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Houston LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Los Angeles LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Miami LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani New York Midtown LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani OC LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani San Francisco LLC	Retail stores selling home furnishings and decorations	United-States	Full	0%	0%	100%	70%
Modani San Diego LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Tampa LLC (1)	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Modani West Palm Beach LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Urbanmod LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%
Modani Garden City LLC (1)	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a

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Subsidiary	Activity	Country of incorporation	Consolidation method	As of 31 December 2019		As of 31 December 2018	
				% control	% interest	% control	% interest
Modani Naples LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Modani Denvers LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Modani Jacksonville LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Modani Las Vegas LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Modani Oak Brook LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Modani Pinecrest LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
Maisons du Monde Aventura LLC [(1)]	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	n. a	n. a
SNS Imports LLC	Warehouse logistics and order preparation	United-States	Full	100%	70%	100%	70%
Maisons du Monde Holdings LLC	Holding	United-States	Full	100%	70%	100%	70%
Maisons du Monde Wynwood LLC	Retail stores selling home furnishings and decorations	United-States	Full	100%	70%	100%	70%

(1) Creation of the subsidiary in 2019.

(2) Merger of Distrimag's entity in 2019.

(3) Sale of the entity in 2019.

(4) Acquisition of the entity in 2019

Note 39 Events subsequent to 31 December 2019

Tax audit

As of February 21,2020, the Company MDM SA received notice of a tax inspection spanning the fiscal periods 2017 and 2018.

Health crisis - Covid-19

Between the balance sheet date i.e. 31 December 2019, and the date on which the financial statements were established by the Board of Directors i.e. 25 March 2020, the global health crisis related to the Covid-19 virus (or "coronavirus") occurred.

The Group reported on the impacts of the coronavirus on its supplies and its activity when it published its 2019 annual results on 11 March 2020. This pandemic, which began initially in China and then spread to other countries, in Europe especially, led to product supply difficulties for the Group starting in mid-February, following the closure of its plant in Vietnam and the stoppage of production by its Chinese suppliers for more than a month. In addition, the Group took the decision on 11 March to close all of its stores for one week in Italy following a government decree. On this basis, and in view of the unforeseeable development of the situation, the Group believed that it was not in a position to provide earnings forecasts for 2020, but nevertheless stated that it expects its sales to remain stable in the first quarter of 2020 and that it expects its sales in the second quarter of 2020 to be lower than in the same period of 2019. The 11 March release on first quarter sales reflected the information available at that time.

Since 11 March 2020, the coronavirus has continued to spread rapidly around the world, affecting all markets in which the Group operates. With regard to product supplies, production has gradually resumed in China, as well as at the Group's plant in Vietnam, but with reduced capacity and a still uncertain ramp-up.

In addition, to contain the spread of the virus, restrictions on the movement of persons and doing business have been put in place in all countries in which the Group operates, resulting in the closure of points of sale. Between 11 March and 19 March 2020, all Maisons du Monde stores in Europe and the United States closed. Nevertheless, the Group continues to sell its products and serve its customers in its various geographies through its e-commerce activity. Modani is also continuing its operations in the United States, with three store closures out of 19 in total as of 25 March 2020.

Faced with this unprecedented and highly fluctuating situation throughout the world, the Group believes that it is very difficult to quantify the impact of the limitation of its activity in the various countries in which it operates on its 2020 sales and results. It is therefore not possible at this stage to provide reliable sales and profit forecasts for 2020.

In this uncertain environment, the Group has put in place a proactive action plan to ensure the safety of its employees and mitigate the impact of the coronavirus on its results and cash generation. As a result, the Group has launched cost-cutting plans that cover its entire cost structure, including the implementation of short-time working measures for its employees. It is also working on resizing its store opening plan over the year to strike the right balance between investing to support future sales growth and preserving results and cash generation. The Group's other capital expenditures are also under close review. A special committee comprised the Group's key executives has been set up to monitor developments in the situation on a day-to-day basis, as well as the implementation of this action plan.

In addition, to anticipate its future cash requirements, the Group drew on its revolving credit facility and additional credit facility on 18 March 2020 for a total amount of €150 million. This means that as at 25 March 2020, the Group had €227 million in cash and cash equivalents. This level of liquidity, combined with the resilience of the Group's business model and financial structure, will enable it to cope with this exceptional situation.

6.2 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2019

To the Annual General Meeting of Maisons du Monde S.A.,

Opinion

In compliance with the engagement entrusted to us by your bylaws and your Annual General Meeting, we have audited the accompanying consolidated financial statements of Maisons du Monde S.A. for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on March 25, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*code de déontologie*) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are as follows:

- Independent third-party review of the consolidated non-financial performance statement pursuant to Article L. 225-102-1 of the French Commercial Code;
- Issuance of attestations on data extracted from the financial statements (turnover per shop, financial ratios, covenants)

Emphasis of matter

We draw attention to the following matter described in Notes 2.2, 2.14, and 17 to the consolidated financial statements, relating to the impact of the first-time application of IFRS 16, *Leases*. This standard has been adopted by the European Union and is applicable for years beginning on or after January 1, 2019. Our opinion is not modified in respect of this matter.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

MEASUREMENT OF RIGHT-OF-USE ASSETS AND LEASE LIABILITIES RECOGNIZED IN THE OPENING BALANCE SHEET ON THE FIRST-TIME APPLICATION OF IFRS 16, LEASES

Risk identified	Our response
The Group applied the new standard IFRS 16, Leases, using the simplified retrospective method as of January 1, 2019. Prior year comparative figures were not therefore restated and the cumulated impact of the first-time application of the standard was recognized as of January 1, 2019. This standard modifies, in particular, the accounting treatment of leases, with recognition at the commencement date of a right-of-use asset and a lease liability reflecting lease payments due over the reasonably certain period of the lease. The Group has chosen to apply certain exemptions provided in the standard and therefore does not recognize leases of assets with a low unit value and short-term leases, which are expensed directly to profit or loss. The first-time application of this standard led to the recognition, as of January 1, 2019, of right-of-use assets with a total net value of €678.3 million and lease liabilities of €656.6 million. As disclosed in Note 2.2 to the consolidated financial statements, the Group did not apply the IFRS IC final decision of December 16, 2019 on determining the lease term and the useful life of leasehold improvements, in preparing the consolidated financial statements for the year ended December 31, 2019, as it did not have sufficient time to conduct analyses to determine the effects. The potential impacts of this decision are currently being analyzed. We consider the first-time application of IFRS 16, Leases, to be a key audit matter due to the material amount of lease liabilities and right-of-use assets in the financial statements and the high level of management judgement involved in determining the residual lease term and discount rates.	We analyzed the compliance of the methodologies applied by the Company with prevailing accounting standards. We familiarized ourselves with the procedures implemented by the Group to identify leases within the application scope of IFRS 16. To assess the completeness of the lease database, we compared the lease scope with "operating lease" expenses identified under the previous standard and reviewed the residual lease expenses. We also performed the following procedures: • Confirmed, for a sample of leases, the information collected to determine the lease assets and liabilities with the underlying contracts; • Assessed, for a sample of leases, the relevance of the criteria applied by management to determine the residual lease term; • Assessed the assumptions underlying the discount rate, the method adopted to extrapolate the Group borrowing rate across the maturities used and the definition of the risk-free interest rate spread per country applied to the incremental borrowing rate per country to take account of the economic environment of each subsidiary, with the assistance of our financial valuation experts. • Conducted substantive tests, for a sample of leases, to recalculate the liability and depreciation based on the key assumptions adopted, such as the lease term and discount rates recorded in the IT tool, based on the information contained in the leases selected. Lastly, we verified that Notes 2.2, 2.14 and 17 to the consolidated financial statements provided appropriate disclosures.

MEASUREMENT OF INTANGIBLE ASSETS, INCLUDING INTANGIBLE ASSETS WITH AN INDEFINITE LIFE (GOODWILL AND BRANDS), AND PROPERTY, PLANT AND EQUIPMENT

Risk identified	Our response
As of December 31, 2019, intangible assets and underlying assets of the Group had a net carrying amount of €787.9 million (excluding right-of-use assets of €680.1 million, net), compared with total assets of €1,878.4 million. As disclosed in Notes 2.12 a) and b), goodwill and brands acquired by the Group and with an indefinite life are tested for impairment where there is an indication of loss in value and at least once annually. When the recoverable amount is less than the net carrying amount, the assets are impaired un the amount of the difference. Impairment tests are conducted at the lowest level at which goodwill is monitored by the Group, i.e. the "France" and "International" regions. The methods used by Group management to test for impairment are described in Note 14.2 to the consolidated financial statements; they are based heavily on judgement and assumptions concerning, in particular: • future cash flow forecasts (particularly sales growth and changes in the gross margin); • the perpetual growth rate applied to project flows; • the discount rate applied to the estimated cash flows; • the euro-USD exchange rate. A change in these assumptions would likely impact the recoverable amount of goodwill. We consider the measurement of intangible assets, including intangible assets with an indefinite life (goodwill and brands) and property, plant and equipment to be a key audit matter due to: • their material amount in the Group financial statements; • the judgements and assumptions necessary to determine the recoverable amount, based on discounted cash flow forecasts, the realization of which is inherently uncertain.	We analyzed the compliance of the methodologies applied by the Company with prevailing accounting standards. We familiarized ourselves with the key assumptions adopted and we: • Reconciled the business forecasts underlying the determination of the cash flows with the available information, including actual results and the most recent Management estimates, i.e. the 2020 budget approved by the Board of Directors and the 2021-2024 strategic plan approved by the Strategic Committee which updated the Business Plan's assumptions; • Assessed the reasonableness of the cash flow forecasts in relation to the economic context surrounding the Group's operations; • Reconciled the 2019 business forecasts prepared by Management as part of the previous December 31, 2019 year-end closing with the actual data, in order to assess the quality of the process of establishing these forecasts; • Compared the perpetual growth rate retained for the flow forecasts with the market analyses and the consensus of the main professionals concerned; • Confirmed the discount rate with the help of our financial valuation experts by comparing their parameters with external benchmarks; We obtained and reviewed the sensitivity analyses carried out by Management, which we compared with our own calculations to verify that the absence of goodwill impairment was based on reasonable assumptions and only an unreasonable change in assumptions would require the recognition of impairment. Lastly, we verified that Notes 2.12 a) & b), 14 and 15 to the consolidated financial statements provided appropriate disclosures.

MEASUREMENT AND ACCOUNTING TREATMENT OF THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Risk identified	Our response
The Group holds derivative financial instruments, which are used to hedge currency risks on foreign-currency denominated purchases, mainly euro – USD, arising in the normal course of business. These instruments are initially measured at fair value on the date the derivative is entered into and are subsequently remeasured at fair value at each reporting date, based on the exchange rate at the reporting date. Changes in fair value are recognized in profit or loss, except for instruments qualified as cash flow hedges, for which changes in fair value are recognized in other comprehensive income for the effective portion and in profit or loss for the ineffective portion. In 2019, changes in the fair value of derivative financial instruments were credited to equity for €9.2 million and recognized in income in the income statement for €5.2 million. We consider the recognition of financial instruments to be a key audit matter due to: • the importance of Management judgements and estimates in qualifying financial instruments as cash flow hedging instruments and determining the fair value of these instruments; • the materiality of changes in fair value of these instruments and the accounting impacts relating to their qualification as cash flow hedging instruments.	We analyzed the compliance of the methodologies applied by the Company with prevailing accounting standards. We assessed the expertise of the specialists appointed by the Company to measure the fair value of financial instruments and held discussions with Management to understand the scope of their procedures. We: • Obtained the components of the Group's financial instruments portfolio, which we compared with the fair value determined by the Group's external specialists. We also compared these statements with the bank confirmations; • Reviewed the cash flow hedging documentation with the help of our experts; • Reviewed the accounting treatment applied to financial instruments and the impacts on the income statement and other comprehensive income based on the qualification of these instruments. Lastly, we verified that Notes 2.18 and 24 to the consolidated financial statements provided appropriate disclosures.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by law and regulations of the information pertaining to the Group presented in the management report of the Board of Directors. With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, Management indicated to us that they will be communicated to the Shareholders' Meeting called to adopt the financial statements.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*code de commerce*) is included in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Maisons du Monde by your bylaws dated June 24, 2013 for KPMG Audit and by your Annual General Meeting of April 29, 2016 for Deloitte & Associés.

As of December 31, 2019, KPMG Audit was in the 6th year of total uninterrupted engagement and the 4th year since securities of the Company were admitted to trading on a regulated market and Deloitte & Associés was in the 4th year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

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

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original signed in Nantes and Paris-La Défense, April 9, 2020

The Statutory Auditors

KPMG AUDIT Division of KPMG S.A.	Deloitte & Associés
Gwénaël Chedaleux	Jean Paul Seguret

6.3 Statutory financial statements

(Financial Year from 1 January 2019 to 31 December 2019)

6.3.1 INCOME STATEMENT

(in € thousands)	Notes	31 December 2019	31 December 2018
Revenues	14	3,679	3,796
Reversal of depreciation, amortisation and provisions, and transferred expenses		391	104
Other income		0	0
TOTAL OPERATING INCOME		4,070	3,900
Purchases of goods and related inventory changes		(2)	(4)
Purchases of raw materials, other supplies and related inventory changes		-	-
External expenses	16	(3,044)	(3,391)
Taxes and levies		(170)	(199)
Personnel expenses	15	(4,542)	(4,589)
Depreciation and amortisation		(994)	(1,111)
Other expenses	15	(381)	(530)
TOTAL OPERATING EXPENSES		(9,133)	(9,823)
OPERATING PROFIT (LOSS)		**(5,063)**	**(5,923)**
FINANCIAL PROFIT (LOSS)	**17**	**44,348**	**69,704**
EXCEPTIONAL PROFIT (LOSS)	**18**	**(529)**	**(852)**
Profit (loss) before income tax		**38,757**	**62,929**
Income tax	19	1,634	7,190
NET PROFIT (LOSS)		**40,391**	**70,119**

6.3.2 BALANCE SHEET

Assets (in € thousands)	Notes	31 December 2019 Gross values	31 December 2019 Depreciation and amortisation	31 December 2019 Net values	31 December 2018 Net values
Intangible assets		-	-	-	-
Tangible assets		-	-	-	-
Equity interests	3	681,037	-	681,037	676,694
Receivables from equity interests	3	77,953	-	77,953	65,691
Other equity interests	3	-	-	-	-
Other financial assets	3-9	1,793	(35)	1,758	2,075
Financial assets	**3**	**760,782**	**(35)**	**760,747**	**744,460**
FIXED ASSETS		760,782	(35)	760,747	744,460
Trade receivables	4	2,602	-	2,602	320
Other receivables	4	38,156	-	38,156	36,718
Marketable securities	5	2,965	-	2,965	4,801
Cash and cash equivalents		12	-	12	2,638
Prepaid expenses	4	101	-	101	63
CURRENT ASSETS		43,836	-	43,836	44,540
Issuance fees to be amortized	6	2,245	-	2,245	3,127
Currency translation adjustments (losses)		4	-	4	-
TOTAL ASSETS		806,868	(35)	806,833	792,127

Equity and liabilities *(in € thousands)*	Notes	31 December 2019	31 December 2018
Share capital	7-8	146,584	146,584
Share premiums	8	301,975	301,975
Legal reserve	8	5,389	1,883
Retained earnings	8	48,006	2,536
Profit (Loss) for the period	8	40,391	70,119
Regulated provisions	8-9	3,065	3,052
EQUITY	8	545,410	526,148
Provisions for risks and charges	9	3,055	6,022
Provisions	**9**	**3,055**	**6,022**
Convertible bonds (OCÉANE)	10	200,021	200,021
Borrowings and debt from credit institutions	10	50,108	50,097
Borrowings and financial liabilities	9	-	-
Financial liabilities	**10**	**250,129**	**250,119**
Trade payables	11	2,165	2,662
Social and tax payables	11	2,025	1,419
Other debt	11	3,817	5,757
Operating liabilities	**11**	**8,007**	**9,838**
LIABILITIES		258,136	259,957
Currency translation adjustments (gains)		232	-
TOTAL EQUITY AND LIABILITIES		806,833	792,127

6.3.3 NOTES TO THE STATUTORY FINANCIAL STATEMENTS

Sommaire

As of 31 December 2019, Maisons du Monde S.A. is a "Société Anonyme" (limited liability company) with a Board of Directors, governed by the laws of France. Its registered office is located at Le Portereau – 44120 Vertou, France.

The financial statements are presented in € thousands and were approved by the Board of Directors on 25 March 2020.

Maisons du Monde's shares have been listed on Euronext Paris since May 2016.

Note 1 Significant events

1.1 Savane Vision Group acquisition ("Rhinov")

In June 2019, the Group acquired a 70.4% majority stake in Rhinov, with an option to acquire the remainder of the capital over time. This equity investment was financed entirely by cash, without resorting to additional debt.

Rhinov is a company specializing in 3D simulation of interior fittings from a plan or a photo. The company, which caters to both professionals and individuals, posted sales of around €1.3 million in 2018.

This majority stake is accompanied by two put options granted to the minority shareholders exercisable in 2022 and then in 2024. By mutual agreement between the parties, the sale or redemption price of the 29.6% shares has been set at fair market value on the exercise date of the option.

1.2 Adjustment to the conversion/exchange ratio

According to the Maisons du Monde SA's General Meeting held on 3 June 2019, the Group paid €0.47 dividend per share on 4 July 2019.

Following this dividend payment, in accordance with paragraph 2.6.(B).10 of the terms and conditions of the OCEANES (the "Terms and Conditions"), the Conversion/Exchange Ratio (as defined in the Terms and Conditions) is adjusted from 1.004 to 1.012 Maisons du Monde SA share for 1 OCÉANE (calculated to three decimal places by rounding to the nearest thousandth). The new Conversion/Exchange Ratio is effective on 4 June 2019.

Note 2 Accounting policies and rules

The financial year lasts 12 months, covering the period from 1 January 2019 to 31 December 2019.

The annual financial statements have been prepared in accordance with the provisions of regulations 2014-03 of the ANC *(Autorité des normes comptables),* approved by the ministerial decision of 8 September 2014 concerning the French Chart of Accounts.

General accounting conventions were applied in compliance with the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one year to the next;
- independence of separate financial years.

And in accordance with the general rules for preparing and presenting financial statements.

The method used to value items recorded in the accounts is the historical cost method.

The main accounting rules and methods applied are as follows:

2.1 Financial assets

Gross value is valued at acquisition cost excluding incidental expenses.

Impairment is recognised when the inventory value is lower than the gross value of the assets. The inventory value is determined taking into account the Group share held in net equity and the earnings outlook reviewed annually. The earnings outlook is based on information available when these are drawn up. When the share of the Company in equity holdings is negative, and if the situation warrants this, a provision for risk is established.

In accordance with the tax rules, acquisition expenses on equity interests are subject to a tax deduction over a period of five years from the date of acquisition, *via* a provision in regulated provisions.

As regards goodwill from mergers, they are subject to an impairment test to determine whether or not they should be depreciated.

Furthermore, treasury shares held *via* a liquidity agreement, and which are not destined for share plans are recorded in “Other financial assets”. These shares are valued at their acquisition cost. If the probable market value at the close of the financial year (based on the average listed price for the last month of the period) falls below the purchase price, an impairment is recorded in the amount of the difference.

2.2 Receivables and payables

Receivables and payables are valued at their nominal value.

Receivables are depreciated, if necessary, by way of provision to take account of the recovery risks they generate.

Receivables and payables in foreign currencies are translated and recorded based on the official exchange rate at closing. Unrealized exchange gains are recognised as foreign exchange gains, while unrealized exchange losses are recognised as foreign exchange losses and are subject to a provision for risks and charges. Exchange gains and losses corresponding to current accounts are recognised directly in the income statement and are not subject to any unrealized exchange gains or losses.

2.3 Marketable securities

Treasury shares are recorded in “marketable securities” when these securities are intended to cover performance share plans. Treasury shares are valued at their acquisition cost.

Treasury shares allocated to a specific plan are classified in a specific account for marketable securities and are not depreciated.

Treasury shares not allocated to a specific plan are classified in another specific account of marketable securities. If the probable market value at the close of the financial year (based on the average listed price for the last month of the period) falls below the purchase price, an impairment is recorded in the amount of the difference.

2.4 Cash and cash equivalents

Cash and cash equivalents in bank and at hand was valued at nominal value.

2.5 Provisions for risks and charges

A provision is recognised when there is an obligation that is likely or certain to entail an outflow of resources without an at least equivalent offset transaction.

2.6 Tax consolidation

As of 31 December 2019, Maisons du Monde S.A., the parent company benefits from a tax consolidation regime as defined by Article 223 A of the French General Tax Code with the following subsidiaries:

- Maisons du Monde France;
- Distrimag;
- Distri-Traction;
- International Magnolia Company;
- International MDM Company.

Maisons du Monde S.A. owes the Treasury for the tax calculated on the sum of taxable income for consolidated companies. The tax savings, result from the difference between the tax expense for the tax group and tax expense for the beneficiary companies, is recognized as income in the financial year.

NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

These financial statements are expressed in € thousands, unless otherwise stated.

Note 3 Financial assets

(in € thousands)	31 December 2018	Acquisitions, contribution, increases	Reclassification	Disposals, decreases	31 December 2019
Equity interests [1]	676,694	4,343	-	-	681,037
Receivables from equity interests [2]	65,691	12,262	-	(1)	77,953
Other equity interests	-	-	-	-	-
Other financial assets [3]	2,141	1	0	(349)	1,793
• o/w deposits	-	1	-	-	1
• o/w treasury shares as per liquidity agreement	1,316	-	392	(349)	1,359
• o/w other long term receivables as per liquidity agreement	825	-	(392)		433
FINANCIAL ASSETS - GROSS VALUE	**744,526**	**16,606**	**-**	**(350)**	**760,782**

(1) *Movements on equity interests correspond to the contribution in Savane Vision, a 70.4% subsidiary (see note 1.1);*

(2) *Movements in receivables from equity interests mainly relate to the intercompany loans to Modani Holdings (€4.6 million), Maisons du Monde USA (€6.6 million) and Maisons du Monde France (€0.8 million);*

(3) *Other financial assets mainly relate to the liquidity agreement implemented 26 October 2016 and amended on 1 November 2017, with the following details:*

	Number					Amount *(in € thousand)*		
Liquidity agreement	**31 December 2018**	**31 December 2019**	**Average purchase price**	**Average price December 2018**	**Value as of 31 December 2019**	**Total**	**Provision**	**Depreciation**
Treasury shares	73,022	106,024	12.82	12.49	n/a	1,359	-	(35)
Mutual funds - other long-term receivables	31	18	23,142	n/a	23,133	417	-	0
Cash - other long-term receivables	n/a	n/a	n/a	n/a	n/a	16	-	-

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Note 4 Maturity of receivables

(in € thousands)	31 december 2018	31 December 2019	Maturing 31 December 2019 Less than 1 year	1 to 5 years	More than 5 years
Receivables from equity interests	65,691	77,953	721	77,231	-
Other financial assets	2,141	1,793	1,793	-	-
Trade receivables	320	2,602	2,602	-	-
Other receivables	36,718	38,156	36,528	1,628	-
• o/w social	0	65	65	-	-
• o/w tax and duties (1)	3,827	3,288	3,288	-	-
• o/w Group	29,331	32,586	32,586	-	-
• o/w sundry debtors (2)	3,560	2,217	589	1,628	-
Prepaid expenses	63	101	101	-	-
TOTAL RECEIVABLES	**104,933**	**120,604**	**41,745**	**78,859**	**-**

(1) Includes €2.9 million in income tax advance payments (overpaid).

(2) Only related to receivables towards group entities due to the recharge of performance shares' cost.

Note 5 Marketable securities

At 31 December 2019, marketable securities correspond to treasury shares that were allocated to specific performance share plans and amounted to €2.97 million.

Note 6 Expenses amortized over several years

The expenses amortized over several years correspond to issuance fees of financing.

As of 31 December 2019, they consist of issuance fees related to:

- the residual value for the term loan spread over the term of the agreement on the basis of an effective interest rate (€244 thousand as of 31 December 2019);
- the initial as well as the additional revolving credit facility spread over the term of the agreement (€461 thousand as of 31 December 2019);
- the convertible bonds (OCEANE) issued on 6 December 2017 spread over the term of the agreement on the basis of an effective interest rate (€1,538 thousand as of 31 December 2019).

Note 7 Share capital

The share capital of the Company as at 31 December 2019 stood at €146,583,736.56, divided into 45,241,894 ordinary shares each of a nominal value of €3.24.

To the Company's knowledge, at 31 December 2018 those shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 60.66%, 90% or 95% of capital and/or voting rights in the Company were as follows:

	% in shares (approx.)	**% in voting rights (approx.)**	**% in voting rights exercisable (approx.)**
Teleios Capital Partners LLC	8.07%	8.07%	8,13 %
Sycomore Asset Management	5.98%	5.98%	6,02 %

Exercisable voting rights take into account treasury shares as of 31 December 2019: the Company owned 106,024 Maisons du Monde S.A. shares classified under "Other financial assets" under the liquidity agreement and 220,652 Maisons du Monde S.A. shares classified in "Marketable securities" allocated to performance share plans.

Note 8 Changes in equity

(in € thousands)	**Share capital**	**Premiums**	**Reserves**	**Retained earnings**	**Result for the year**	**Regulated provisions**	**Total equity**
Situation at 31 December 2017	**146,584**	**301,975**	**703**	**(3,043)**	**26,649**	**3,052**	**475,920**
Appropriation of result 2017 (1)	-	-	1,180	5,579	(26,649)	-	(19,890)
Result for the year	-	-	-	-	70,119	-	70,119
Regulated provisions	-	-	-	-	-	-	-
Situation at 31 December 2018	146,584	301,975	1,883	2,536	70,119	3,052	526,148
Appropriation of result 2018 (1)	-	-	3,506	45,470	(70,119)	-	(21,143)
Result for the year	-	-	-	-	40,391	-	40,391
Regulated provisions	**-**	**-**	**-**	**-**	**-**	**13**	**13**
Situation at 31 December 2019	**146,584**	**301,975**	**5,389**	**48,006**	**40,391**	**3,065**	**545,410**

(1) For the financial year 2018, an ordinary dividend of €0.47 per share was allocated at the Annual General Meeting of 3 June 2019 and paid on 4 July 2019 for a total amount of €21,264 thousand. 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, €121 thousand, have been allocated to the retained earnings and the total amount of the dividend has be adjusted accordingly.

Note 9 Provisions

(in € thousands)	31 December 2018	Depreciation	Reclassification	Reversals used	Reversals unused	31 December 2019
Tax amortization	3,052	13	-	-	-	3,065
Regulated provisions	**3,052**	**13**	**-**	**-**	**-**	**3,065**
Performance shares - plan n°2	3,261		-	(3,175)	(86)	0
Performance shares - plan n°3	1,136		-	(1,050)	(86)	0
Performance shares - plan n°4	1,624	207	-	-	(765)	1,066
Performance shares - plan n°5a	-	1,964				1,964
Performance shares - plan n°5b		25				25
Provisions for risks and charges	**6,022**	**2,196**	**-**	**(4,225)**	**(937)**	**3,055**
Equity interests	-	-	-	-	-	-
Other financial assets	66	35	-	-	(66)	35
Depreciation	**66**	**35**	**-**	**0**	**(66)**	**35**
TOTAL PROVISIONS	**9,140**	**2,244**	**-**	**(4,225)**	**(1,004)**	**6,155**
Operating		*112*		*(218)*	*(172)*	
Financial		*35*			*(66)*	
Exceptional		*2,097*		*(4,007)*	*(765)*	

The change in provisions relating to performance share plans is explained by:

- taking into account the acquisition price of the treasury shares allocated to the different plans (see note 5);
- the progress of the plans over time for the beneficiaries of Maisons du Monde S.A.;
- in December 2019, plans n°2 and n°3 were delivered;
- two new allocation plans (plan 5a et 5b) issued on 9 May 2019 and on 24 June 2019 respectively (see note 25).

Note 10 Financial liability

10.1 Convertible bonds (OCEANE)

On 6 December 2017, the Company issued bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") due 6 December 2023 for a nominal amount of €200 million. Issuance fees amounted to €2.3 million.

The nominal unit value of the bonds has been set at €48.78, corresponding to a premium of 42.5% above the Company's reference share price on the regulated market of Euronext Paris. The reference share is equal to the volume-weighted average price of Maisons du Monde shares recorded on the regulated market of Euronext Paris from the start of trading on 29 November 2017 until the determination of the final terms of the Bonds on the same day.

The bonds have been issued at par on 6 December 2017, the settlement and delivery date of the bonds and will bear a coupon of 0.125%, payable annually in arrears on 6 December of each year (or on the following business day if this date is not a business day) and for the first time on 6 December 2018 (or on the following business day if this date is not a business day).

Unless previously converted, exchanged, redeemed or purchased and cancelled, the bonds will be redeemed at par on 6 December 2023 (or on the following business day if this date is not a business day). The bonds may be redeemed prior to maturity at the option of the Company, subject to certain conditions, and at the option of bondholders in the event of a change of control of the Company (as defined in the terms and conditions of the Bonds).

Existing shareholders of the Company shall have no preferential subscription rights (or priority subscription period) in connection with the bonds or the underlying shares of the Company.

The Bonds are listed on the Euronext Access market of Euronext Paris since 12 December 2017.

From the Issue Date (i.e. 6 December 2017) and up to 5.00pm. (Paris time) on the 7th business day preceding the maturity date or the relevant early redemption date, the Bonds will entitle their holders to receive shares of the Company at a ratio of one share per Bond, subject to any potential subsequent adjustments.

Upon exercise of their conversion/exchange right, bondholders will receive, at the option of the Company, new and/or existing Company shares. The Company new shares eventually delivered shall carry current rights to dividends paid following the date of delivery of the shares.

The conversion/exchange ratio is increased, starting 4 July 2019, from 1.004 share to 1.012 Maisons du Monde S.A. share for 1 OCÉANE (see note 1.2).

10.2 Term loan and revolving credit facilities

Following the issuance of convertible bonds, the Company partly reimbursed the term loan for an amount of €200 million. Thus as at 31 December 2019, the nominal amount of the term loan is €50 million.

On 1 March 2017, the Company entered into an additional revolving credit facility of €75m as authorised by the Senior Facility Agreement dated 18 April 2016. This complementary Revolving Credit Facility was taken out under identical terms and conditions to the initial Senior Facility Agreement dated 18 April 2016. Issuance fees amounted to €0.5 million.

As a reminder as of 18 April 2016, the Group obtained a senior credit facility with a syndicate of international banks. The senior credit facility includes a term loan for €250 million and a revolving credit facility (RCF) for €75 million. It is repayable on 31 May 2021. Issuance fees amounted to €4.5 million of which €3.5 million for the term loan and €1 million for the revolving credit facility.

The applicable interest rate is EURIBOR 1, 3 or 6 months plus a margin initially set at 2.25% for the first twelve months, and then set according to a margin ratchet based on the net debt leverage ratio for the period (with a margin cap of 2.50% maximum). The applicable EURIBOR depends on the interest rate period applicable to the relevant drawdown period. Since September 2018 the margin has been set to 1.25%.

The term loan and revolving credit facilities are subject to compliance with a leverage ratio which must remain lower than those set out in the table below for each period under consideration:

Period considered	Leverage ratio
Maturing 31 December 2017	4.25:1
Maturing 31 December 2018	3.75:1
Maturing 31 December 2019	3.75:1
Maturing 31 December 2020	3.75:1

The leverage ratio is the ratio of total net debt on the last day of the period, and the consolidated *pro forma* EBITDA of the Group for the same period.

Note 11 Maturity of liabilities

(in € thousands)	31 December 2018	31 December 2019	Maturing 31 December 2019 Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds (OCÉANE)	200,021	200,021	21	200,000	-
Borrowings and debt from credit institutions	50,097	50,108	108	50,000	-
Trade payables	2,662	2,165	2,165	-	-
Social payables	1,330	1,809	1,809	-	-
Tax payables	89	216	216	-	-
Other debt	5,757	3,817	3,817	-	-
o/w Group	5,256	3,385	3,385	-	-
• o/w miscellaneous	500	432	432	-	-
• Total debt	259,957	258,136	8,136	250,000	-

(in € thousands)	31 December 2017	31 December 2018	31 December 2018 Less than 1 year	1 to 5 years	More than 5 years
Convertible bonds (OCÉANE)	200,017	200,021	21	200,000	-
Borrowings and debt from credit institutions	50,119	50,097	97	50,000	-
Trade payables	2,286	2,662	2,662	-	-
Social payables	1,916	1,330	1,330	-	-
Tax payables	741	89	89	-	-
Other debt	3,097	5,757	5,757	-	-
o/w Group	2,747	5,256	5,256	-	-
o/w miscellaneous	350	500	500	-	-
Total debt	**258,176**	**259,957**	**9,957**	**250,000**	**-**

Note 12 Related companies

Gross values *(in € thousands)*	**31 December 2019**	**31 December 2018**
Assets		
Equity interests	681,037	676,694
Receivables from equity interests	77,953	65,691
Trade receivables	2,602	320
Other receivables	34,803	32,891
Liabilities		
Trade payables	2	5
Other debt	3,385	5,256
Operating income		
Revenues	3,679	3,796
Expenses transferred	391	-
Operating expenses		
Leases	66	56
Fees	-	76
Financial income		
Dividends received	44,638	69,998
Income from equity interests	1,156	945
Interests	48	264
Financial expenses		
Interests	2	7
Exceptional expenses		
Other exceptional expenses	-	-

The Company has not identified any transactions with related parties that were not concluded pursuant to normal market conditions.

Note 13 Accruals, prepayments and deferred income

(in € thousands)	**31 December 2019**	**31 December 2018**
Convertible bonds (OCEANE)	21	21
Borrowings and debt from credit institutions	108	97
Trade payables	2,103	2,412
Social and tax payables	1,498	1,107
Accrued expenses	**3,730**	**3,637**
Prepaid expenses	**101**	**63**
Receivables from equity interests	721	513
Trade receivables	2,568	299
Other receivables	2,217	3,560
Accrued income	**5,507**	**4,372**
Deferred income	**-**	**-**

Note 14 Revenues

The Company's revenues correspond to consulting services rendered to its subsidiaries.

Note 15 Compensation of management bodies

The average number of employees (full-time equivalent) for the 2019 fiscal year was eight employees, similar to 2018. The Company only employed managers for the 2019 and 2018 fiscal years.

Nine members of the Executive Committee out of a total of ten comprise the Company's workforce at 31 December 2019.

Compensation paid to members of Management is not disclosed. This information would allow individual elements of compensation to be identified.

The compensation granted to members of the governing bodies is as follows:

- for the fiscal year ended 31 December 2019, attendance fees allocated to members of the Board of Directors amounted to €432,000;
- for the fiscal year ended 31 December 2018, attendance fees allocated to members of the Board of Directors amounted to €449,000.

These fees are recorded as other operating expenses.

Note 16 External expenses

(in € thousands)	31 December 2019	31 December 2018
Leases and related expenses	47	50
Rental	31	35
Repairs and maintenance	11	12
Insurance	66	67
Temporary staff	30	35
Fees	2,514	2,903
Travel and meeting expenses	242	195
Bank services	66	77
Other external expenses	38	17
TOTAL EXTERNAL EXPENSES	**3,044**	**3,391**

Significant variations and expenses are detailed below:

- because of its activity, the Company uses various advisors on a regular basis, but depending on the events and transactions, fees may vary significantly. Thus, during the 2019 financial year, non-recurring expenses concern recruitment fees (€0.5 million), expenses related to the Savane Vision acquisition (€0.1 million), costs related to the organisation of the Capital Market Day (€0.8 million) and strategic advisory fees.

Note 17 Financial profit (loss)

(in € thousands)	31 December 2019	31 December 2018
Dividends received [(1)]	44,638	69,998
Income from equity interests [(2)]	1,156	945
Interest income on current account	48	264
Term loan interest [(3)]	(642)	(609)
Interest on convertible bonds [(4)]	(250)	(254)
Interest on loans, including revolving credit facilities [(5)]	(630)	(590)
Interest expense on current account	(2)	(7)
Allowance for provisions net of reversals	32	(54)
Net foreign exchange differences	2	(5)
Other	(4)	16
FINANCIAL PROFIT (LOSS)	**44,348**	**69,704**

(1) In 2019, Maisons du Monde France S.A.S. paid dividends for a total amount of €44.638 thousand to its sole shareholder Maisons du Monde S.A. (€69.998 thousand in 2018).

(2) Corresponds to income on receivables from equity interests.

(3) Corresponds to the interest on the term loan (see note 10).

(4) Corresponds to the interest on convertible bonds (see note 10).

(5) Corresponds to interest on the revolving credit facilities (see note 10).

Note 18 Exceptional profit (loss)

(in € thousands)	31 December 2019	31 December 2018
Gain or loss on treasury shares [(1)]	(347)	(869)
Performance shares [(2)]	(153)	10
Reversal/allowance on regulated provisions	(13)	-
Other exceptional income and expenses	(16)	8
EXCEPTIONAL PROFIT (LOSS)	**(529)**	**(852)**

(1) As part of the liquidity agreement.

(2) Corresponds to the estimated costs of performance shares not recharged to subsidiaries.

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Note 19 Income tax

The Company recorded a tax consolidation profit of €1.634 thousand for the year ended 31 December 2019 (profit of €7.190 thousand for the year ended 31 December 2018).

Note 20 Principal increases and reductions in the tax base for future income tax liability

None.

ADDITIONAL INFORMATION

Note 21 Guarantees

Shares in Maisons du Monde S.A., Maisons du Monde France, Maisons du Monde Italy, Maisons du Monde Belgium and Maisons du Monde Spain were pledged as collateral for the term loan of €50 million and the revolving credit facilities of €150 million.

Note 22 Pension commitments

Upon retirement, Company employees will receive compensation in accordance with the law and with the provisions of the applicable Collective Agreements.

Pension commitments are not recognised, but rather recorded as off-balance sheet commitments. They are assessed using the retrospective projected unit credit method as per the revised IAS 19 standard.

The estimate of these commitments was undertaken by an independent actuary.

The main actuarial assumptions are as follows:

- discount rate: 0.8%;
- rate of salary increase: between 1.5% and 2.0% for executives;
- retirement age: 64 for executives;
- mortality table: INSEE 2009-2011.

At 31 December 2019, commitments stood at €293 thousand.

Note 23 Share price

At 31 December 2019, the share price of Maisons du Monde S.A. was €12.97.

Note 24 Transactions with related parties

For the financial year 2019:

- the Company holds a loan towards its subsidiary Maisons du Monde France S.A.S. amounting to €60,489 thousand including interest accrued as of 31 December 2019;
- the Company holds a loan towards Modani Holdings LLC amounting to €10,825 thousand including interest accrued as of 31 December 2019;
- the Company holds a loan towards Maisons du Monde USA amounting to €6,633 thousand including interest accrued as of 31 December 2019;
- the Company received dividends from its subsidiary Maisons du Monde France S.A.S. amounting to €44,638 thousand.

For the financial year 2018:

- the Company held a loan towards its subsidiary Maisons du Monde France S.A.S. amounting to €59,596 thousand including interest accrued as of 31 December 2018;
- the Company held a loan towards Modani Holdings LLC amounting to €6,096 thousand including interest accrued as of 31 December 2018;
- the Company received dividends from its subsidiary Maisons du Monde France S.A.S. amounting to €69.998 thousand.

Net financial income and expenses on these transactions are outlined in note 17.

Note 25 Attribution of performance shares

	Plan n°2	Plan n°3	Plan n°4	Plan n°5a	Plan n°5b
Grant Date	16 December 2016	19 May 2017	18 May 2018	09 June 2019	24 June 2019
Status	in progress	in progress	in progress	in progress	in progress
Number of shares	153,250	54,350	146,435	255,344	10,000
Number of beneficiaries	294	67	390	397	1
Vesting period (years)	3	2.59	2.59	3	2.94
Holding period (years)	1	0	0	0	0

The attribution of performance shares is subject to the following conditions:

- a continued service requirement during the vesting period: the shares granted to a beneficiary shall only finally vest if he or she has been an employee of a Group company during a vesting period, calculated as from the grant date, of three years for *Plan d'actions gratuites* n°2 beneficiaries, two years and seven months for Plan d'actions gratuites n°3 and Plan d'actions gratuites n°4 beneficiaries, three years for Plan d'actions gratuites n°5A and 2 years and eleven months for Plan d'actions gratuites n°5B beneficiaries. In the event of death, disability or retirement, the beneficiary retains his rights, being no longer required to satisfy the continued service requirement;
- performance requirements based on Sales, EBITDA and earning per share level (depending on employees) for all plans;
- a holding requirement: as from the final grant date, the beneficiaries are required to hold their shares for one year at least for Plan d'actions gratuites n°2. Concerning the other plans, there is no obligation to hold the shares except for the General Manager who is required to hold part of its shares until the term of its office.

The granted shares shall be either shares issued through a share capital increase performed by the Company by no later than the definitive vesting date or shares bought by the Company on the market prior to such date.

In order to deliver performance shares of plan n°2 and n°3, the Company bought shares on the market during the 2018 financial year.

In order to cover the following plans, the Company purchased 200,000 shares on the market during the 2019 financial year. This confirms the assumption that the Company will purchase a sufficient number of shares to deliver them according to the vesting dates. Therefore the Company accrued provisions related to performance shares' plan at year end:

- €1,066 thousand for plan n°4;
- €1,989 thousand for plan n°5a and 5b.

The Group set up recharge agreements with its subsidiaries, except for Belgium.

Note 26 List of subsidiaries

The table below provides a list of the Group's subsidiaries and the level of investment of Maisons du Monde S.A.

	Currency	Share capital	Share of capital held (% of detention)	Tax consolidation	Gross carrying amount of investments	Net carrying amount of investments	Loans and advances granted by the Company not yet repaid	Guarantees given by the Company	Dividends received by the Company during the financial year
Subsidiaries of Maisons du Monde S.A.									
International Magnolia Company	€ th.	1	100%	yes	1	1	13	n/a	-
Maisons du Monde France	€ th.	57,376	100%	yes	159,054	159,054	91,085	n/a	44,638
SAS Savane Vision - RHINOV	€ th.	48	70%	n/a	4,343	4,343	1,555	n/a	-
Maisons du Monde USA	USD th.	45	100%	n/a	38,822	38,822	6,898	n/a	-
Subsidiaries of Maisons du Monde France									
Maisons du Monde Allemagne	€ th.	25	100%	n/a	25	25	-	n/a	-
Maisons du Monde Belgique	€ th.	50	100%	n/a	50	50	-	n/a	-
Maisons du Monde Espagne	€ th.	50	100%	n/a	50	50	-	n/a	-
Maisons du Monde Italie	€ th.	120	100%	n/a	100	100	-	n/a	-
Maisons du Monde Luxembourg	€ th.	20	100%	n/a	20	20	-	n/a	-
Maisons du Monde Suisse	CHF th.	20	100%	n/a	17	17	-	n/a	-
Maisons du Monde Portugal	€ th.	20	100%	n/a	20	20	-	n/a	
MDM Furniture & Decoration	GBP th.	20	100%	n/a	27	27	-	n/a	-
Distrimag	€ th.	40	100%	yes	40	40	156	n/a	-
International MDM Company	€ th.	1	100%	yes	1	1	1	n/a	-
Mekong Furniture	VND m.	86,027	100%	n/a	3,189	3,189	-	n/a	-
Subsidiaries of Distrimag									
Distri-Traction	€ th.	150	100%	yes	150	150	5	n/a	-
Subsidiary of Maisons du Monde USA									
Modani Holdings, LLC	USD th.	n/a	70%	n/a	51,541	51,541	10,825	n/a	-

	Currency	Share capital	Share of capital held (% of detention)	Tax conso-lidation	Gross carrying amount of investments	Net carrying amount of investments	Loans and advances granted by the Company not yet repaid	Guarantees given by the Company	Dividends received by the Company during the financial year
Subsidiaries of Modani Holdings, LLC									
Modani Atlanta, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Boca Raton, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Brickell, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Chicago, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Dallas, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Denvers, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Doral, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani Fort Lauderdale, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Frisco, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Garden City, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani Houston, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Jacksonville, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani King of Prussia, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Las Vegas, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani Los Angeles, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Miami, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Naples, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani New York Midtown, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Oak Brook, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani OC, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Paramus, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Pinecrest, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani San Diego, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani San Francisco, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Modani Tampa, LLC	USD th.	n/a	70%	n/a	n/a	n/a			
Modani West Palm Beach, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
SNS Imports, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Urbanmod, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Maisons du Monde Holdings, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
Subsidiary of Maisons du Monde Holdings, LLC									
MDM Wynwood, LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	-
MDM Aventura LLC	USD th.	n/a	70%	n/a	n/a	n/a	-	n/a	

Revenues, profits and capital other than share capital of subsidiaries are not disclosed for confidentiality reasons related to business and industrial strategy.

Note 27 Results for the last five years

(in euros)	31 December 2015	31 December 2016	31 December 2017	31 December 2018	31 December 2019
Financial position at year end					
Duration of the financial year	12 months	12 months	12 months	12 months	12 months
Share capital	139,889,001	146,583,737	146,583,737	146,583,737	146,583,737
Number of ordinary shares	139,889,001	45,241,894	45,241,894	45,241,894	45,241,894
Number of preferred shares	-	-	-	-	-
Number of convertible bonds	-	-	4,100,041	4,100,041	4,100,041
Operations and income (loss) for the year					
Revenues	4,305,229	4,777,149	4,619,433	3,795,790	3,679,340
Income before tax, employee profit-sharing, depreciation and amortisation	(30,705,750)	(7,956,365)	14,460,595	64,872,283	36,653,449
Income tax	(17,710,167)	(24,366,165)	(15,466,996)	(7,189,535)	(1,634,482)
Employee profit-sharing	-	-	-	-	-
Depreciation and amortisation	3,624,899	2,357,922	3,278,228	1,943,229	(2,103,201)
Net profit (loss)	(16,620,482)	14,051,878	26,649,363	70,118,589	40,391,132
Profit distributed (1)	-	14,024,987	19,906,433	21,263,690	-
Earnings per share					
Income after tax and employee profit-sharing, but before depreciation and amortisation	(0.09)	0.36	0.66	1.59	0.85
Income after tax, employee profit-sharing, depreciation and amortisation	(0.12)	0.31	0.59	1.55	0.89
Dividend alloted (1)	-	0.31	0.44	0.47	-
Personnel					
Average number of employees (FTEs)	6	7	7	7	7
Wages and salaries	1,800,296	4,225,412	5,653,124	4,588,513	4,542,447
Amount paid to welfare bodies (social security, service projects, etc.)	518,175	1,188,817	2,751,080	1,722,110	1,874,760

(1) *amount including treasury shares. For 2019, pending the proposal for the Annual General Meeting of 12 June 2020.*

Note 28 Events subsequent to 31 December 2019

The Company has not identified any events subsequent to 31 December 2019 with a material impact on the Company's financial statements other than:

Tax audit

As of 21 February 2020, the Company received notice of a tax inspection spanning the fiscal periods 2017 and 2018.

Health crisis - Covid-19

Between the balance sheet date i.e. 31 December 2019, and the date on which the financial statements were established by the Board of Directors i.e. 25 March 2020, the global health crisis related to the Covid-19 virus (or "coronavirus") occurred.

The Group reported on the impacts of the coronavirus on its supplies and its activity when it published its 2019 annual results on 11 March 2020.

This pandemic, which began initially in China and then spread to other countries, in Europe especially, led to product supply difficulties for the Group starting in mid-February, following the closure of its plant in Vietnam and the stoppage of production by its Chinese suppliers for more than a month. In addition, the Group took the decision on 11 March to close all of its stores in Italy for one week following a government decree.

On this basis, and in view of the unforeseeable development of the situation, the Group believed that it was not in a position to provide earnings forecasts for 2020, but nevertheless stated that it expects its sales to remain stable in the first quarter of 2020 and that it expects its sales in the second quarter of 2020 to be lower than in the same period of 2019. The 11 March release on first quarter sales reflected the information available at that time.

Since 11 March 2020, the coronavirus has continued to spread rapidly around the world, affecting all markets in which the Group operates. With regard to product supplies, production has gradually resumed in China, as well as at the Group's plant in Vietnam, but with reduced capacity and a still uncertain ramp-up. In addition, to contain the spread of the virus, restrictions on the movement of persons and doing business have been put in place in all countries in which the Group operates, resulting in the closure of points of sale.

Between 11 March and 19 March 2020, all Maisons du Monde stores in Europe and the United States closed. Nevertheless, the Group continues to sell its products and serve its customers in its various geographies through its e-commerce activity. Modani is also continuing its operations in the United States, with three store closures out of 19 in total as of 25 March 2020.

Faced with this unprecedented and highly fluctuating situation throughout the world, the Group believes that it is very difficult to quantify the impact of the limitation of its activity in the various countries in which it operates on its 2020 sales and results. It is therefore not possible at this stage to provide reliable sales and profit forecasts for 2020.

In this uncertain environment, the Group has put in place a proactive action plan to ensure the safety of its employees and mitigate the impact of the coronavirus on its results and cash generation. As a result, the Group has launched cost-cutting plans that cover its entire cost structure, including the implementation of short-time working measures for its employees. It is also working on resizing its store opening plan over the year to strike the right balance between investing to support future sales growth and preserving results and cash generation. The Group's other capital expenditures are also under close review. A special committee comprised the Group's key executives has been set up to monitor developments in the situation on a day-to-day basis, as well as the implementation of this action plan.

In addition, to anticipate its future cash requirements, the Group drew on its revolving credit facility and additional credit facility on 18 March 2020 for a total amount of €150 million. This means that as at 25 March 2020, the Group had €227 million in cash and cash equivalents. This level of liquidity, combined with the resilience of the Group's business model and financial structure, will enable it to cope with this exceptional situation.

6.4 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2019

To the annual general meeting of Maisons du Monde S.A.,

Opinion

In compliance with the engagement entrusted to us by your bylaws and your annual general meeting, we have audited the accompanying financial statements of Maisons du Monde for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on March 25, 2020 on the basis of the information available at that date in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the financial statements are as follows:

- Verification of the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce);
- Issuance of attestations bases on data extracted from the financial statements (turnover per shop, financial ratios).

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

VALUATION OF MAISONS DU MONDE FRANCE'S EQUITY INTERESTS AND RELATED RECEIVABLES

Risk identified	Our response
Maisons du Monde France's equity interests and related receivables, as described in Notes 3 and 26, are recorded in the balance sheet for respective net carrying amounts of M€ 681 and M€ 78 as at December 31, 2019, compared to total assets of M€ 806.8. The company ensures that no year-end impairment loss need be recorded by comparing the fair value with the carrying amount recorded in the accounts. Fair value is determined by taking into account the share of net assets and the profitability outlooks reviewed on an annual basis. Profitability outlooks are based on the information available at the time of their preparation. We consider the valuation of Maisons du Monde France's equity interests and related receivables to be a key audit matter due to: • Their material importance in the company's accounts; • The judgements and assumptions necessary to determine their fair value, based on profitability outlooks in particular, whose conclusion is inherently uncertain.	To assess the reasonableness of the fair value measurement of the Maisons du Monde France equity interests, based on the information we were provided, our work mainly consisted in: • Assessing whether the valuation method and figures used by Management to estimate the fair value are appropriately justified; • Obtaining the 2020 budget approved by the Board of Directors, which updated the Business Plan's assumptions; • Verifying the reasonableness of the forecasts in relation to the economic context surrounding the company's operations. In addition to assessing the fair value of the Maisons du Monde France equity interests, our work also consisted in assessing the recoverability of the related receivables with respect to the equity interest analyses. Lastly, we verified that Notes 2.1 and 3 to the financial statements provided an appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information give in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

With regard to the events which occurred and the facts known after the date the financial statements were approved relating to the impact of the Covid-19 crisis, Management indicated to us that they will be communicated to the Shareholders' Meeting called to adopt the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (*Code de commerce*).

We attest that the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L.225-37-5 of the French Commercial Code, we have agreed these to the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Maisons du Monde by your bylaws dated June 24th 2013 for KPMG Audit and by your Annual General Meeting of April 29th 2016 for Deloitte & Associés.

As of December 31st 2019, KPMG Audit was in the 6th year and 4th year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market and Deloitte & Associés in the 4th year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original signed in Nantes et Paris-La Défense, 9 April 2020

The statutory auditors

KPMG AUDIT Département de KPMG S.A.	Deloitte & Associés
Gwénaël CHEDALEUX	Jean Paul SEGURET

Information on the Company and its capital

7

7.1 Information on the Company

HISTORY AND DEVELOPMENT OF THE GROUP

Founded in France in 1996, Maisons du Monde is a creator of original universes. It offers a unique range of homeware and furniture in a wide variety of styles and themes at affordable prices. The Group expands its business through an integrated and complementary omnichannel approach, leveraging its international network of stores, its websites and its catalogues. With sales of €1,111 million for the year ended 31 December 2018, Maisons du Monde is the leading player in the "original and accessible" homeware segment in France and one of the most important in Europe.

At 31 December 2019, the Group operated a network of 358 stores under the Maisons du Monde brand, in nine countries (including France, Italy, Spain, Belgium, Luxembourg, Germany, Switzerland, Portugal and the United States). The Group also operates a comprehensive and complementary e-commerce platform, which is available in 12 countries (the nine in which its stores are located, as well as Austria, the Netherlands and the United Kingdom).

In 2018, Maisons du Monde gained a foothold in the US market through the acquisition of a majority stake of 70% in Modani, a furniture chain present across the US through its stores and e-commerce business. Founded in 2007 and based in Miami, Modani is an aspirational lifestyle brand, offering a unique range of modern, contemporary and mid-century furniture at affordable prices. At 31 December 2019, Modani operated a network of 18 stores in the United States.

COMPANY NAME

The Company's corporate name is Maisons du Monde.

PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company is registered with the Nantes Trade and Companies Register under number 793 906 728.

LEI CODE

The Company's LEI (Legal Entity Identifier) is 9695009DV2698O4ZBU71.

WEBSITETHE

the Company's website is accessible at address corporate.maisonsdumonde.com. "

REGISTERED OFFICE

The Company's registered office is located in "Le Portereau", Route du Port-aux-Meules, 44120 Vertou, France.

The telephone number of the registered office is (+33) (0) 2 51 71 17 17.

LEGAL FORM AND APPLICABLE LEGISLATION

The Company Maisons du Monde is a *société anonyme* with a Board of Directors governed by French law, in particular the provisions of the French Commercial Code, and its bylaws.

7.2 Articles of association and bylaws

DATE OF INCORPORATION AND DURATION

The Company was incorporated on 24 June 2013 and registered with the Paris Trade and Companies Register on 27 June 2013. The Company will cease to exist on 27 June 2112, unless it is dissolved early or its duration is extended.

CORPORATE PURPOSE

As stated in Article 2 of the bylaws, the Company's purpose, in France and abroad, is:

- the purchase, subscription, holding, management and transfer, in any form, of shares and securities in any companies or legal entities created or to be created, French or foreign;
- all administrative, financial, accounting, business, IT or management services for the benefit of the subsidiaries of the Company or any other company in which it holds an interest;

And more broadly:

- all securities and property, industrial, commercial or financial transactions relating directly or indirectly to this purpose or any similar or related purpose, or which may be beneficial for this purpose or of a nature to facilitate its achievement.

FISCAL YEAR

The Company has a fiscal year of 12 months, beginning on 1 January and ending on 31 December of each year.

CONSULTATION OF CORPORATE DOCUMENTS

Corporate documents and information relating to the Company may be consulted at the registered office, "Le Portereau", Route du Port aux Meules, 44120 Vertou, France.

SHAREHOLDERS' MEETINGS

Notice of Shareholders' Meetings

Shareholders' Meetings are called in accordance with the conditions, forms and time limits provided for by the applicable regulations. They are held at the registered office or at any other place indicated in the notice of meeting.

The decisions of the shareholders are taken depending on their nature at Ordinary, Extraordinary or Combined Shareholders' Meetings.

Attendance at Meetings

All shareholders may take part in Shareholders' Meetings, personally or by proxy, pursuant to the conditions set by the regulations in force, after providing proof of their identity and ownership of the securities.

Upon decision of the Board of Directors to use such means of telecommunications, as published in the notice of meeting or notice to attend, shareholders are deemed to be present for quorum and majority purposes if they attend *via* videoconference or any other means of telecommunication or remote transmission, including the Internet, provided that their identity can be verified under the conditions provided for by the regulations in force.

All shareholders may vote by correspondence or give a proxy in accordance with the regulations in force, by means of a form drawn up by the Company and returned to it pursuant to the regulations in force, including by electronic mail or file transfer, upon decision of the Board of Directors. The form must be received by the Company in the prescribed conditions for it to be taken into account.

The legal representatives of legally incapacitated shareholders and physical persons representing shareholders that are corporate entities may attend meetings, whether or not they are shareholders personally.

Shareholder communication rights

All shareholders have the right to obtain disclosure of documents, the nature and conditions of which shall be determined by the applicable regulations.

Voting rights

Each share is entitled to one vote at Shareholders' Meetings, double voting rights as provided for by Article L. 225-123 of the French Commercial Code being expressly excluded.

Treasury shares do not have voting rights.

Form and disposal of shares

In accordance with Articles 9 and 12 of the bylaws, shares may be held in registered or bearer form, at the shareholder's discretion, under the conditions provided for by the regulations in force.

Shares are freely tradable. Transfers of shares shall be effected by transfer from account to account, in accordance with the procedures laid down by law and regulations.

Identification of shareholders

In accordance with legal and statutory provisions, the Company may request at any time from the central depository in charge of its securities issue account, the name or, in the case of a corporate entity, the corporate name, nationality, year of birth or year of incorporation, postal address and, where applicable, electronic address of the holders of securities conferring immediately or in the future the right to vote at its Shareholders' Meetings, as well as the number of securities held by each of them and, where applicable, the restrictions attached to such securities.

7.3 Information on the share capital

7.3.1 AMOUNT AND COMPOSITION OF SHARE CAPITAL

At 31 December 2019, the Company's share capital amounted to €146,583,736.56 divided into 45,241,894 shares with a par value of €3.24 each, fully paid up and of the same class.

7.3.2 CHANGES IN SHARE CAPITAL OVER THE PAST FISCAL YEARS

In 2016, the Company carried out the following capital transactions:

- on 24 March 2016, the share capital was reduced through a €64,348,940.46 by reduction of par of €0.46, bringing it to €75,540,060.54, divided into 139,889,001 shares with a par value of €0.54 each;
- on 29 April 2016:
  - the Company first proceeded with a capital increase through the issue of three new shares with a par value of €0.54 each, although the share capital amounted to €75,540,062.16 divided into 139,889.004 shares with a par value of €0.54 subsequently ;
  - the Company then consolidated its shares by allocating one (1) share with a par value of €3.24 for six (6) existing shares of €0.54. The share capital was accordingly constituted of 23,314,834 shares with a par value of €3.24 each ;
  - the share capital was again increased by €116,089,621.20 through the issuance of 35,830,130 new shares in consideration for a contribution made in connection with a merger ;
  - subsequently, it was reduced by the cancellation of 23,314,834 treasury shares contributed in connection with the aforementioned merger.

Within the framework of its initial public offering on 27 May 2016, the Company performed a further capital increase in cash by offer to the public, with the cancellation of preferential subscription rights, of a nominal amount of €30,494,115.36 through the issue of 9,411,764 new shares.

At 31 May 2016, the settlement date, the share capital amounted to €146,583,736.56 divided into 45,241,894 shares with a par value of €3.24 each.

The share capital of Maisons du Monde has not been modified since this date.

7.3.3 AUTHORISED SHARE CAPITAL NOT ISSUED

In application of the provisions of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, we hereby inform you, below, of the currently valid delegations of authority and powers granted by the Shareholders' Meeting to the Board of Directors with respect to capital increases, as well as their use during the 2018 and 2019 fiscal years.

Nature of the delegation and/or authorisation given to the Board of Directors	Maximum amount authorised	Duration of the authorisation	Expiry	Use in 2018	Use in 2019
CAPITAL INCREASE BY ISSUING SHARES AND/OR ANY OTHER SECURITIES CONVERTIBLE INTO SHARES OF THE COMPANY					
Capital increase by issuing shares and/or securities convertible into shares of the Company and/or securities entitling holders to the allocation of debt securities through a public offering, with the cancellation of preferential subscription rights (AGM of 18/05/2018 - 14th)	€14,650 million	26 months	18/07/2020	N/A	N/A
Capital increase by issuing shares and/or securities convertible into shares of the Company and/or securities entitling holders to the allocation of debt securities through a public offering with preferential subscription rights (AGM 18/05/2018 - 15th)	€73 million	26 months	18/07/2020	N/A	N/A
Capital increase by issuing shares and/or securities convertible into shares of the Company and/or securities entitling holders to the allocation of debt securities as part of an offering referred to in Article L. 411-2 of the French Financial and Monetary Code, with the cancellation ofpreferential subscription rights (AGM 18/05/2018 - 16th)	€14,650 million	26 months	18/07/2020	N/A	N/A
18/07/2020 Share capital increase by issuing shares and/or securities convertible into shares of the Company with the cancellation of preferential subscription rights in consideration for contributions in kind made to the Company and consisting of shares or convertible into shares of the Company, outside public exchange offers (AGM 18/05/2018 - 19th resolution)	10% of share capital	26 months	18/07/2020	N/A	N/A
Share capital increase by incorporation of reserves, profits, premiums or other (AGM 18/05/2018 - 20th resolution)	10% of share capital	26 months	18/07/2020	N/A	N/A
Share capital increase by issuing shares and/or securities convertible into shares of the Company, reserved for members of the Company savings plan with cancellation of preferential subscription rights AGM 18/05/2018 - 21st resolution)	2% of share capita	26 months	18/07/2020	N/A	N/A
SHARE BUYBACK PROGRAMME					
Share buyback programme (AGM 18/05/2018 - 12th resolution)	10% of share capital and maximum purchase price set at €55 per share, i.e. a maximum of €248.8 million	18 months	18/11/2019	264,215 treasury shares held at 31/12/2018	N/A
Share buyback programme (AGM 03/06/2019 - 14th resolution)	10% of share capital and maximum purchase price set at 40r share, i.e. a maximum of €180.9 million	18 months	03/12/2020	N/A	325,976 treasury shares held at 31/12/2019
Capital reduction by cancelling treasury shares (AGM 03/06/2019 - 15th resolution)	Capped at 10% of share capital per 24-month period	18 months	03/06/2020	N/A	N/A

Nature of the delegation and/or authorisation given to the Board of Directors	Maximum amount authorised	Duration of the authorisation	Expiry	Use in 2018	Use in 2019
TRANSACTIONS RESERVED FOR EMPLOYEES AND EXECUTIVE DIRECTORS					
Free shares subject to performance conditions (free share allocation), existing or new, granted to employees and eligible corporate officers of the Company and companies related to it (CSM 19/05/2017 - 13th resolution)	2% of share capital	38 months	17/07/2020	18/05/2018	09/05/2019

During the fiscal year ended 31 December 2019, the Board of Directors, using delegations of authority granted by the Shareholders' Meeting, proceeded to:

- the allocation of 265,344 free performance shares of the Company to the employees of the Group and the corporate officer (Board of Directors Meetings of 9 May 2019 and 24 June 2019);
- the repurchase, as part of the implementation of the Company's share buyback programme, of 200,000 treasury shares in order to cover free performance share plans for Group employees, as well as the implementation of a liquidity contract (106,024 treasury shares as of the end of the year).

7.3.4 INFORMATION ON SECURITIES TRANSACTIONS

2019 Results of the share buyback programme

Pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, the Shareholders' Meetings of 19 May 2017 and 18 May 2018 authorised the Board of Directors to trade, except during a public offer, in the Company's shares.

The purchases took place according to a maximum price per share of €40 (programme authorised in 2019), with the maximum number of shares to be acquired not exceeding 10% of the share capital.

During the 2019 fiscal year, the Company used these authorisations in the following manner:

- the Company purchased 200,000 shares to cover free share plans;
- no securities were sold;
- 171,241 shares were transferred to employees of the Group;
- no securities were cancelled.

On 19 December 2018, the Company entrusted Exane BNP Paribas with implementation of the new liquidity contract in accordance with AMF decision No. 2018-01 of 2 July 2018 implementing liquidity contracts on capital securities in respect of an admitted market practice.

As of 1 January 2019, the following resources were allocated to the liquidity account for the implementation of this contract:

- 73,022 Maisons du Monde shares;
- €825,100.

On 31 December 2018, the trading date, the following resources were recorded in the liquidity contract:

- 106,024 shares;
- €432,742.

During the period from 1 January to 31 December 2019, Exane BNP Paribas purchased 817,294 Company shares at an average price of €17.39 for a total amount of €14,162,422, and sold 784,292 shares at an average price of €17.56 for a total amount of €13,722,062.

At 31 December 2018, the Company held 325,976 treasury shares, representing 0.72% of the share capital, with a market value of €4,228 thousand based on a closing price of €12.97.

The shares held under the share buyback programme were used for the following purposes:

- cancellation of treasury shares: 0 securities;
- holding of shares for exchange or payment in connection with acquisitions: 0 securities;
- distribution following the exercise of rights attached to securities entitling holders by redemption, conversion, exchange, presentation of a warrant or in any other way to the allocation of shares of the Company: 0 securities;
- coverage of stock option or free share plans: 219,952 securities;
- coverage of employee shareholding transactions reserved for members of a company savings plan: 0 securities;
- performance of the liquidity contract of the Company's shares: 106,024 securities.

Description of the share buyback programme put to vote at the 2020 Sharehoders Meetiing

Pursuant to the provisions of Article 241–2 of the AMF General Regulation, this item constitutes the description of the share buyback programme to be submitted to the authorisation of the Shareholders' Meeting of 12 June 2020.

Objectives of the buyback programme

Purchases of shares within the framework of the share buyback programme will be made with the following purpose:

- cancelling them; or
- holding them for delivery by way of future exchange or payment in connection with acquisitions, in accordance with market practices recognised by applicable regulations and up to a limit of 5% of the number of shares comprising the share capital of the Company; or
- redeeming them following the exercise of rights attached to securities entitling holders by redemption, conversion, exchange, presentation of a warrant or in any other way to the allocation of shares of the Company, or
- implementing stock option plans, or free share allocation plans, or employee shareholding transactions reserved for members of a company savings plan, carried out in accordance with Articles L. 3331-1 *et seq.* of the French Labour Code by the transfer of shares previously acquired by the Company, or providing for the free allocation of such shares by way of a contribution in securities of the Company and/or in substitution for the discount, or shares allocations for the benefit of employees and/or executive corporate officers of the Company and related companies, in accordance with the applicable legal and regulatory provisions, or
- managing the secondary market or the liquidity of the Company's shares by an investment services provider under liquidity contracts concluded in accordance with a Code of Ethics recognised by the AMF; or
- more generally, performing any transaction admitted or prospectively admitted by prevailing law or regulations or by the AMF.

The shares may, in whole or in part, be acquired, assigned, exchanged or transferred, on one or more occasions, by any means, in accordance with regulations that are applicable or that would become applicable, in any market, including trading systems (MTF) or *via* a systematic internaliser, or over-the-counter, including through the acquisition or disposal of blocks of shares (without limiting the share of the buyback programme that can be realised through this means); such means include the use of any financial contract or forward financial instrument (such as, notably, any forward contract or option), excluding the sale of put options, in accordance with the regulations in force.

Maximum share of capital, maximum number and characteristics of the securities that the Company proposes to acquire and maximum purchase price.

Pursuant to the law, the maximum number of shares that Maisons du Monde would be able to hold under this programme, authorised by the Shareholders' Meeting of 12 June 2020, will be 4,524,189 shares of the Company corresponding to 10% of the share capital.

The maximum authorised purchase price would be €40 per share. Purchases could not exceed the cumulative net sum of €248.8 million.

Duration of the buyback programme

The duration of the programme would be set at 18 months from the approval of the Shareholders' Meeting of 12 June 2020, i.e. until 12 December 2021 and would replace the approval granted by the fourteenth resolution of the Shareholders' Meeting of 3 June 2019.

7.4 Shareholding

7.4.1 CHANGES TO THE BREAKDOWN OF CAPITAL AND VOTING RIGHTS

As of 31 December 2019, the share capital of the Company amounted to €146,583,736.56 divided into 45,241,894 shares.

At that date, the structure of the share capital was as follows:

As of 31 December 2019	Capital shares		Theoretical voting rights		Exercisable voting rights (1)	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Teleios Capital Partners LLC (2)	3,651,684	8.07%	3,651,684	8.07%	3,651,684	8.13%
Sycomore Asset Management (3)	2,703,730	5.98%	2,703,730	5.98%	2,703,730	6.02%
Treasury shares (4)	325,976	0.72%	325,976	0.72%	-	-
Free float	38,560,504	85.23%	38,560,504	85.23%	38,560,504	85.85%
TOTAL	**45,241,894**	**100%**	**45,241,894**	**100%**	**44,915,918**	**100%**

(1) *Exercisable voting rights take into account treasury shares held at 31 December 2019;*

(2) *Based on the legal threshold crossing statement issued by Teleios Capital Partners LLC on 1 November 2019;*

(3) *Based on the legal threshold crossing statement issued by Sycomore Asset Management on 31 October 2019;*

(4) *Treasury shares at 31 December 2019 (including shares held under the liquidity agreement, which totalled 106,024 shares).*

Teleios Capital Partners LLC, acting on behalf of clients and funds it manages, declared that it had exceeded the legal threshold of 16% of the capital and voting rights of Maisons du Monde on 24 March 2020 as a result of a purchase of shares on the market, and that on said date, it held 7,257,951 shares, i.e. 16.04% of the Group's capital and voting rights.

To the knowledge of Maisons Du Monde is aware, Teleios Capital Partners LLC and Sycomore Asset Management are the only shareholders holding, directly or indirectly, alone or in concert, more than 5% of share capital and voting rights.

Breakdown of capital and voting rights at 31 December 2018

As of 31 December 2018, the Company's share capital amounted to €146,583,736.56 divided into 45,241,894 shares.

At that date, the structure of the share capital was as follows:

As of 31 december 2018	Capital shares		Theoretical voting rights		Exercisable voting rights (1)	
Shareholders	Number	%	Number	%	Number	%
BlackRock, Inc. (2)	2,265,120	5.01%	2,265,120	5.01%	2,265,120	5.04%
The Capital Group Companies, Inc. (3)	2,252,773	4.98%	2,252,773	4.98%	2,252,773	5.01%
Amundi (4)	2,241,910	4.96%	2,241,910	4.96%	2,241,910	4.98%
FMR LLC (5)	2,206,051	4.88%	2,206,051	4.88%	2,206,051	4.90%
Sycomore Asset Management (6)	2,196,667	4.86%	2,196,667	4.86%	2,196,667	4.88%
Treasury shares (7)	264,215	0.58%	264,215	0.58%	-	-
Free float	33,815,158	74.74%	33,815,158	74.74%	33,815,158	75.18%
Total	**45,241,894**	**100%**	**45,241,894**	**100%**	**44,977,679**	**100%**

(1) Exercisable voting rights take into account treasury shares held at 31 December 2018;
(2) Based on the legal threshold crossing statement issued by BlackRock, Inc. on 22 February 2018;
(3) Based on the legal threshold crossing statement issued by The Capital Group Companies, Inc. on 16 November 2018;
(4) Based on the legal threshold crossing statement issued by Amundi on 5 November 2018;
(5) Based on the legal threshold crossing statement issued by FMR LLC on 31 July 2018;
(6) Based on the legal threshold crossing statement issued by Sycomore Asset Management on 4 May 2018;
(7) Treasury shares at 31 December 2018 (including shares held under the liquidity agreement, which totalled shares).

Breakdown of capital and voting rights at 31 December 2017

As of 31 December 2017, the Company's share capital amounted to €146,583,736.56 divided into 45,241,894 shares.

At that date, the structure of the share capital was as follows:

As of 31 December 2017	Capital shares		Theoretical voting rights		Exercisable voting rights(1)	
Shareholders	Number	%	Number	%	Number	%
FMR LLC and Fidelity Canada Investors LLC(2)	4,499,989	9.95%	4,499,989	9.95%	4,499,989	9.95%
Sycomore Asset Management(3)	2,468,050	5.46%	2,468,050	5.46%	2,468,050	5.46%
Treasury shares(4)	12,100	0.03%	12,100	0.03%	-	-
Free float	38,261,755	84.57%	38,261,755	84.57%	38,261,755	84.59%
TOTAL	**45,241,894**	**100%**	**45,241,894**	**100%**	**45,229,794**	**100%**

(1) Exercisable voting rights take into account treasury shares held at 31 December 2017 ;
(2) Based on the legal threshold crossing statement issued by FMR LLC et Fidelity Canada Investors LLC on 27 October 2016;
(3) Based on the legal threshold crossing statement issued by Sycomore Asset Management on 27 October 2016;
(4) Treasury shares at 31 December 2017 (including shares held under the liquidity agreement, which totalled 12,100 shares).

7.4.2 CONTROL OF THE COMPANY

The Company is controlled in accordance with the description in the table in Section 7.4.1 of this Registration Document.

As such, the prevention of possible misuse of control by a shareholder is guaranteed by the regular meetings of the Board of Directors and the presence of five independent directors, who also hold a majority in the specialised committees (Audit Committee and Nomination and Compensation Committee).

7.4.3 CROSSING OF THRESHOLDS

Provisions of the bylaws

In accordance with Article 14 of the bylaws, and in addition to the legal obligation to inform the Company of the holding of certain fractions of the capital or voting rights, any physical person or legal entity or any shareholder who holds, directly or indirectly, alone or in concert, a number of shares of the Company equal to or greater than 1% of the total number of shares or voting rights must, before the close of the fourth trading day following the crossing of that threshold, inform the Company by registered letter with acknowledgement of receipt. The same declaration must be made under the same conditions whenever a new threshold of a multiple of 1% of the total number of shares or voting rights is crossed. Any shareholder whose interest or voting rights fall below one of the aforementioned statutory thresholds is also obliged to inform the Company within the same period of four days and under the same terms.

Change in Maisons du Monde's shareholding structure

In 2019, Maisons du Monde received the following legal threshold crossing declarations pursuant to Article L. 233-7 of the French Commercial Code and the following declarations regarding thresholds contained in the bylaws:

Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of capital and voting rights
Sycomore Asset Management	10/01/2019	Bylaws upward	4%	2 019 373	4.46%
Allianz Global Investors	17/01/2019	Bylaws downward	2%	815 378	1.80%
Amundi	23/01/2019	Bylaws downward	3%	1 303 780	2.88%
American Century Investment Management	28/01/2019	Bylaws upward	1%	463 933	1.03%
Sycomore Asset Management	12/02/2019	Legal upward	5 %	2 310 234	5.11%
BlackRock	13/02/2019	Legal downward	5 %	2 229 979	4.93%
BlackRock	19/02/2019	Legal upward	5 %	2 287 329	5.06%
Dimensional	20/02/2019	Bylaws upward	1%	454 473	1.00%
BlackRock	21/02/2019	Legal downward	5 %	2 185 502	4.83%
Amundi	27/01/2019	Bylaws downward	2%	877 011	1,94 %
Sycomore Asset Management	26/03/2019	Bylaws upward	6%	2 774 417	6.13%
American Century Investment Management	29/03/2019	Bylaws downward	1%	391 203	0.86%
Sycomore Asset Management	01/04/2019	Bylaws upward	7%	3 233 288	7.15%
Weinberg Capital Partners	04/04/2019	Bylaws upward	1%	517 664	1.14%
Allianz Global Investors	09/04/2019	Bylaws downward	1%	437 625	0.97%
AFFM	12/04/2019	Bylaws downward	3%	1 329 924	2.94 %
Wasatch Advisors	24/04/2019	Bylaws upward	2%	1 094 854	2.42 %
BMO Global Asset Management	30/04/2019	Bylaws upward	1%	644 076	1.42 %
Millenium Partners	02/05/2019	Bylaws upward	1%	503 875	1.11 %
Wasatch Advisors	02/05/2019	Bylaws downward	2%	832 451	1.84 %
Marshall Wace	06/05/2019	Bylaws upward	1%	461 467	1.02%
Wasatch Advisors	08/05/2019	Bylaws downward	1%	90 484	0.20 %
Schroders	13/05/2019	Bylaws upward	1%	509 706	1.13 %
Amundi	15/05/2019	Bylaws downward	1%	444 665	0.98%
Amundi	21/05/2019	Bylaws upward	1%	562 153	1.24 %
Marshall Wace	23/05/2019	Bylaws upward	2%	907 245	2.01%
BMO Global Asset Management	03/06/2019	Bylaws downward	1%	319 096	0.71 %
Marshall Wace	10/06/2019	Bylaws downward	2%	898 560	1.99%
Ibercaja Gestion	10/06/2019	Bylaws upward	1%	461 983	1.02%

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Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of capital and voting rights
Teleios Capital Partners	14/06/2019	Bylaws upward	1%	580 433	1.28 %
Teleios Capital Partners	02/07/2019	Bylaws upward	2%	931 629	2.06%
Financière de l'Échiquier	04/07/2019	Bylaws upward	1%	524 296	1.16%
Teleios Capital Partners	30/07/2019	Bylaws upward	3%	1 747 548	3.86 %
Marshall Wace	30/07/2019	Bylaws downward	1%	444 332	0.98%
Sycomore Asset Management	30/07/2019	Bylaws downward	7%	3 088 255	6.83 %
Teleios Capital Partners	12/03/2020	Bylaws upward	14%	6,478,387	14.32%
Teleios Capital Partners	31/07/2019	Bylaws upward	4%	1 858 384	4.11 %
Millenium	13/08/2019	Bylaws upward	2%	910 577	2.01%
Financière de l'Échiquier	05/09/2019	Bylaws downward	1%	394 428	0.87 %
AFFM	10/09/2019	Bylaws downward	1%	449 976	0.99%
Sycomore Asset Management	11/09/2019	Bylaws upward	7%	3 175 230	7.02 %
Sycomore Asset Management	23/09/2019	Bylaws downward	7%	3 160 703	6.99 %
Ibercaja Gestion	24/09/2019	Bylaws upward	2%	911 055	2.01%
Marshall Wace	26/09/2019	Bylaws upward	1%	456 681	1.01%
Sycomore Asset Management	26/09/2019	Bylaws upward	7%	3 198 127	7.07 %
Marshall Wace	27/09/2019	Bylaws downward	1%	430 559	0.95 %
Teleios Capital Partners	27/09/2019	Legal upward	5 %	2 391 792	5.29 %
Amundi	30/09/2019	Bylaws downward	1%	413 810	0.91 %
Wellington Management	01/10/2019	Bylaws upward	3%	1 585 299	3.50 %
Sycomore Asset Management	02/10/2019	Bylaws downward	7%	3 115 179	6.89 %
Teleios Capital Partners	04/10/2019	Bylaws upward	6%	2 723 206	6.02%
Millenium	09/10/2019	Bylaws downward	2%	898 068	1.99%
Ostrum Asset Management	11/10/2019	Bylaws downward	1%	427 006	0.94 %
Teleios Capital Partners	23/10/2019	Bylaws upward	7%	3 194 024	7.06 %
La Banque Postale Asset Management	28/10/2019	Bylaws downward	1%	438 846	0.97%
Schroders	31/10/2019	Bylaws downward	1%	409 379	0.90 %
Sycomore Asset Management	31/10/2019	Bylaws downward	6%	2,703,730	5.98%
Teleios Capital Partners	01/11/2019	Bylaws upward	8 %	3 651 684	8.07%
Degroof Petercam Asset Management	01/11/2019	Bylaws downward	1%	223 918	0.49 %
Global Alpha Capital Management	04/11/2019	Bylaws downward	1%	349 943	0.77 %
Ibercaja Gestion	06/11/2019	Bylaws upward	3%	1 360 410	3.01 %
BlackRock	10/12/2019	Bylaws downward	3%	944 376	2.09%

Since 1 January 2020, Maisons du Monde has received the following declarations relating to the crossing of legal thresholds and of thresholds contained in the bylaws:

Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of capital and voting rights
Teleios Capital Partners	03/01/2020	Bylaws upward	9 %	4 087 593	9.03 %
Millenium	08/01/2020	Bylaws downward	1%	339 026	0.75 %
Amar Family Office	16/01/2020	Bylaws upward	1%	600 000	0.75 %
Norges Bank	23/01/2020	Bylaws upward	2%	1 328 052	2.94 %
Franklin Resources	04/02/2020	Bylaws downward	3%	1 267 667	2.80 %
MIC Capital Partners	05/02/2020	Bylaws upward	1%	460 520	1.02%
Axa Investment Managers	05/02/2020	Bylaws upward	1%	779 219	1.72 %
Teleios Capital Partners	11/02/2020	Legal upward	10 %	5 043 985	11.15 %
Fonds de Réserve pour les Retraites	12/02/2020	Bylaws downward	1%	421 106	0.93%
Teleios Capital Partners	28/02/2020	Bylaws upward	12 %	5 439 280	12.02 %
Teleios Capital Partners	05/03/2020	Bylaws upward	13 %	5 889 280	13.02 %
Weinberg Capital Partners	06/03/2020	Bylaws upward	2%	920 097	2.03%

Shareholder	Date of crossing	Type of crossing	Threshold crossed	Capital shares	% of capital and voting rights
Amar Family Office	10/03/2020	Bylaws upward	2%	950 000	2.10 %
Teleios Capital Partners	12/03/2020	Bylaws upward	14%	6,478,387	14.32%
Teleios Capital Partners	19/02/2020	Legal upward	15%	6,925,156	15.31%
Teleios Capital Partners	24/03/2020	Bylaws upward	16%	7,257,951	16.04%
Téleios Capital Partners	30/03/2020	Bylaws upward	17%	7,697,638	17.01%
Téleios Capital Partners	08/04/2020	Bylaws upward	19%	8,680,113	19.19%

7.4.4 EMPLOYEE SHARE OWNERSHIP

Pursuant to Article L. 225-102 of the French Commercial Code, we inform you that the proportion of the capital represented by shares held by employees as of 31 December 2019 was less than 3%; the Company not having established mutual funds for the benefit of Group employees. We inform you that the last Extraordinary Shareholders' Meeting called to approve a capital increase reserved for employees was held on 18 May 2018.

The Board of Directors, using the authorisations granted by the Shareholders' Meeting of 19 May 2017, allocated free shares to certain Maisons du Monde employees, with a view to directly involving them in the future of the Group and its performance through trends in share prices.

Information regarding the allocation of free shares can be found in Chapter 4 of this Universal Registration Document.

7.4.5 TRANSACTIONS PERFORMED ON THE COMPANY'S SHARES BY OFFICERS AND PERSONS TREATED AS SUCH

Pursuant to the provisions of Articles 223–22-A *et seq.* of the AMF General Regulation, the table below shows the transactions carried out by officers and persons treated as such, as declared to the AMF.

Date of the transaction	Declarant	Nature of the transaction	Number of shares	Unit price (in euros)	Transaction amount (in euros)
01/02:2019	Arnaud LOUET Senior Management	Disposals	2,900	€23.70	€68,730.00
25/11/2019	Eric BOSMANS Senior Management	Purchase	1,000	€12.78	€12,780.00
20/12/2019	Eric BOSMANS Senior Management	Purchase	3,000	€12.40	€37,200.00

7.4.6 ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to the provisions of Articles L. 233-13 and L. 225-37-5 of the French Commercial Code, the Company informs the public of the following elements liable to have an influence in the event of a takeover bid:

Shareholders' agreement

At the time of writing, Maisons du Monde was not aware of any shareholders' agreement providing for preferential terms for the sale or acquisition of Maisons du Monde shares or an agreement whose implementation could result in a change of control.

Significant nominal holdings

To the Company's knowledge, as at the date of this Registration Document, there are no significant registered holdings within the share capital other than those detailed in Section 7.4.1 of this chapter.

Control mechanisms

The Company has not established double voting rights. Nor does it have any securities with particular prerogatives.

7.5 Stock market information

7.5.1 LISTING VENUE AND INDICES

The Maisons du Monde share (ISIN code: FR0013153541) and is listed on Compartment B of the Euronext Paris regulated market (since 27 May 2016.). At 31 December 2019, the Maisons du Monde share was part, among others, of the SBF 120 and CAC Mid 60 indexes.

Maisons du Monde share data

Information	Characteristics
Listing	• Euronext Paris • Compartment B • Eligible for the SRD long-term only [(1)]
Codes	• ISIN: FR0013153541 • Ticker: MDM
ICB classification [(2)]	• Industry: Consumer goods (3700) • Sector: Furniture (3726)
Indices	• SBF 120 • NEXT 150 • CAC Mid 60 • CAC Mid & Small • CAC Consumer Goods • MSCI France Small Cap • Gaïa Index

(1) Deferred settlement service.

(2) Industry Classification Benchmark.

7.5.2 SHARE PRICE AND TRADING VOLUMES

At 31 December 2019, the Maisons du Monde share price was €12.97, down 22% from 31 December 2018. Market capitalisation amounted to €587 million on said date.

The table below details the changes in the share price and trading volumes for Maisons du Monde shares in 2018 and since the beginning of 2019.

Month	Price Highest *(in euros)*	Price Lowest *(in euros)*	Price Closing *(in euros)*	Average share price Closing *(in euros)*	Number of shares traded	Capital traded *(in millions of euros)*
January 2019	23.34	16.15	22.54	20.42	2,631,635	53.56
February 2019	24.50	21.96	23.00	23.35	1,996,521	46.67
March 2019	24.86	16.97	17.22	20.35	4,001,760	79.10
April 2019	19.70	17.29	19.18	18,61	3,613,345	67.22
May 2019	19.20	16.23	18.05	18.02	4,730,072	85.00
June 2019	21.08	16.86	20.96	18.51	3,788,958	70.79
July 2019	21.60	17.13	18.18	20.08	4,555,059	87.53
August 2019	18.67	15.19	16.41	16.77	3,829,192	64.72
September 2019	17.17	13.95	14.50	15.57	4,894,959	76.14
October 2019	15.00	12.30	12.39	14.35	5,888,654	82.13
November 2019	13.33	12.03	13.15	12.65	5,131,652	64.62
December2019	13.24	11.81	12.97	12.49	5,051,623	62.90
January 2020	13.38	10.75	12.00	11.87	8,017,124	94.99
February 2020	13.15	10.80	11.07	12.14	6,125,030	73.42
March 2020	11.07	6.63	7.305	8.24	7,725,118	63.65

7.6 Dividend payment

7.6.1 DIVIDEND POLICY

In 2017, Maisons du Monde initiated a dividend policy involving an annual amount representing 30% to 40% of net income, for the previous fiscal year, subject to the approval of the Shareholders' Meeting. However, this dividend distribution objective is not a commitment of the Company. The actual amounts of future distributions will depend on a variety of factors, including the Company's results and financial position, strategic objectives, or such other factors as the Board of Directors may deem appropriate. The Board of Directors at its meeting of 15 April 2020 decided not to propose the payment of a dividend in respect of the 2019 fiscal year.

7.6.2 DIVIDENDS DISTRIBUTED DURING THE LAST THREE FISCAL YEARS

The table below shows the dividends per share distributed for the fiscal years closed on 31 December 2016, 2017 and 2018 :

Dividend for the year(1)	Dividend per share(2)	Payout ratio(3)
2016	€0.31	35%
2017	€0.44	35%
2018	€0.47	35%

(1) Paid the following year;

(2) Calculated based on the number of shares at 31 December;

(3) Calculated based on net profit (Group share).

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Additional information

8

8.1 Persons responsible

8.1.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Julie Walbaum
Chief Executive Officer

8.1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

"I hereby declare that, having taken all reasonable measures to this end, the information contained in this Universal Registration Document is, to the best of my knowledge, correct and that it does not contain any omission liable to alter its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, financial position and results of the Company and of all the companies included in the consolidation, and that the Management Report, referenced in the cross-reference table on page 296 of this Universal Registration Document gives a true picture of business developments, the results and financial position of the Company and of all companies included in the consolidation, as well as a description of the main risks and uncertainties facing them.

I have obtained from the statutory auditors a letter of completion in which they indicate that they have verified the information concerning the financial position and the financial statements given in this Universal Registration Document, and that they have read the entire document."

16 April 2020,
Julie Walbaum,
Chief Executive Officer

8.1.3 PERSON RESPONSIBLE FOR FINANCIAL REPORTING

Eric Bosmans
Chief Financial Officer

MAISONS DU MONDE
Le Portereau Route du Port-aux-Meules
BP 52402 44124 Vertou Cedex France

Tel.: + 33 (0) 2 51 71 17 17
E-mail: investor.relations@maisonsdumonde.com
Website: https://corporate.maisonsdumonde.com

8.2 Persons responsible for auditing the financial statements

8.2.1 INFORMATION ON THE STATUTORY AUDITORS

Statutory auditors

KPMG SA

Represented by Gwenael Chedaleux

Registered member of the Compagnie régionale des comptes de Versailles

3 Cours du Triangle

Immeuble Le Palatin

92939 Paris La Défense Cedex

Continuing in force since the fiscal year ended 31 December 2014, the authorisation granted to EXCO BRETAGNE ABO (in the Company's bylaws), which was absorbed by KPMG SA, until KPMG SA's expiration date, or until the end of the Shareholders' Meeting convened to approve the financial statements for the fiscal year ended 31 December 2019.

Deloitte & Associés

Represented by Jean-Paul Séguret

Registered member of the Compagnie régionale des comptes de Versailles

6 place de la Pyramide

92908 Paris La Défense Cedex

Appointed at the Shareholders' Meeting of 29 April 2016 for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

Alternate statutory auditors

Salustro Reydel

Registered member of the Compagnie régionale des comptes de Versailles

3 Cours du Triangle

Immeuble Le Palatin

92939 Paris La Défense Cedex

Appointed at the Shareholders' Meeting of 30 June 2015 for the remaining term of the resigning predecessor, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2019.

CISANE

Registered member of the Compagnie régionale des comptes de Versailles

6 place de la Pyramide

92908 Paris La Défense Cedex

Appointed at the Shareholders' Meeting of 29 April 2016 for a period of six years, i.e. until the end of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2021.

8.2.2 STATUTORY AUDITORS' FEES

For more information, see note 37 of Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial Statements"of this Universal Registration Document.

8.3 Investor relations and documents on display

8.3.1 INVESTOR RELATIONS

The Investor Relations Department is responsible for the Maisons du Monde's financial communication. It also manages relations with financial analysts, institutional investors and shareholders of the Company, including individual shareholders. Throughout the year, the Investor Relations Department maintains regular contact with the financial community and ensures that the market has the most up-to-date and comprehensive information possible in order to correctly grasp the Company's business model, strategy and financial outlook. These exchanges and the disclosure of financial information are carried out in strict compliance with market regulations and the principle of equality of treatment and information for investors.

Maisons du Monde organises conference calls for financial analysts and institutional investors as part of the release of its quarterly sales and annual and interim results. Meetings between officers of the Company and institutional investors are also held several times a year *at roadshows* and conferences organised by financial intermediaries in France and internationally.

Investor Relations contact
Christopher Welton,
Head of Investor and BankingRelations
MAISONS DU MONDE
Le Portereau
Route du Port-aux-Meules
BP 52402 44124 Vertou Cedex France
Tel.: + 33 (0) 2 51 71 17 17
E-mail: investor.relations@maisonsdumonde.com
Website: https://corporate.maisonsdumonde.com

8.3.2 FINANCIAL INTERMEDIARY FOR REGISTERED SHAREHOLDERS

Maisons du Monde has entrusted the management of registered shareholder accounts to Société Générale Securities Services.

SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES
32, rue du Champ-de-Tir
BP 81236 44312 Nantes Cedex 3
France
Tel.: + 33 (0) 2 51 85 50 00
Website: www.securities-services.societegenerale.com

8.3.3 INDICATIVE FINANCIAL COMMUNICATION CALENDAR

Maisons du Monde's indicative financial communication calendar for 2020 is as follows:

Date	Event
11/03/2020	Full year 2019 results
16/04/2020	Filing of the 2019 Universal Registration Document with the AMF
13/05/2020	First quarter 2020 sales
12/06/2020	Combined Shareholders' Meeting
28/07/2020	First half 2020 results
27/10/2020	Third quarter 2020 sales

8.3.4 2019 ANNUAL INFORMATION DOCUMENT

For 2019, the list of press releases and financial documents published by Maisons du Monde is as follows (information available on the Company's website: https: //corporate.maisonsdumonde.com):

Date	Topic
03/01/2019	Monthly information on voting rights and shares comprising the share capital for December 2018
03/01/2019	Monthly information on treasury share buybacks for December 2018
04/01/2019	Half-yearly summary of the liquidity contract at 31 December 2018
22/01/2019	Update on activity for 2018
23/01/2019	New liquidity contract signed with Exane BNP Paribas
05/02/2019	Monthly information on voting rights and shares comprising the share capital for January 2019
05/02/2019	Monthly information on treasury share buybacks for January 2019
04/03/2019	Monthly information on voting rights and shares comprising the share capital for February 2019
04/03/2019	Monthly information on treasury share buybacks for February 2019
12/03/2019	Full year 2018 results
21/03/2019	Information
01/04/2019	Information on the compensation awarded to Julie Walbaum
02/04/2019	Monthly information on voting rights and shares comprising the share capital for March 2019
02/04/2019	Monthly information on treasury share buybacks for March 2019
17/04/2019	Publication of the 2018 Registration Document
03/05/2019	Monthly information on voting rights and shares comprising the share capital for April 2019
03/05/2019	Monthly information on treasury share buybacks for April 2018
09/05/2019	First quarter 2019 sales
13/05/2019	Provision and consultation of information and documents to the Shareholders' Meeting of 3 June 2019
15/05/2019	Information on the compensation awarded to Julie Walbaum
03/06/2019	Eric Bosmans appointed as Chief Financial Officer of Maisons du Monde
03/06/2019	Press release in relation to the Shareholders' Meeting of 3 June 2019
06/06/2019	Details of the 2019-2020 share buyback programme
06/06/2019	Monthly information on voting rights and shares comprising the share capital for May 2019
06/06/2019	Monthly information on treasury share buybacks for May 2019
14/06/2019	Maisons du Monde accelerating in interior decoration consulting services with the acquisition of a majority stake in Rhinov
18/06/2019	Maisons du Monde 2020-2024: a new chapter in our growth story
04/07/2019	Notice to holders of the OCEANEs due 2023 (FR0013300381) - adjustment to the conversion/exchange ratio
04/07/2019	Half-yearly summary of the liquidity contract at 30 June 2019
04/07/2019	Monthly information on voting rights and shares comprising the share capital for June 2019
04/07/2019	Monthly information on treasury share buybacks for June 2019
29/07/2019	First half 2019 results
07/08/2019	Publication of the Half-Year 2019 Financial Report
22/08/2019	Monthly information on voting rights and shares comprising the share capital for July 2019
22/08/2019	Monthly information on treasury share buybacks for July 2019
04/09/2019	Monthly information on voting rights and shares comprising the share capital for August 2019
04/09/2019	Monthly information on treasury share buybacks for August 2019
02/10/2019	Monthly information on voting rights and shares comprising the share capital for September 2019
02/10/2019	Monthly information on treasury share buybacks for September 2019
30/10/2019	Third quarter 2019 sales
06/11/2019	Monthly information on voting rights and shares comprising the share capital for October 2019
06/11/2019	Monthly information on treasury share buybacks for October 2019
09/12/2019	Monthly information on voting rights and shares comprising the share capital for November 2019
09/12/2019	Monthly information on treasury share buybacks for November 2019
23/12/2019	Weekly information on treasury share buybacks - week of 16 to 20 December 2019

8.3.5 DOCUMENTS ON DISPLAY

The documents relating to the Company to be made available to the public, and in particular the Bylaws, minutes of Shareholders' Meetings, Statutory Auditors' Reports and other corporate documents, as well as historical financial information, may be consulted in accordance with the applicable law at the registered office (Maisons du Monde, Le Portereau 44120 Vertou). Regulated information within the meaning of the provisions of the General Regulation of the AMF, is also available on the website of the Company (https://corporate.maisonsdumonde.com).

8.4 Information incorporated by reference

Pursuant to article 19 of European Commission Regulation (EC) 2017-1129, the following information is incorporated by reference into this Universal Registration Document:

- the consolidated and annual financial statements as well as the corresponding audit reports in chapters 5.1 to 5.4 of the 2018 Registration Document filed with the Autorité des marchés financiers on 17 April 2019 under number R. 19-007;
- the consolidated and annual financial statements as well as the corresponding audit reports in chapter 5.1 to 5.4 of the 2017 Registration Document filed with the Autorité des marchés financiers on 20 April 2018 under number R. 18-021.

These reference documents are available on the website of the Company (https://corporate.maisonsdumonde.com) and of the Autorité des marchés financiers (www.amf-france.org).

8.5 Information on the Group's business and markets, and third-party information

This Universal Registration Document contains statistics, data and information on the Group's businesses and markets, including information on the size, historical developments and outlook for these markets, Maisons du Monde's market positions and the competitive environment, as well as other segment and macroeconomic information. Unless otherwise specifically indicated to the contrary, this information was obtained from third parties, including public sources, such as the Banque de France, INSEE (the French national institute of statistics and economic studies) and IPEA (the French institute for the outlook and studies on the Furniture market). To the best of the Group's knowledge, no facts have been omitted which would render the information provided inaccurate or misleading.

8.6 Material contracts

8.6.1 SHAREHOLDERS' AGREEMENT WITH SDH LIMITED

In 2006, the Group signed a shareholder's agreement with the Hong Kong-based company SDH Limited for the creation of Chin Chin Limited, a limited liability company governed by Hong Kong law, and thereby subscribed to 50% of the share capital. On 13 November 2019, the Group signed a memorandum of understanding for the sale on 13 December 2019 of its stake to its partner for HK$1. Maisons du Monde France owned a 50% stake in Chin Chin Limited, which was accounted for using the equity method. This disposal also includes the sale of its wholly-owned direct (Shangai Chin Chin Furnishings Company Limited) and indirect (Wujiang Chin Chin Furniture and Wujiang Henghui Machinery) subsidiaries.For further information, refer to Note 1 "Significant events" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial statements" of this Universal Registration Document.

8.6.2 SENIOR CREDIT FACILITY AND ADDITIONAL CREDIT FACILITY

In connection with its initial public offering, on 18 April 2016, Maisons du Monde contracted a senior credit facility with a banking pool related to the establishment of new senior credit facilities, including a syndicated credit of €250 million and a revolving credit facility of €75 million that were made available to the Group on the settlement and delivery date of the offering.

On 1 March 2017, Maisons du Monde also subscribed an additional €75 million revolving credit facility under the same conditions as those negotiated for the Group's debt refinancing operations in 2016.

For further information, see Note 27 in Section 6.1.6 "Notes to the consolidated financial statements" in Chapter 6 "Financial Statements" of this Universal Registration Document.

8.6.3 SHAREHOLDERS' AGREEMENT WITH NATCO INVESTMENT GROUP INC., MIAMI FINANCIAL CONSULTING INC. AND SWA CAPITAL INC.

On 3 May 2018, at the same time as the acquisition of a 70% stake in Modani, Maisons du Monde signed a shareholders' agreement with the US companies Natco Investment Group Inc., Miami Financial Consulting Inc. and SWA Capital Inc., minority shareholders in Modani.

For more information, refer to Section 1.4.5 "Description of the Group's business" of Chapter 1 "Group Overview" of this Universal Registration Document.

8.6.4 SHAREHOLDERS' AGREEMENT WITH SAVANE VISION ("RHINOV")

On 13 June 2019, as part of its acquisition of a 70% majority stake in the share capital of Savane Vision ("Rhinov"), the Group entered into a shareholders' agreement with the three founders, Xavier Brissonneau, Bastien Paquereau and Jérôme Schurch.For further information, refer to Note 1 "Significant events" in Section 6.1.6 "Notes to the consolidated financial statements" of Chapter 6 "Financial statements" of this Universal Registration Document.

8.7 Information on payment terms

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, the following table presents the information relating to supplier and customer payment terms:

	Article D. 441 I 1: Invoices received, unpaid and overdue at the reporting date						Article D. 441 I 2: Invoices issued, unpaid and overdue at the reporting date					
	0 day (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**total (1 day or more)**	**0 day (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**total (1 day or more)**
(A) Late payment categories												
Number of invoices concerned	4					6	0					0
Total amount of invoices concerned, excl. tax	5,018	11	-	-	18,746	18,758	-	-			-	-
Percentage of the total amount of purchases for the year	0.16%	0.00%	0.00%	0.00%	0.62%	0.62%						
Percentage of revenue for the year							0%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to disputed or unrecognised debts and claims												
Number of invoices excluded												
Total amount of invoices excluded, excl. tax												
(C) Reference payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payment												

8.8 Cross-reference tables

8.8.1 UNIVERSAL REGISTRATION DOCUMENT

This cross reference table sets out the headings defined by Annexes I and II of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and refers to those pages of this Universal Registration Document on which reference is made to the information relating to each of these headings.

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8.8.2 ANNUAL FINANCIAL REPORT

This Universal Registration Document includes all elements of the Annual Financial Report as listed in Article L. 451-1-2 of the French Commercial Code and Article 222-3 of the General Regulation of the Autorités des marchés financiers.

8.8.3 MANAGEMENT REPORT

This Universal Registration Document includes all elements of the Management Report as listed in Articles L. 225-100 et seq., L. 232-1.II and R. 225-102 et seq. of the French Commercial Code.

8.8.4 REPORT ON CORPORATE GOVERNANCE

This Universal Registration Document includes all elements of the Corporate Governance Report as listed in Articles L. 225-37 et seq. of the French Commercial Code.

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8.8.5 NON-FINANCIAL PERFORMANCE STATEMENT

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8.9 Glossary

Glossary

SALES

Represent the revenue from sales of decorative items and furniture through the Group's retail stores, website and BtoB activities. They mainly exclude customer contribution to delivery costs, revenue for logistics services provided to third parties, and franchise revenue.

LIKE-FOR-LIKE SALES GROWTH

Represents the percentage change in sales from the Group's retail stores, website and BtoB activities, net of product returns between one financial period (n) and the comparable preceding financial period (n-1), excluding changes in sales attributable to stores that opened or were closed during either of the comparable periods. Sales attributable to stores that closed temporarily for refurbishment during any of the periods are included.

GROSS MARGIN

Is defined as sales minus cost of sales. Gross margin is also expressed as a percentage of sales.

EBITDA

Is defined as current operating profit, excluding depreciation, amortisation, and allowance for provisions, the change in the fair value of derivative financial instruments, and store preopening expenses.

EBIT

Is defined as EBITDA after depreciation, amortisation, and allowance for provisions.

NET DEBT

Is defined as the Group's convertible bonds ("OCEANE"), term loan, revolving credit facilities, lease debt, deposits, guarantees and bank borrowings, net of cash and cash equivalents (excluding bank borrowings).

LEVERAGE RATIO

Is defined as net debt divided by EBITDA (excluding payables relating to the Modani put option).

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