MAISONS DU MONDE

PRESS RELEASE

Nantes, 12 March 2024

FY2023 Results: Adjusted guidance fully met across all criteria

- **3C plan produced tangible results**
  - **Customer focus** initiatives allowing for **sales sequential improvement H2 vs H1**
  - **Cost** reduction resulting in **circa €35 million in gross savings** on SG&A and logistics costs
  - **Strict Cash control streamlining Capex by 50%** and **reducing inventory by €43 million** whilst improving product availability
- **Significant progress on our ESG roadmap**
  - **Reduction of our carbon intensity[1] by 18%** vs 2018
  - **36%** of the *Good is beautiful* selection in Maisons du Monde's offering in 2023
  - Selected **Climate Change "A List"** company by CDP (Carbon Disclosure Project)
- **FY 2023 adjusted guidance fully met across all criteria**
  - **Group Sales: -9.3% yoy at €1,125 million** vs c. -10% adjusted guidance
  - **EBIT: €45.8 million** vs adjusted guidance €40m-€50m
  - **FCF: €27.4 million** vs adjusted guidance €20m-€30m
- **Payout ratio of 30% consistent with range announced in October, amounting to €0.06 dividend per share, to be submitted at the General Meeting on 21 June**

Inspire everyday
2024-2026 Transformation Plan

François-Melchior de Polignac, CEO of Maisons du Monde commented:

"*Maisons du Monde's 2024-2026 transformation plan, '**Inspire everyday'** is backed by an enriched and highly engaged Board, and is being undertaken by a renewed executive team, and our committed associates. By focusing on customer needs and operational excellence, we are laying the groundwork for sustainable profitable growth. With a strong focus on simplification and financial discipline, we are increasing cash returns. Over this three-year journey, Maisons du Monde will transition into a more asset-light operator and evolve further into a lifestyle brand. This shift will improve returns on capital employed and enhance shareholder value."*

- **A pragmatic transformation already under way, leveraging Maisons du Monde's unique assets, fixing customer centricity and execution challenges, and resolutely focusing on cash returns with a shift towards an asset-light approach**
  - **Structurally optimizing our commercial model** to better meet customer needs:
    Net reduction of assortment by 25%
  - **Simplifying our operating model** to unlock value creation:
    Streamline supplier portfolio by 50%
  - **Challenging 100% of our costs** to reinvest in our development:
    €85 million gross cost savings[2] over 3 years
  - **Reducing capital intensity** with a more balanced and optimized footprint: **40-50 store closures/transfers and circa 30% of the network under affiliation/franchise by 2026**
- **2024-2026 financial trajectory**
  - **2024: a pivotal year to transform the commercial model and lay the foundations for growth**
  - **Progressive return to topline growth in 2025-2026**
  - **Cumulative FCF above €100 million over 3 years**

[1] In tCO_2 by million euros sales
[2] €145 million gross cost savings over a five-year span (2022-2026)

MAISONS DU MONDE

VIDEO WEBCAST FOR INVESTORS AND ANALYSTS

Presentation in English. Questions by chat from the webcast platform

Date: 12 March 2024 at 9:30 am CET

Speakers: François-Melchior de Polignac, CEO / Denis Lamoureux, CFO / Gilles Lemaire, Deputy CFO
Connection details: Webcast link : https://edge.media-server.com/mmc/p/tvsty332

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FY 2023 RESULTS

FY 2023 SALES

FY 2023 **Group sales** reached €1,125.4 million, reflecting a year-on-year decline of -9.3%, amidst a low cycle in the Home & furniture market, intensified by macro headwinds (geopolitical uncertainties, unprecedented inflation, deteriorated consumer confidence).

(in EUR million)	FY 2023	FY 2022	*% Change*
Group GMV	**1 263.9**	**1 337.1**	*-5.5%*
Sales	**1 125.4**	**1 240.4**	*-9.3%*
Sales by product category			
Decoration	648.2	719.8	*-9.9%*
% of sales	*57.6%*	*58.0%*	
Furniture	477.2	520.6	*-8.4%*
% of sales	*42.4%*	*42.0%*	
Sales by channel			
Stores	815.7	880.9	*-7.4%*
% of sales	*72.5%*	*71.0%*	
Online	309.6	359.6	*-13.9%*
% of sales	*27.5%*	*29.0%*	
Sales by geography			
France	622.9	663.8	*-6.2%*
% of sales	*55.3%*	*53.5%*	
International	502.5	576.6	*-12.9%*
% of sales	*44.7%*	*46.5%*	

The Group continued its proactive store portfolio management. At the end of December 2023, the store portfolio reached 340 own stores following 18 net closures o/w 5 transfers to affiliates, as anticipated.

FY 2023 FINANCIAL PERFORMANCE

EBIT

In € million	2023	2022	% Change
Sales	**1,125.4**	**1,240.4**	*-9.3%*
Cost of goods sold	(399.6)	(437.9)	*-8.7%*
Gross margin	**725.8**	**802.5**	*-9.6%*
As a % of Sales	*64.5%*	*64.7%*	
Store operating and central costs	(382.8)	(415.9)	*-8.0%*
Logistics costs	(135.5)	(159.6)	*-15.1%*
Operating Costs	**(518.3)**	**(575.5)**	**-10.0%**
EBITDA	**207.6**	**227.0**	*-8.6%*
As a % of Sales	*18.4%*	*18.3%*	
Depreciation, amortization, and allowance for provisions	(161.8)	(158.5)	*2.1%*
As a % of Sales	*14.4%*	*12.8%*	
EBIT	**45.8**	**68.5**	*-33.1%*
As a % of Sales	*4.1%*	*5.5%*	

While EBIT was impacted by sales decline, **Gross margin** rate remained relatively stable at 64.5%, thanks to savings from normalized freight costs and the positive contribution from the Marketplace, which were reinvested in promotional activities, improving price accessibility, and clearing old inventories.

Store operating and central costs decreased by 8.0%. 3C plan initiatives on costs have more than compensated inflation with a €25 million gross savings on SG&A. Additional savings were driven by lower volumes and one-time items (e.g. expired gift cards write-off).

Logistics costs decreased by 15.1% as a result of €10 million 3C plan cost optimization measures. Additional savings were driven notably by efficiently leveraging lower volumes.

EBITDA margin remained stable at 18.4% despite loss of volumes, notably as a result of cost initiatives undertaken within the 3C plan.

Slight increase in Depreciation and Amortization (D&A) mainly due to the start of amortization of our second distribution center in Northern France.

EBIT margin decreased from 5.5% to 4.1%, impacted by D&A slight increase in a context of sales decline.

Net income amounted to €8.8 million vs €34.2 million in 2022. EPS was €0.21, compared to €0.80 in 2022.
It included:

- Other operating income and expenses, at €(8.9) million, mainly related to store closure costs.
- Net financial result at €(22.3) million vs €(18.2) million in 2022, mainly due to higher interests on lease debt (€13.5 million vs €12.4 million in 2022), as well as €0.9 million losses on currency transactions vs a gain of €1.9 million in 2022.
- Income tax, representing €5.2 million vs €18.4 million in 2022.

Free Cash Flow[3]: Streamlined Capex and tight inventory management nearly offsetting volume impact

In € million	31 Dec. 2023	31 Dec. 2022
EBITDA	**207.6**	**227.0**
Change in working capital	0.2	(2.8)
Change in other operating items	(19.1)	(12.2)
Net cash generated by operating activities	**188.7**	**212.0**
Capital expenditures (Capex)	(33.0)	(66.6)
Change in debt on fixed assets	(2.5)	5.3
Proceeds from sale of non-current assets	1.9	0.8
Decrease in lease debt	(114.4)	(107.3)
Decrease in lease debt/Lease interest paid	(13.3)	(11.8)
Free cash flow	**27.4**	**32.3**

In 2023, Capex reached €33 million representing a 50% decrease from last year. The implementation of a rigorous payback approach, coupled with reduced Capex on the second distribution center, has enabled Maisons du Monde to align with market standards. Capex on sales ratio decreased from 5.4% in 2022 to 2.9% in 2023.

In terms of working capital requirements, Maisons du Monde improved its inventory levels, decreasing from €245.7 million in December 2022 to €202.2 million. This reflects tight monitoring and old inventory liquidation, with DIO[4] lowered by half a month compared to last year, whilst improving product availability. Working capital effects were limited due to reduced purchases.

Thanks to these actions, **Free Cash Flow** demonstrated strong resilience, amounting to €27.4 million compared to €32.3 million in December 2022.

Effective management of net financial debt

In € million	31 Dec. 2023	31 Dec. 2022
Convertible bonds ("OCEANE")	-	195.6
Term loan	100.0	(0.5)
Revolving Credit Facilities (RCFs)	(1.0)	(0.7)
Share buyback	-	28.1
Other debt	20.1	1.7
Gross debt	**119.1**	**224.2**
Finance leases	571.0	613.1
Cash & cash equivalents	(29.9)	(121.3)
Net debt (IFRS 16)	**660.2**	**716.0**
Less: Lease debt *(IFRS 16)*	(571.0)	(613.1)
Plus: Lease debt *(finance lease)*	1.2	2.2
Net debt	**90.4**	**105.1**
LTM (Last twelve months) EBITDA[5]	81.3	109.5
Leverage	**1.11x**	**0.96x**

Maisons du Monde reduced its net debt position by €15 million compared to 2022. With cash and cash equivalent totaling €29.9 million, Maisons du Monde's net debt position as of 31 December 2023 amounted to €90.4 million.

As previously announced, Maisons du Monde repaid the €200 million "OCEANE" convertible bonds on 6 December 2023. This repayment was done through a combination of a €100 million term loan, a €14 million loan from BPI and €86 million in cash.

The Group also increased its RCF credit line from €150 million to nearly €200 million, with an extended maturity to April 2028. This credit line is undrawn as of 31 December 2023 and the Group benefits from circa €200 million of liquidity.

[3] Free-Cash Flow defined as Operational cash flow generation after Capex, consistent with historical financial communication
[4] Days Inventory Outstanding – in months of COGS
[5] EBITDA of €207.6 million is restated in accordance with the senior credit facility agreement dated April 22, 2022

GOVERNANCE

As announced on 29 February, 2024, Denis Lamoureux was appointed Chief Financial Officer. He started his new role on 4 March and is part of the Executive Committee.
Gilles Lemaire, Group Controlling Director, acting CFO since 1st September 2023, was appointed Deputy Chief Financial Officer.

PROPOSED DIVIDEND

General Meeting is scheduled to be held on 21 June 2024. Shareholders will be asked to approve the payment of a dividend of €0.06 per share for the 2023 financial year, translating to a 30% payout ratio. The ex-dividend date is 3 July 2024, with payment on 6 July 2024.

MEDIUM TERM TRANSFORMATION PLAN

Inspire everyday transformation plan is designed to restore Maisons du Monde's growth and enhance FCF generation, leveraging the strong foundations laid by the 3C Plan, focusing on Customer centricity, and prioritizing operational excellence (Costs) and financial efficiency (Cash).

This transformation plan is based on two fundamental pillars that will pave the way for Maison du Monde's journey from 2024 to 2026:

- Driving the transformation of our commercial model to win: rethink our offer, enhance in-store experience, strengthen growth levers, notably the Marketplace, and enrich our model with services,
- While streamlining our operational model: simplify the value chain, develop "think global/act local" approach to store operations, and reduce capital intensity.

Over the 2024–2026 period, the Group is expected to generate a **cumulative Free Cash Flow above €100 million.**

The FCF generation should increase over the duration of the plan. We expect positive FCF to continue in 2024, despite a significant portion of our FCF being reinvested into the transformation of the Group, and seizing opportunities to accelerate this transformation.

To secure FCF generation, Maisons du Monde will notably focus on:

- **Delivering €85 million gross cost savings over 3 years**, building upon the €25 million and €35 million plans of 2022 and 2023
- **Reducing capital intensity with:**
  - **a more standardized Capex on sales ratio of circa 3%,** already achieved in 2023, representing a notable reduction compared to 2019-2022 period
  - **further optimizing inventory, with 1 month reduction of MoH**[6]
  - **a more balanced and optimized retail store network:**
    40-50 store closures/transfers and circa 30% of the network under affiliation/franchise by 2026

Over the three-year period, the Group will maintain its 30%-40% dividend payout ratio.

[6] Months of Inventory on Hand

Disclaimer: Forward Looking Statement

This press release contains certain statements that constitute "forward-looking statements," including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward- looking statements. Accordingly, no representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Any forward-looking statements included in this press release speak only as of the date hereof and will not give rise to updates or revision. For a more complete list and description of such risks and uncertainties, refer to Maisons du Monde's filings with the French Autorité des marchés financiers.

Financial calendar

15 May 2024	Q1 2024 Sales
21 June 2024	Annual General Meeting
29 July 2024	Half-Year 2024 Results
23 October 2024	Q3 2024 Sales

About Maisons du Monde

Maisons du Monde is the leading player in inspiring, accessible, and sustainable home and decoration. The Brand offers a rich and constantly refreshed range of furniture and decorative items in a multitude of styles. Leveraging a highly efficient omnichannel model and direct access to consumers, the Group generates over 50% of its sales through its online platform and operates in 10 European countries.

corporate.maisonsdumonde.com

Contacts

Investor Relations

Carole Alexandre
Tel: (+33) 6 30 85 12 78
calexandre@maisonsdumonde.com

Press Relations

Pierre Barbe
Tel: (+33) 6 23 23 08 51
pbarbe@maisonsdumonde.com