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Mango makes a profit of 81 million euros and achieves record sales in 2022



Toni Ruiz, CEO of Mango

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- Mango increased its net profit by 20.9% compared to 2021, in a financial year in which turnover reached 2.688 billion euros, the highest in the company's history and 20.3% more than in the previous year.
- During the financial year, the company witnessed strong growth in the physical channel, explained by the full resumption of store activity and 119 net store openings, closing 2022 with a total of 2,566 stores.
- Investment during the year totalled 107 million euros, more than double the figure for 2021, with the main focus on technology and logistics, in addition to facilities and stores.
- Woman remains the driver of the group's sales, accounting for 82% of total turnover, however Man (with an increase of 30%) and Kids (with a growth of 18%) evolved strongly during the year.
- As part of its sustainability commitment in 2022, Mango signed for the first time in its history a finance agreement linked to ESG criteria. In December, the brand presented its new sustainability strategy until 2030 with new goals and more demanding measuring systems.

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Mango, one of Europe's leading fashion groups, closes 2022 with record sales. The company closed the last financial year with a turnover of 2.688 billion euros, representing an increase of 20.3% compared to 2021 and of 13.2% compared to 2019, when the company last achieved a record turnover.

The major growth in sales occurred alongside a significant increase in profitability, the best figure in the last ten years. Mango closed 2022 with a pre-tax profit of 103.3 million euros, 26.2% more than the previous year, while net profit was 81 million euros, an increase of 20.9% compared to 2021 and four times the pre-pandemic net profit. Toni Ruiz, Mango's Chief Executive Officer, points out that "we have closed what is probably one of Mango's best years, overcoming complex market circumstances and committing to strong investments with a future vision and ambition".

"At Mango, we have consolidated ourselves as one of Europe's leading fashion groups. We have demonstrated the validity and robustness of our business model based on a unique ecosystem of channels and partners. In the last few years, we have recovered our essence, with unique design as a starting point and innovation as a core value in all the departments of the company", Tony Ruiz adds.

For its part, at the end of 2022, gross operating profit (EBITDA) was 436.62 million euros, fourteen million euros higher than the figure posted in 2021. This result was influenced by challenging macroeconomic and geopolitical conditions: from the impact of the war in Ukraine and the suspension of Mango operations in Russia to high inflation and the rise in the dollar. Gross profit at the end of the financial year was 56.9%, compared to 58.2% in 2021.

The cancellation of direct operations in Russia had a negative impact of approximately 20 million euros on the result, due mainly to the losses arising from store closures and the devaluation of the Rouble.

The company closed 2022 with a net debt of 82 million euros (compared to the negative figure of eight million euros in 2021) as part of the process of expansion and investment the group is carrying out.

In parallel, in 2022, for the first time in the company's history, Mango signed a refinancing agreement with its banking pool linked to ESG (Environment, Social and Good Governance) criteria. The company has extended the repayment calendar of its financial obligations, improved the cost of its debt, doubled the availability of revolving credit lines and introduced sustainability criteria, one of the development vectors of the fashion industry.

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FIGURES	In millions of euros	2021	2022
Turnover		2,234	2,688
Gross profit		81.8	103.3
EBITDA		422.6	436.6
Net result		67.5	81.1
Investment		45	107

Evolution and channels

The growth recorded by Mango in the last financial year exceeds pre-pandemic sales and is the consequence of the positive acceptance of its designs in all the regions in which it is present. Throughout 2022, the company strengthened its commitment to unique design and quality with collections and campaigns such as Together Sounds Better (summer 2022), Love What You Do (September 2022) and the collaboration with the influencer Camille Charrière at the end of the year.

The sales evolution throughout the year was marked on the one hand by the recovery of social normality, and, on the other by the international geopolitical and economic situation. The financial year began with another expansion of the Covid-19 pandemic in Europe, which was later influenced by the outbreak of the war in Ukraine, then the relaxing of the last restrictions in Europe before the final stage of the year, which was marked by the changing economic cycle.

Mango, a brand valued by its customers for its differentiated design proposal, its quality and its garments for special occasions, has capitalised on the end of the restrictions and on the eagerness of consumers to enjoy their social life once again. The reopening of all stores has had a positive impact on the physical channel, while the online channel has maintained its momentum.

The company accelerated the development of its stores' network in 2022, closing the year with a total of 2,566 stores, which represents 119 net store openings in twelve months. The company closed the 2022 financial year with a presence in over 115 markets on all five continents. In 2022, Mango added two new countries to its international footprint: Cameroon and Morocco; in both cases these are markets the company has returned to.

Mango is maintaining its commitment to the physical store as a privileged point of contact with its customers and is combining store openings with the refurbishment of the existing network. Among the most significant store openings during the year was the one in New York's Fifth Avenue in May, while a key refurbishment was the one at its store on Boulevard Haussmann, in Paris.

The group also strengthened its commitment to international partners, with major agreements such as the one reached with Fox to expand in Canada, or the alliance with Myntra for development in India.

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Furthermore, Mango closed 2022 with a turnover of 960 million euros in its online business (compared to 942 million in 2021), representing 36% of the total company turnover. At the end of 2022, Mango operated online in 90 markets. The forecasts for the 2023 financial year involve taking the online business to over 20 new markets during the first half of the year, above all in the continent of Africa and in countries such as Brazil, where the company has signed an agreement with the local partner Dafiti, which is part of the Global Fashion Group (GFG) to start selling Mango in the country. The Mango online store closed 2022 with 232.1 million users and over 885 million visits.

Regions and product lines

In terms of geographical distribution, in 2022 Spain accounted for 22% of total turnover, with the remaining 78% corresponding to the rest of the world. By country, the key regions for Mango are Spain and France, as well as the United Kingdom and Italy. Other markets in which Mango has evolved significantly include the United States and India, two strategic countries for the present financial year.

Woman remains the driver of the group's sales, accounting for 82% of total turnover; however, Man and Kids evolved strongly during the year. Woman sales exceeded 2 billion euros for the first time in history, while Man sales grew by 30% and were almost 300 million euros. Kids, Mango's children's line, continued to grow and increased its turnover by 18% to over 200 million euros, including the Teen business. Home, which celebrated its first year of existence in 2022, has more than doubled in size, with a turnover in excess of five million euros.

Investment and the stores' network

Mango is combining this strong period of growth with a high rate of investment. In this regard, during the entire year the Barcelona-based company invested a total of 107 million euros, more than double the 45 million euros invested in 2021 and this is the first time since 2014 that the group's annual investment has exceeded 60 million euros. Technology, logistics, facilities and stores accounted for the bulk of the investment effort for the entire year.

The company is currently completing the enlargement of its global distribution logistics centre, located in Lliçà d'Amunt (Barcelona), in order to manage its entire physical store and online stock operations jointly. With the enlargement, which will go into operation in the first half of the year, the centre will increase its capacity to handle garments by up to an extra 10,000 garments per hour, to 85,000 garments per hour.

Mango is also in the process of constructing its new company headquarters, called Mango Campus, which is planned to open next year. The project envisages the creation of a pioneering office space for over 2,200 employees with wellness areas, a gymnasium, various showrooms and pilot stores, among other facilities. In total, the project will require an investment of 42 million euros.

New sustainability road map

As part of its commitment to sustainability, in December, Mango presented its new sustainability strategy called *Sustainable Vision 2030*, with new goals and more demanding measuring systems. In the coming years, the company will focus its efforts on reducing its social and environmental impact through three lines of action: Committed to

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Product, Committed to Planet and Committed to People, each one of which establishes specific goals and projects to be achieved.

With the new strategy, Mango will focus its efforts on moving towards a more sustainable collection, prioritising more sustainable materials and incorporating circular design criteria so that by 2030 these will predominate in the design of its products, and 100% of its fibres will be of sustainable origin or recycled. The company is also maintaining its goal to be climate neutral by 2050 and is setting reduction targets for the consumption of water and plastics.

As part of its commitment to people, Mango has become the first major fashion company in Spain to publish a list of its tier 3 factories related to suppliers of fabrics and fittings in a further step towards the traceability and transparency of its value chain. In the coming years, the group will also promote social action projects and collaborations with leading global organisations such as Save the Children, the Spanish Red Cross and *Médicins Sans Frontières* (MSF).

The creation of quality employment and the stability of our teams are key to the evolution of Mango. In 2022 the company increased its global workforce by 1,320 people to 14,082 employees, representing an increase of 10.3% over the number of registered employees at the end of 2021.

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Mango, one of Europe's leading fashion groups, is a global company with design, creativity and technology at the centre of its business model, and a strategy based on constant innovation, the search for sustainability and a complete ecosystem of channels and partners. Founded in Barcelona in 1984, the company closed 2022 with a turnover of 2.688 billion euros, with 36% of its business originating from its online channel and with a presence in over 115 markets. More information at mangofashiongroup.com