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# Third-Quarter 2023 Results

November 14<sup>th</sup>, 2023



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**natura & co**



This presentation may contain forward-looking statements.

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# 1. Continued expansion in Adjusted EBITDA margin

- Net Revenue: -0.7% in constant currency (CC)
- Gross Margin: +310 bps, the main driver of profitability improvement
- Adj. EBITDA margin expansion of +190 bps

# 2. Actions underway across business units

- Natura &Co Latam: Launch of Wave 2 in Brazil, delivering initial results with combined CFT YoY revenue growth (CC) and Natura brand maintaining solid performance
- Avon International: Further margin improvement amid top-line stabilization
- The Body Shop: Entered into a binding agreement with Aurelius Investment Advisory Limited for an enterprise value of GBP 207 million

# 3. A strengthened balance sheet

- Aesop sale closed in August and proceeds enabled a return to a net cash position
- Prompt liability management, with more than half of our debts prepaid at the end of the quarter

# 4. Continued advances in ESG

- Realigned our Commitment to Life 2030 metrics to address the pressing concerns of our time



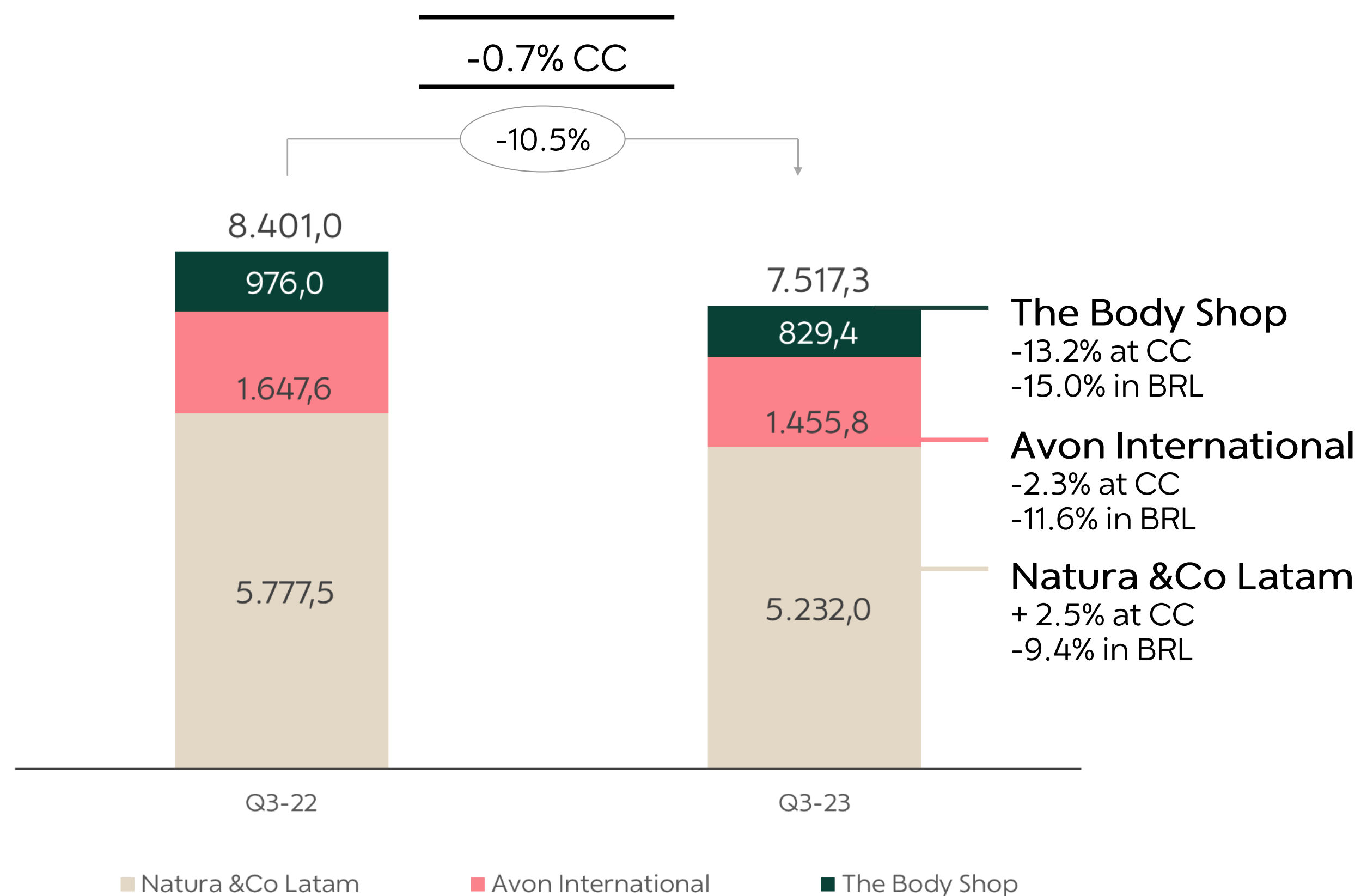
# Consolidated Financial Performance

Guilherme Castellan, CFO



# Natura &Co: Broadly stable sales at constant currency

Net Revenue (BRL million)



## Highlights

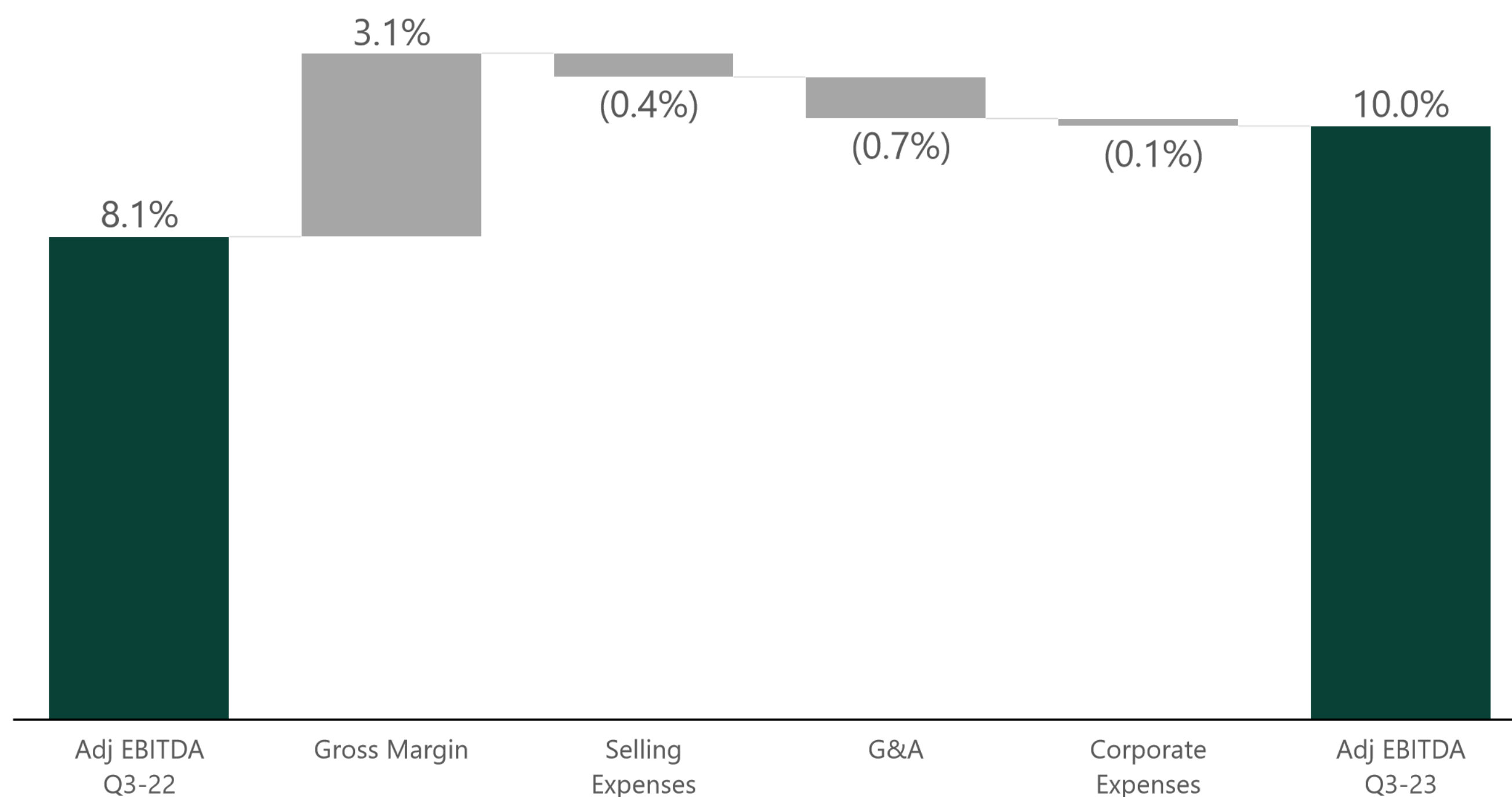
- Solid top line growth at Natura Latam
- Stable trend at Avon International

Offset by:

- Challenging sales at The Body Shop
- Expected sales reduction at Avon Latam amid Wave 2 preparation and roll-out

# Adjusted EBITDA margin expansion across all businesses

Q3-23 Consolidated Adjusted EBITDA Margin



## Highlights

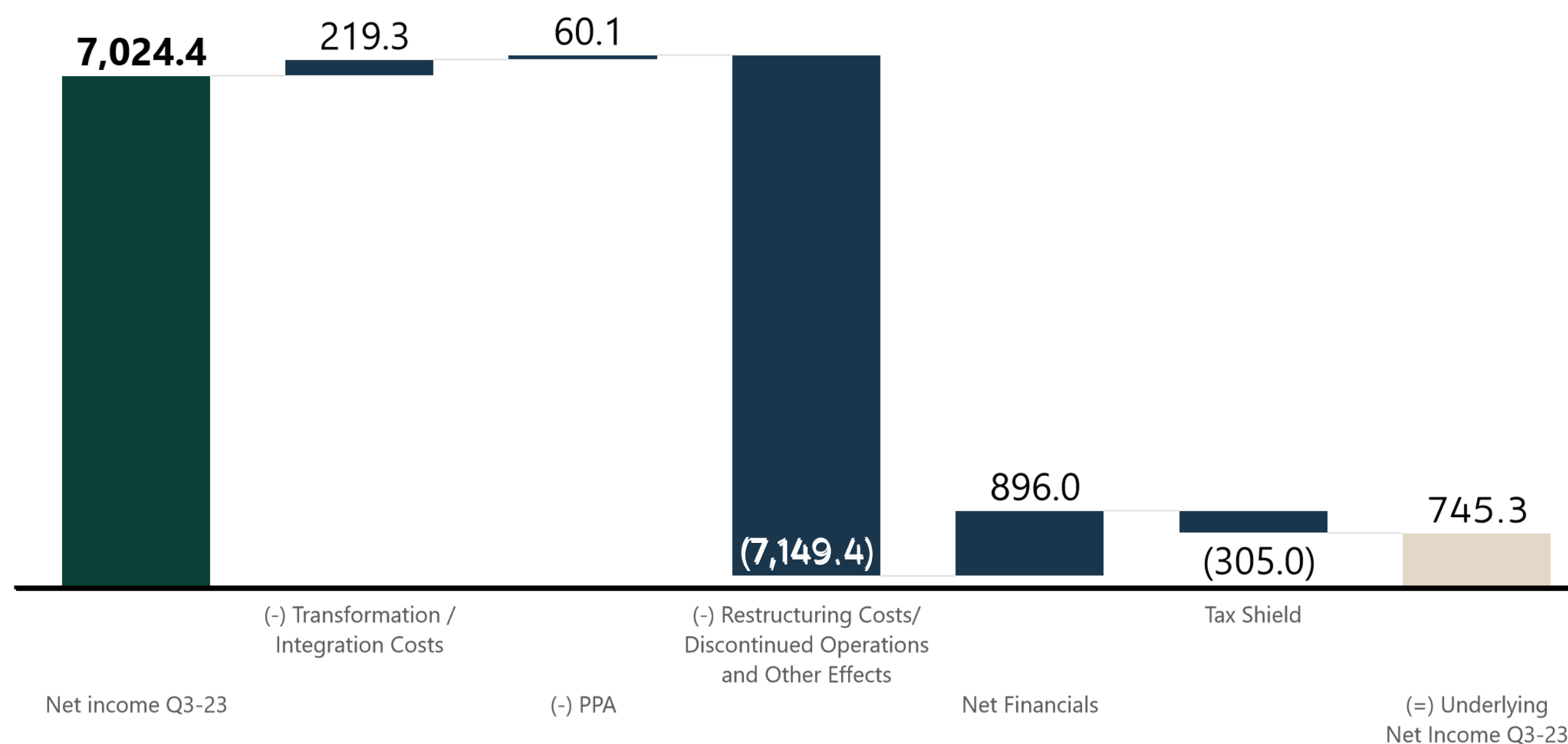
- Continued Gross Margin evolution
- SG&A efficiencies at The Body Shop
- YoY improvement in selling expenses at Avon Intl.

Partially offset by:

- Marketing investments at the Natura brand
- G&A increase at Avon International

# Underlying net income (UNI) and net income

Net income to underlying net income (UNI) reconciliation\*  
Q3-23 (BRL million)

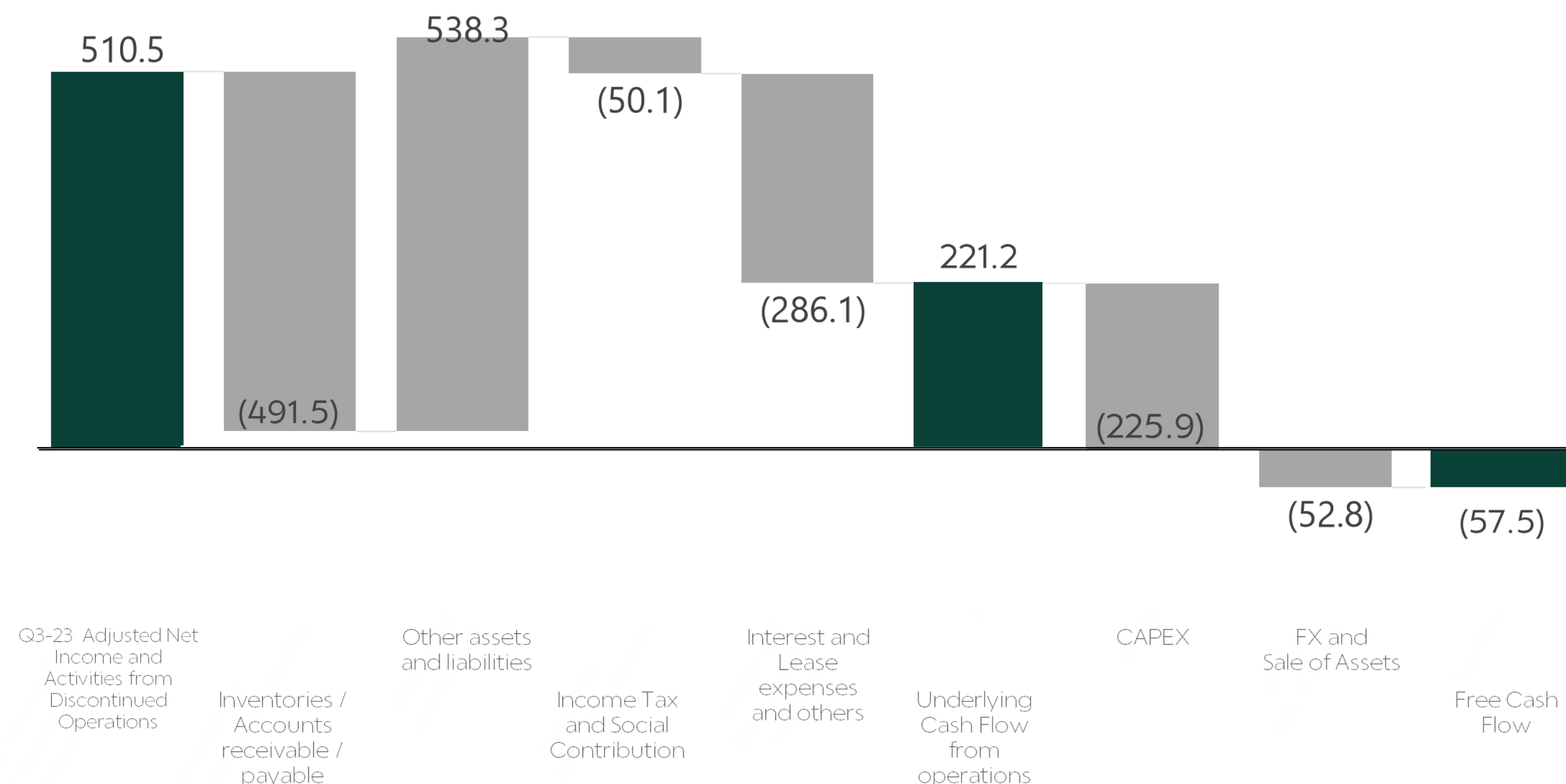


### Highlights

- Lower net financials excluding one-offs and
- Better income tax and social contribution

\*In Q3-23 net financials had a BRL -896 million one-off effect related to gains and losses from debt repayment and the unwinding of a swap. Thus, it was also adjusted the tax shield related to such non-recurring net financials

# Underlying cash flow showed neutral generation despite build-up in inventories for the holiday season



- ### Highlights
- Higher Adjusted Net Income
  - Improvement from other assets and liabilities

Partially offset by:

- Operating working capital consumption:
  - Increase in inventories due to holiday build-up
  - Accounts payable

\*In Q3-23 adjusted net income includes the operational impact of discontinued operations of BRL -7,173 million (from the earnings release)



# Return to net cash position and prompt liability management

Q3-23

**BRL 6.8 billion**

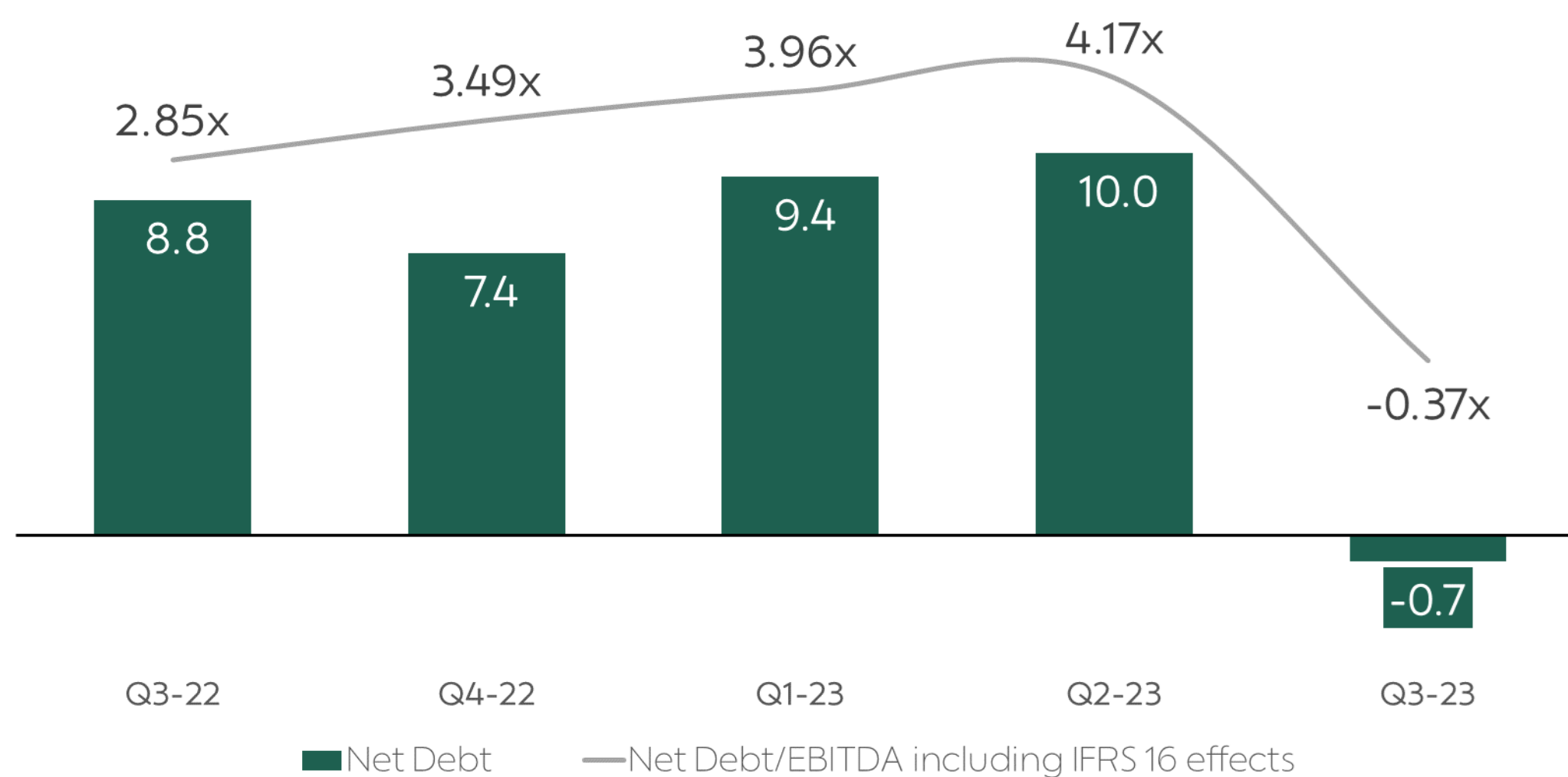
Cash balance at period-end

**-0.37x**

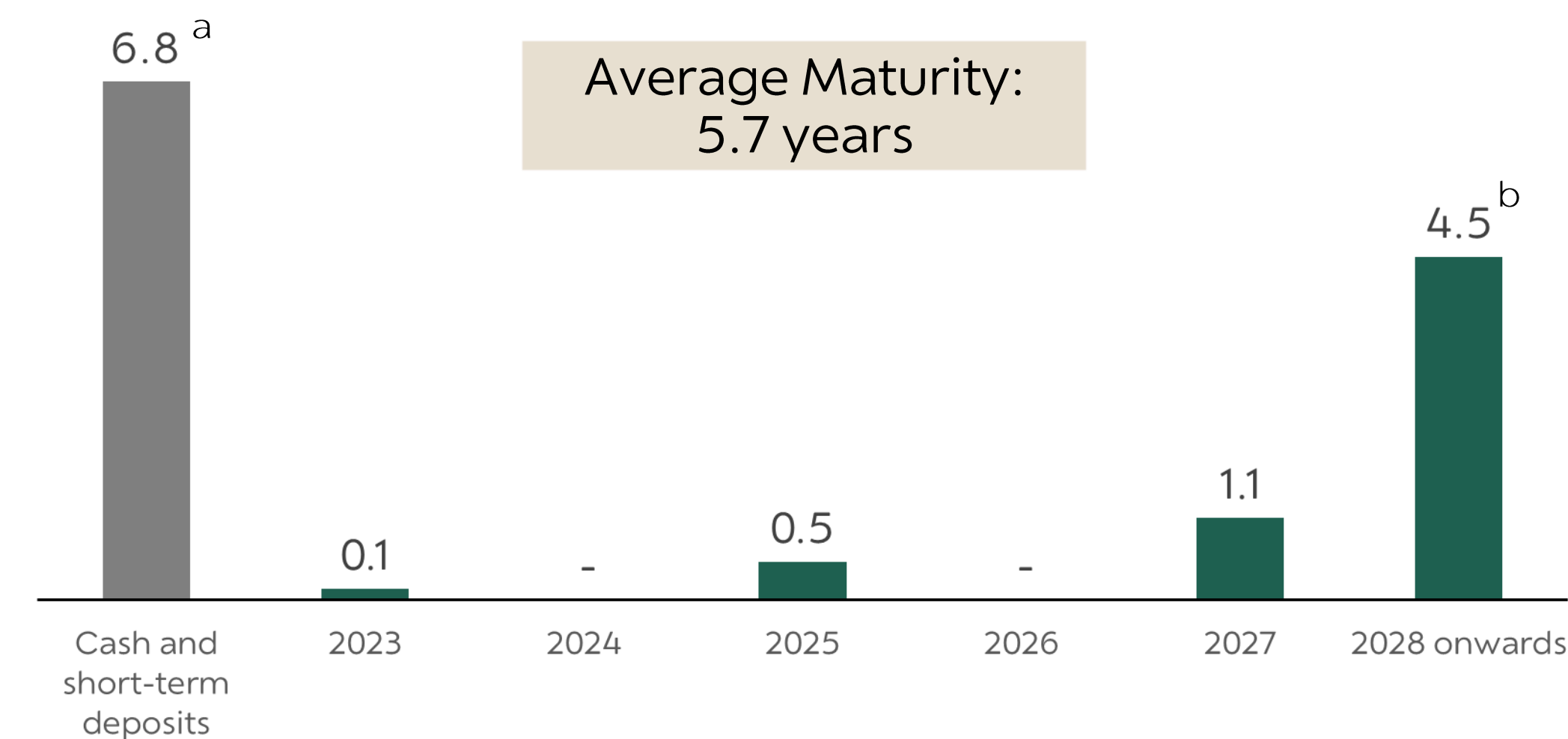
Group net debt-to-EBITDA ratio

Prepayment of  
**~US\$ 1.6 billion**  
of debt

**Net debt and net debt-to-EBITDA ratio**  
(BRL billion)

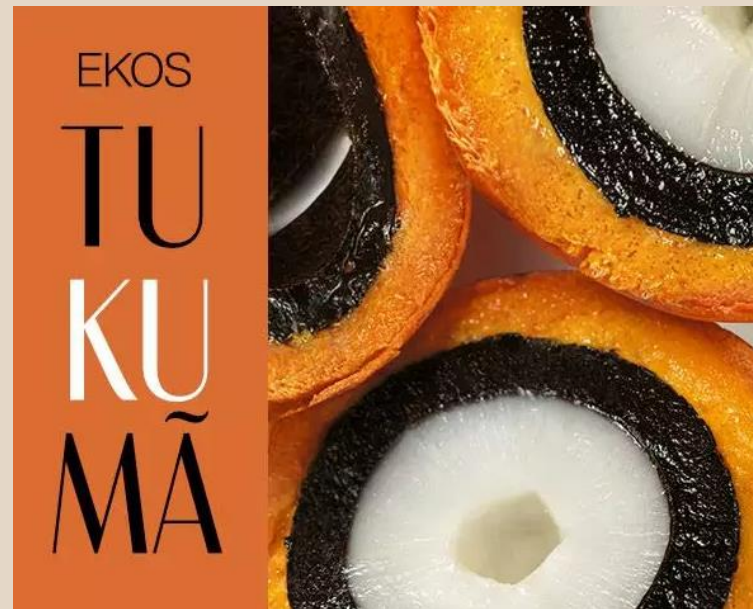


**Amortization schedule**  
(BRL billion)



(a) Gross debt excludes PPA impacts and excludes lease agreements  
(b) Excluding foreign currency hedging and including Avon's Bond 2043





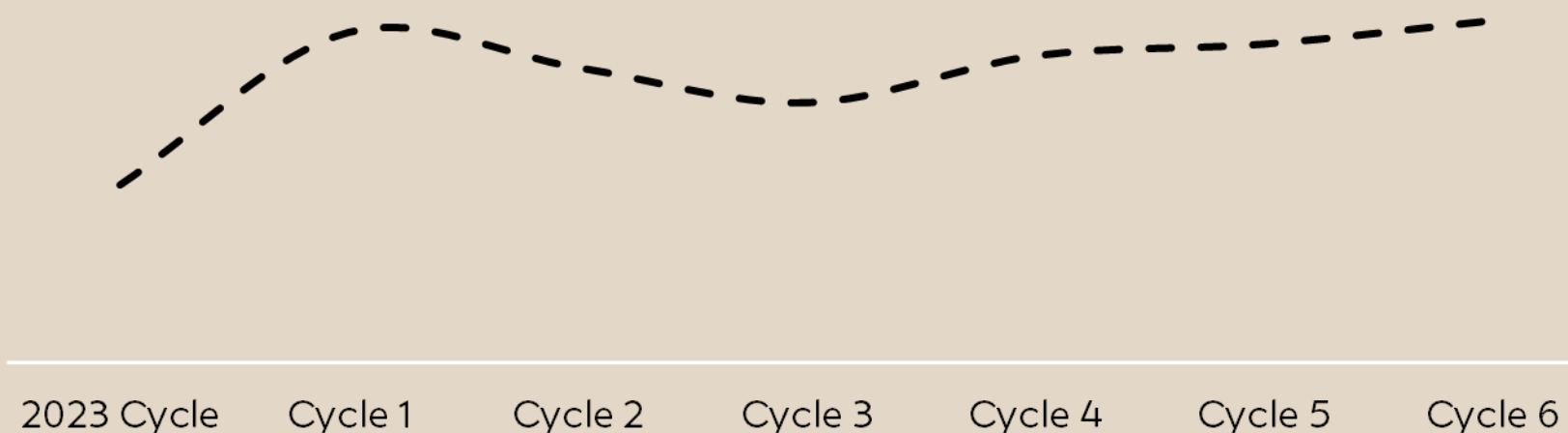
# Natura &Co Latam

## Financial Performance



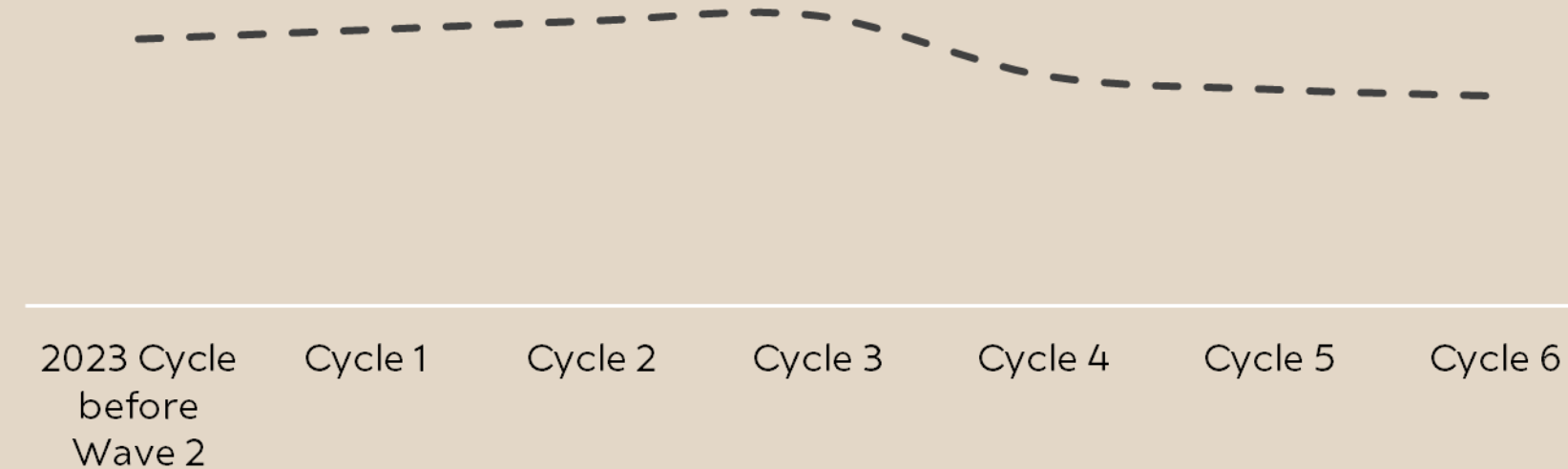
# Peru and Colombia

CFT Productivity<sup>1</sup>



Driven by improving cross-sell

Number of beauty consultants<sup>1</sup>



Concentrated on less productive consultants

**Further improvement in profitability YoY**



## Brazil

- Productivity gains and better cross-sell...
- ... with planned channel reduction, also concentrated on less productive consultants

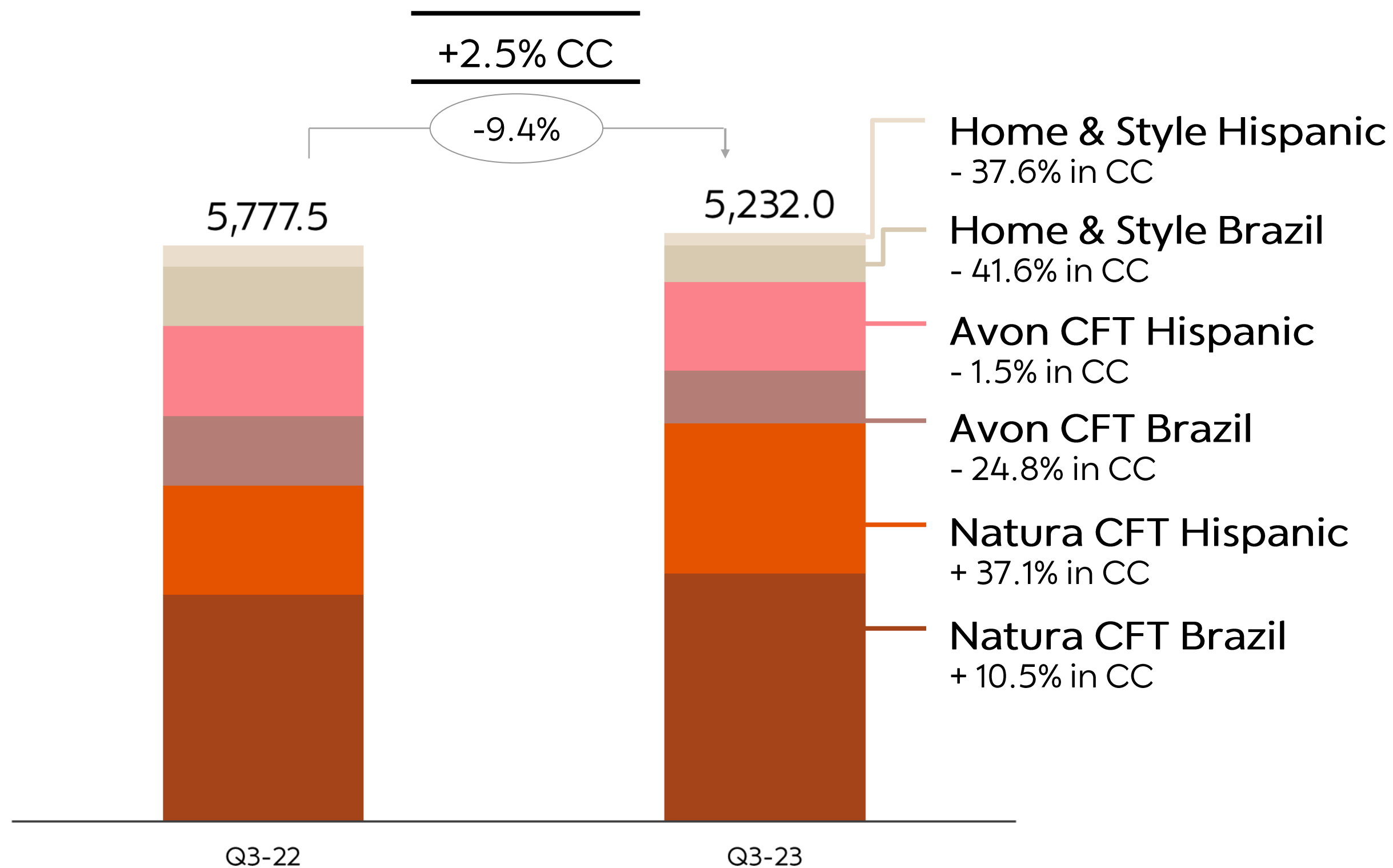
**Led to a combined CFT revenue YoY growth**

Wave 2 update

<sup>1</sup> The graphs are shown for illustrative purposes only. Their proportions are intended to show trends and should not be interpreted as actual figures

# Natura &Co Latam: Solid growth in CC at Natura brand, partially offset by expected sales reduction at Avon brand

Net Revenue (BRL million)



## Natura Beauty:

- **Brazil:** Continued strong top-line performance
- **Hispanic:** Revenue up in low-single digits in CC excluding Argentina

## Avon Beauty:

- **Brazil:** Expected impact from preparation for Wave 2, but YoY growth in CFT (Natura and Avon combined)
- **Hispanic:** Impacted by the preparation and actual roll-out of Wave 2, leading to a YoY decrease of -1.5% (-18.7% excluding Argentina)

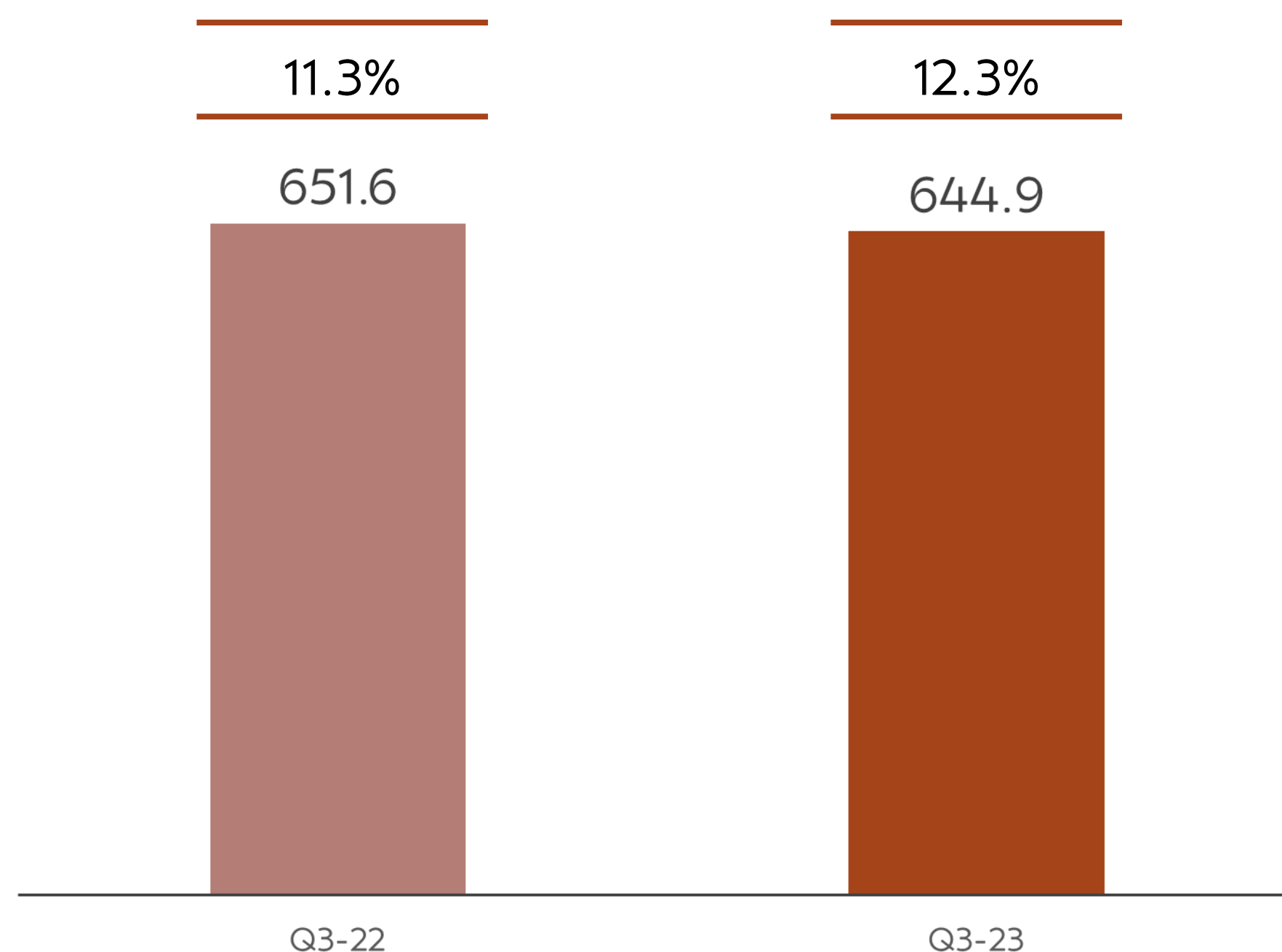
## Home & Style:

- Decline in CC, as a result of our drastic portfolio optimization



# Adj. EBITDA margin expanded 100 bps YoY to 12.3%

Adjusted EBITDA<sup>1</sup> and Adjusted EBITDA margin  
(BRL million, %)



<sup>1</sup>Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as: Integration costs and net non-recurring other (income)/expenses

## Highlights

- 320 bps improvement in Gross Margin

Partially offset by:

- SG&A impacted by:
  - investments at Natura, mainly in marketing and R&D
  - Avon revenue reduction amid Wave 2 preparation, while full efficiencies will only be delivered with the actual roll-out



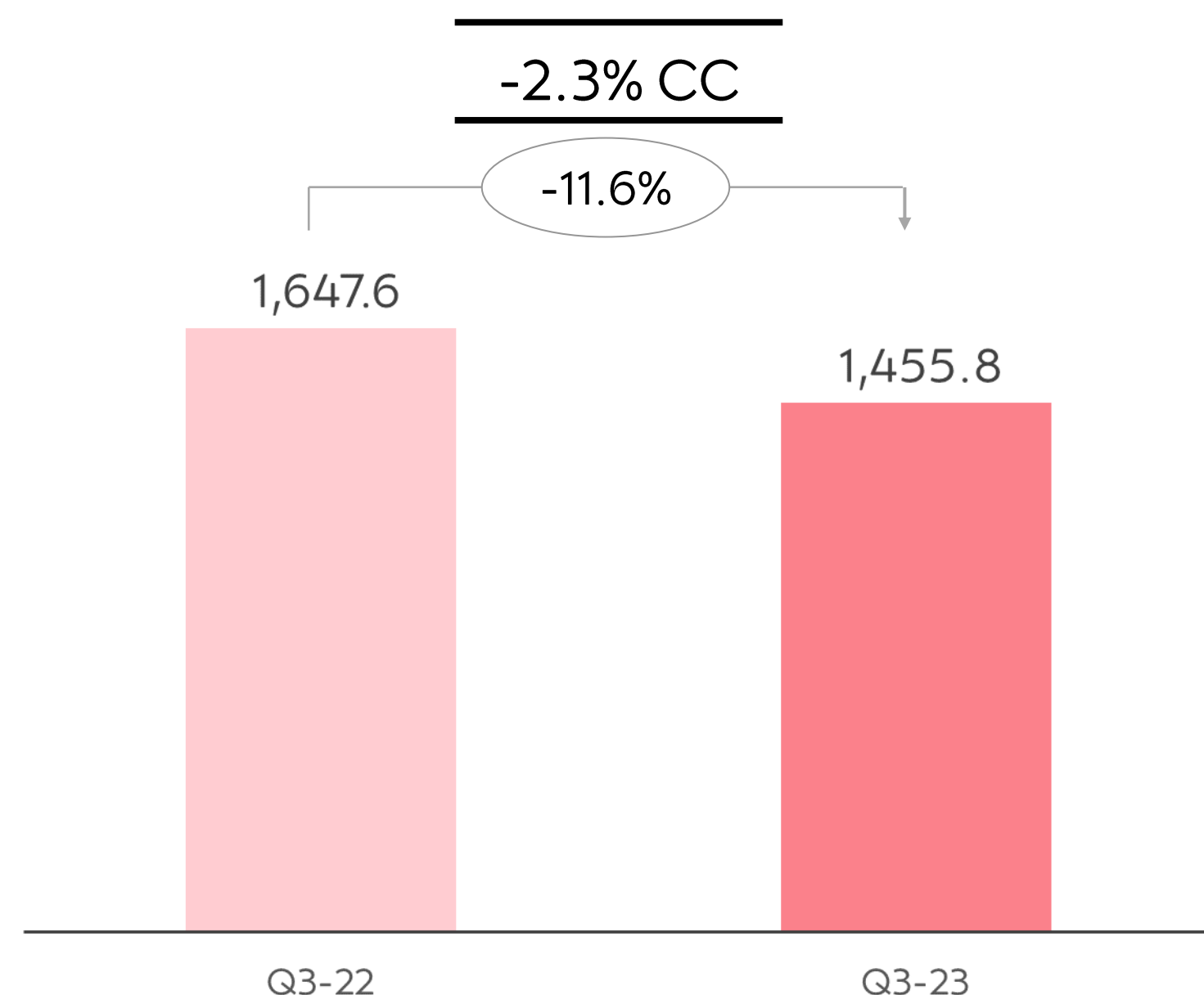


# Avon International Financial Performance

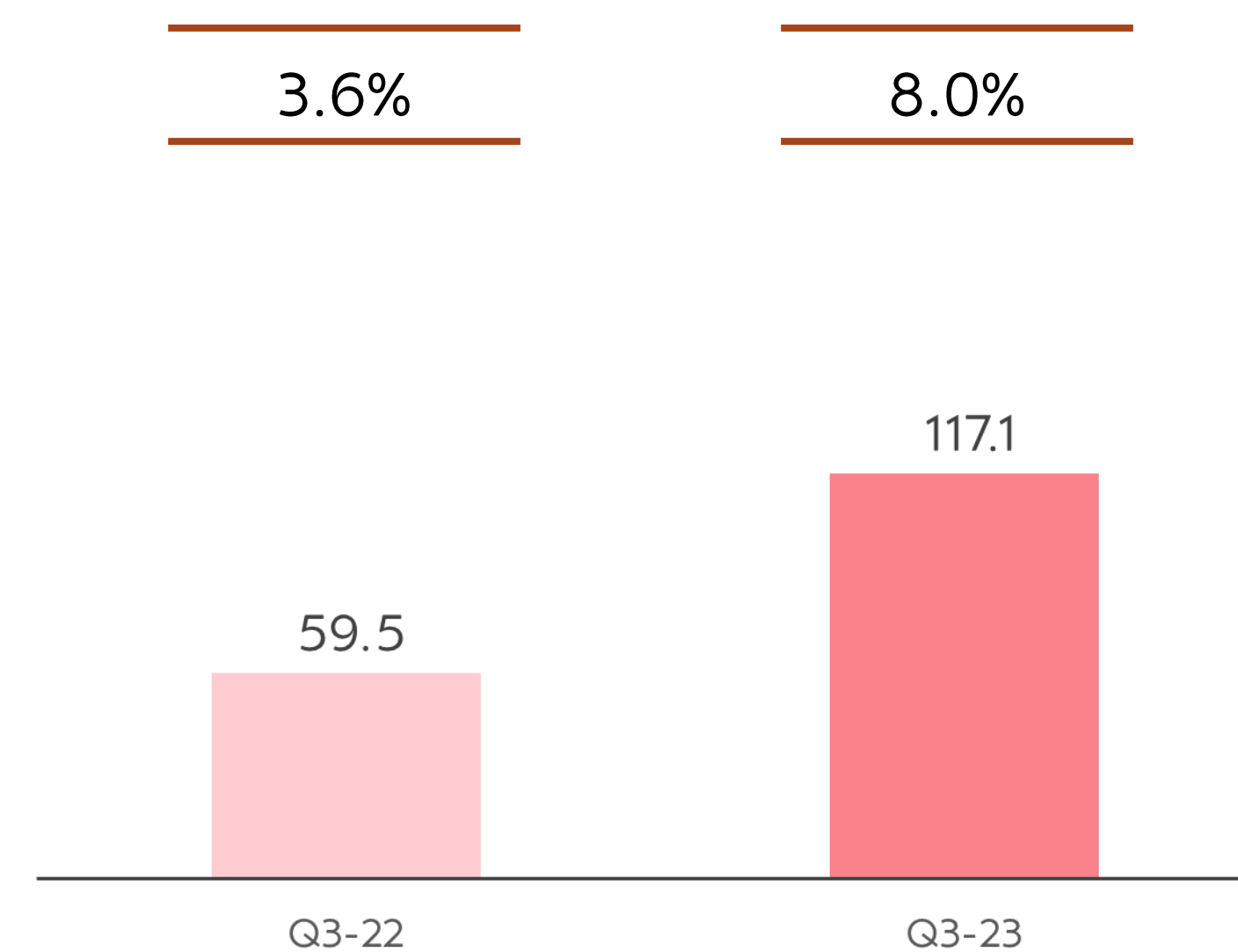


# Avon International: Improving profitability amid stable top line

Net Revenue (BRL million)



Adjusted EBITDA<sup>1</sup> and Adjusted EBITDA margin (BRL million, %)



<sup>1</sup> Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as transformation costs

## Revenue

- Beauty category up +1.8% YoY, mainly benefitting from :
  - fragrance outperformance
  - our long-term strategic direction of fewer, but bigger and better innovations
- Decline of Home & Style amid the planned portfolio reduction

## Adjusted EBITDA

- Gross margin expansion of 490bps YoY
- Decline in selling expenses YoY driven by transformational savings

Partially offset by:

- G&A increase - still impacted by phasing of expenses and FX







# The Body Shop

## Financial Performance

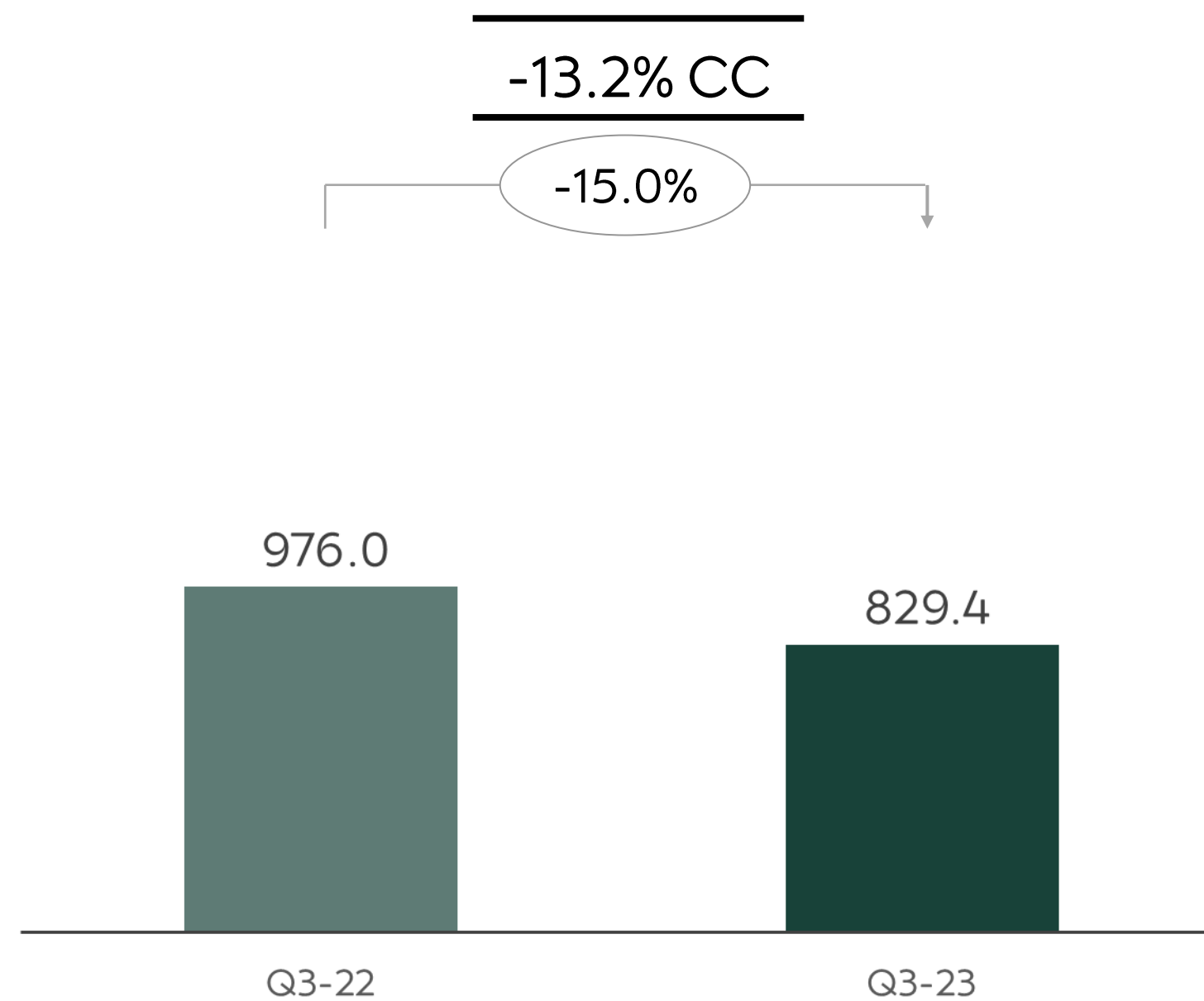


THE BODY SHOP



# The Body Shop: Margin improvement despite continued top line challenges

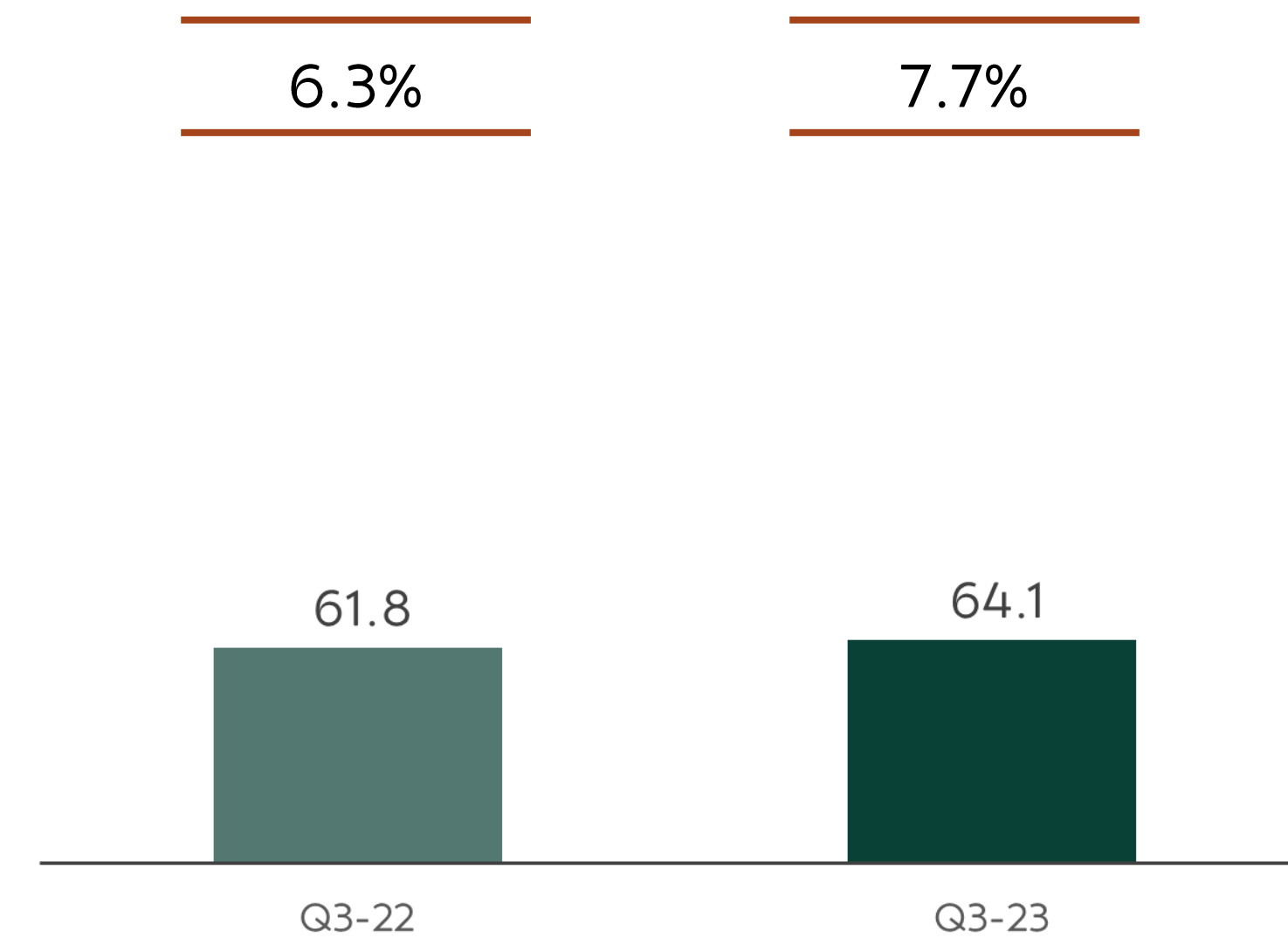
Net Revenue (BRL million)



## Revenue

- The market remains challenging, and we are seeing reductions in footfall and traffic across our global footprint
- Sell-out Same-store sales (stores, e-commerce, and franchise) was -5.0% combined with accelerated store closure led to...
- ... core business distribution channels showing a high-single-digit decline of revenues in CC

Adjusted EBITDA<sup>1</sup> and Adjusted EBITDA margin (BRL million, %)



<sup>1</sup> Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as restructuring business unit

## Adjusted EBITDA

- Slight YoY improvement in gross margin (+30bps) and
- SG&A efficiencies, driven by staff restructure and strict control in other G&A expenses led to a margin expansion





# Closing Remarks

Fábio Barbosa, CEO



# Key takeaways

1.

- Consistent execution in our strategy of simplifying our business allowing us to focus in key regions and core business model

2.

- This laser-focus strategy, combined with enhanced capital structure and improved cash flow conversion...

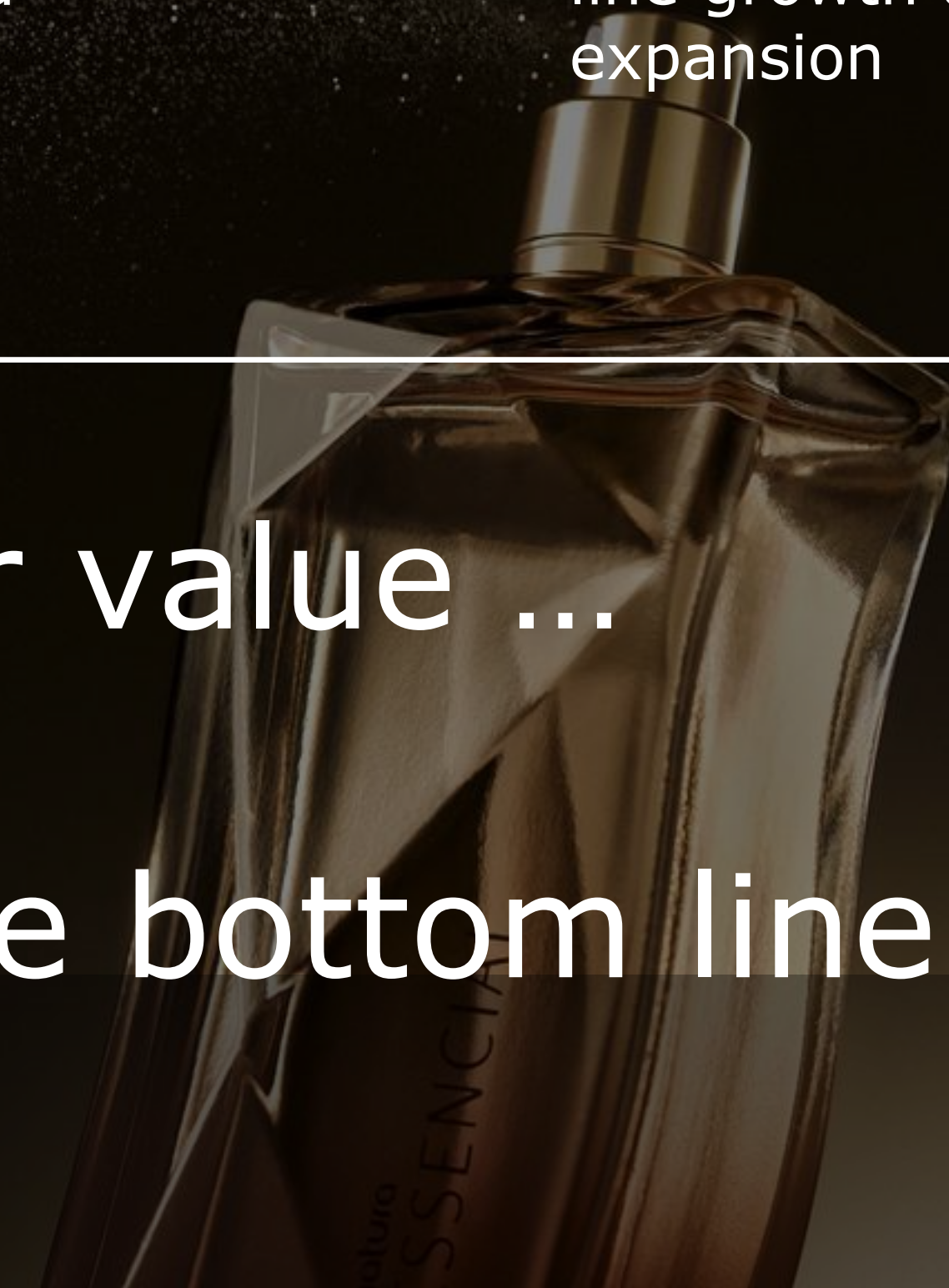
3.

- ... will unlock value in the future through both top-line growth and margin expansion

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Unlocking sustainable shareholder value ...

...through our triple bottom line agenda





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# Thank You



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**natura & co**





# Appendix

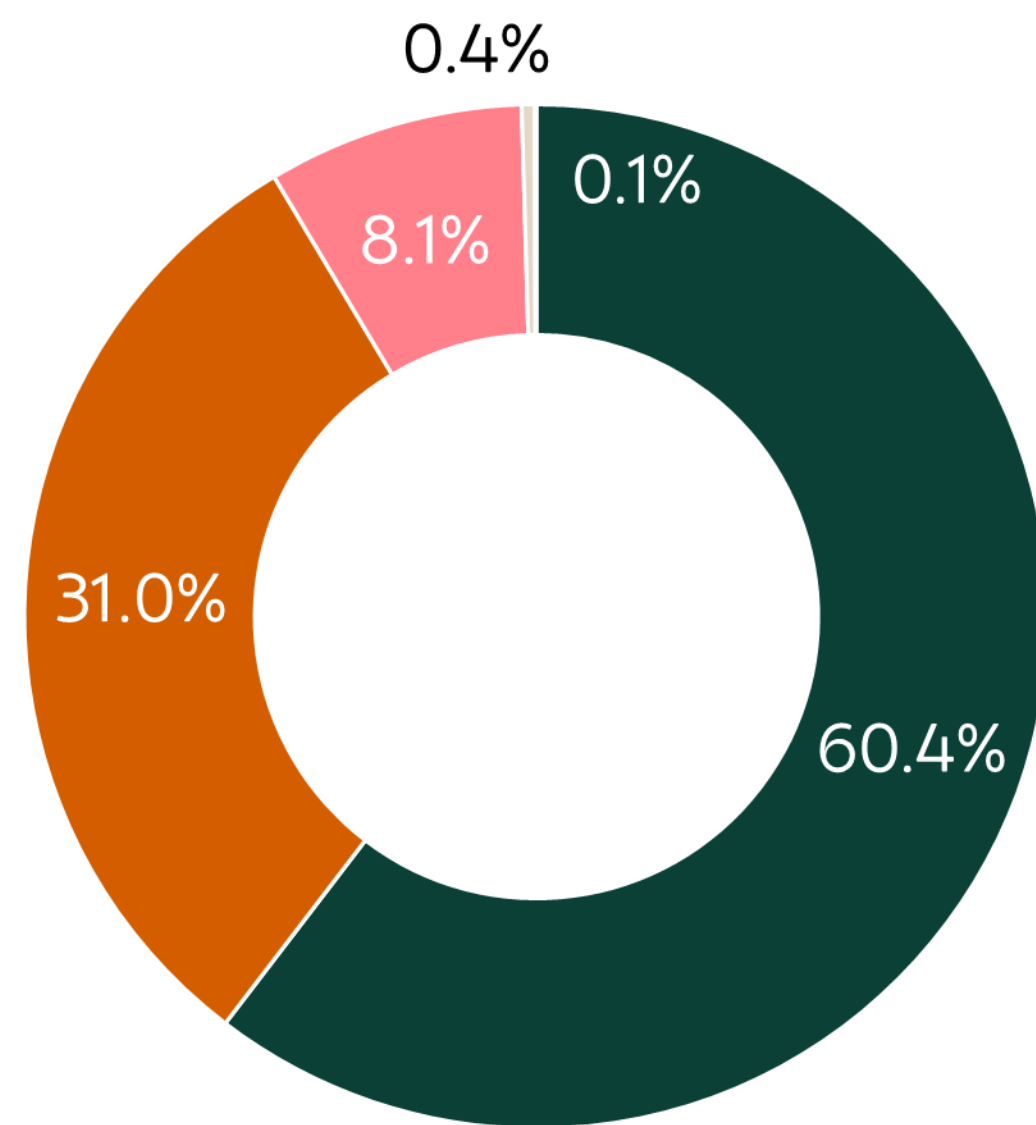
Q3 - 23



**natura & co**

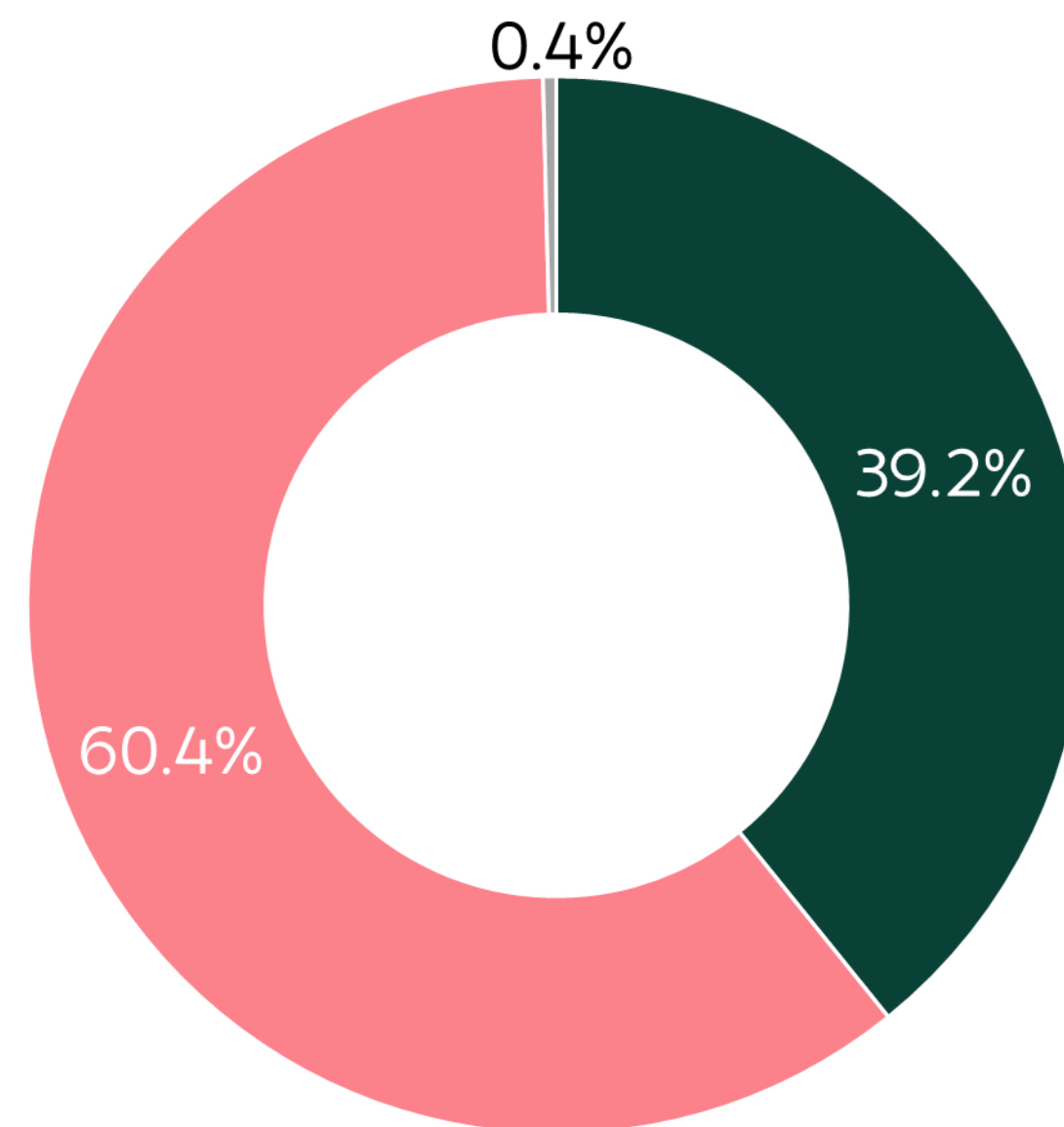
# Debt Profile

Q3-23 by type



■ Bonds ■ Debentures ■ Comercial notes  
■ Working capital ■ Other instruments

Q3-23 by currency

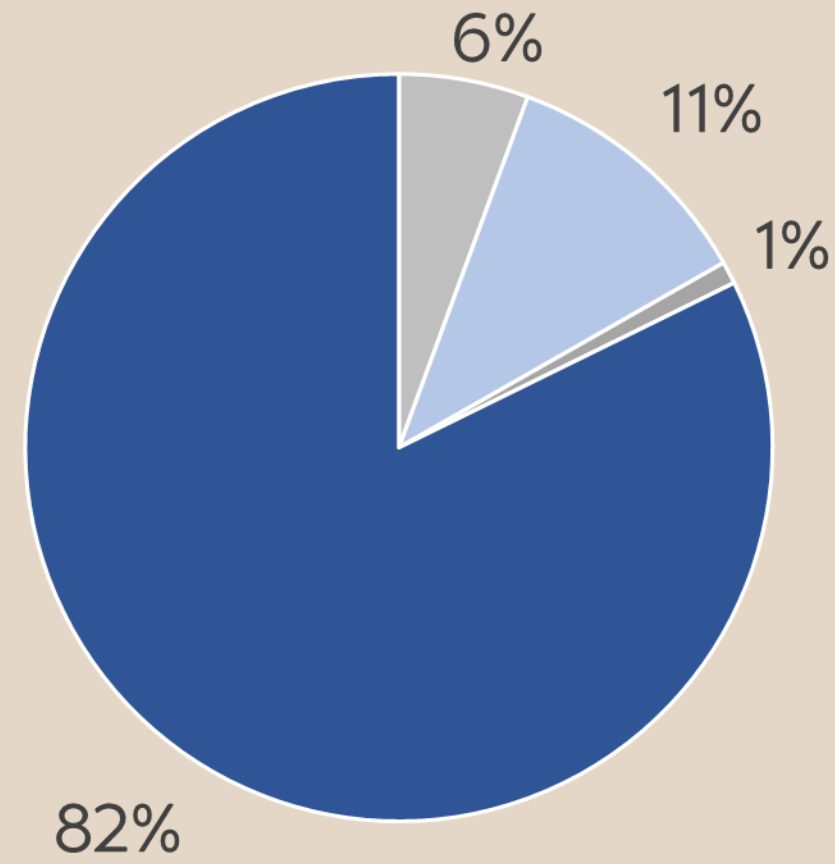


■ BRL ■ USD ■ Other



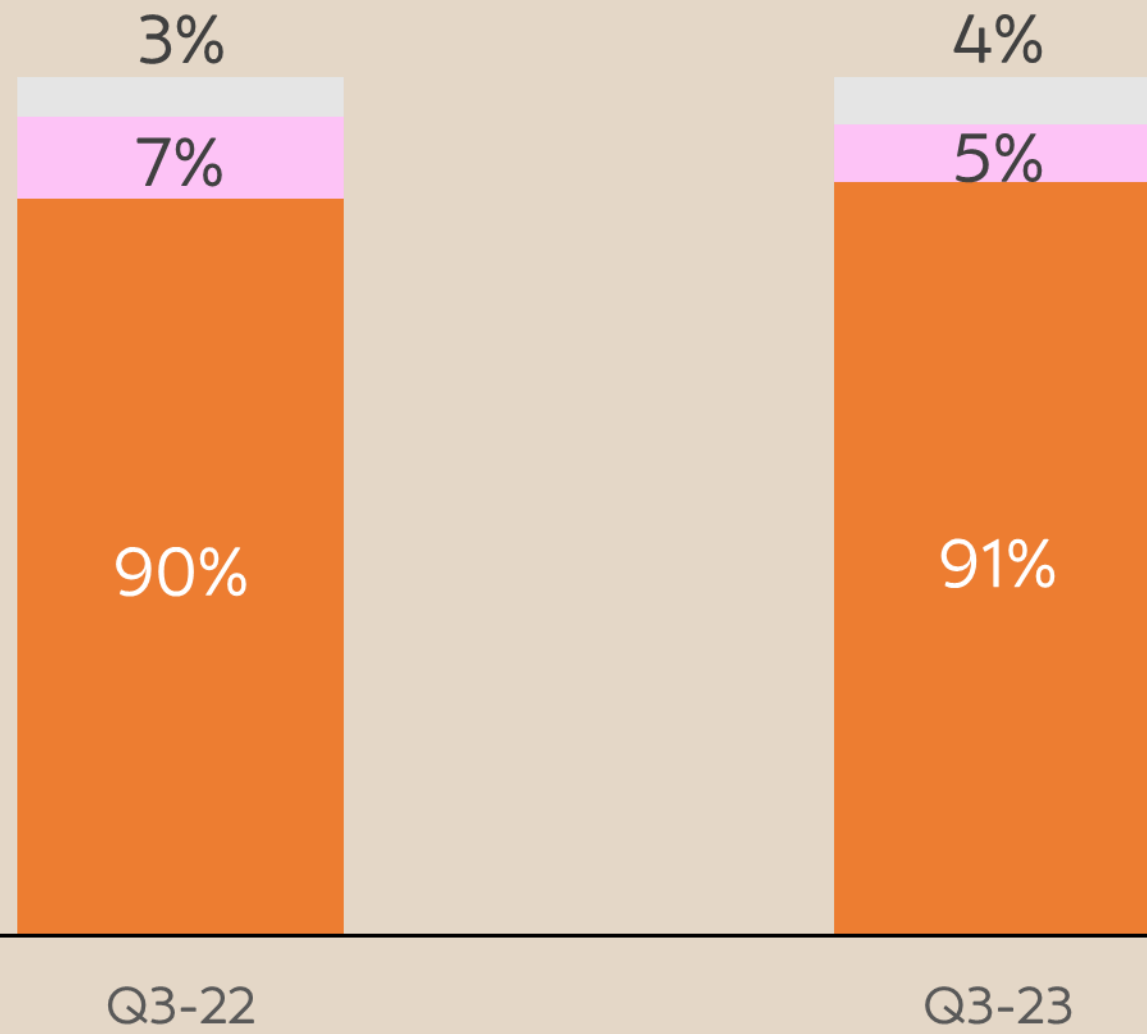


## Net Revenue Breakdown by Channel (%)

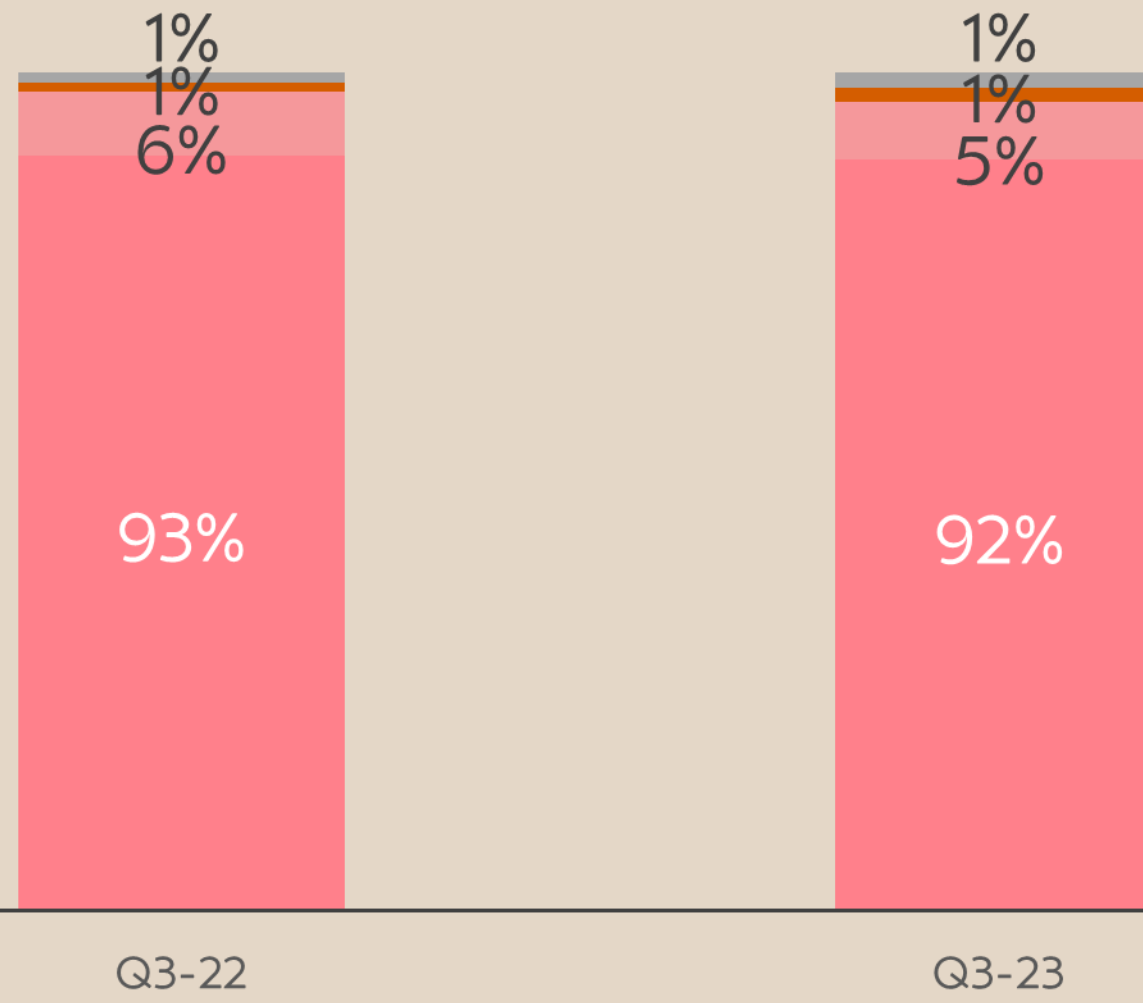


■ Digital 
 ■ Retail (own stores + Franchise) 
 ■ Wholesale 
 ■ Traditional Direct Selling

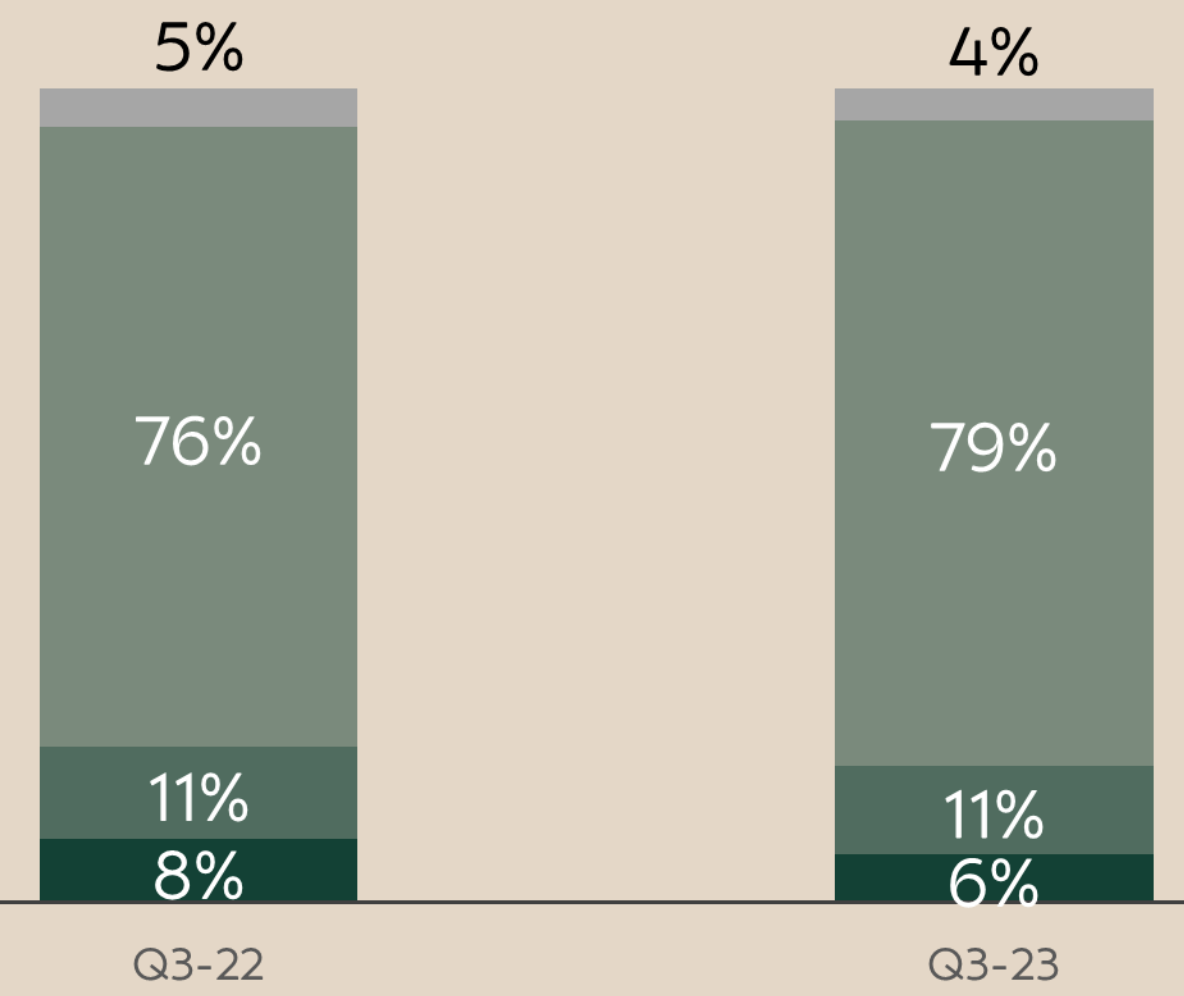
### NATURA



### AVON



### THE BODY SHOP



■ Traditional Direct Selling 
 ■ Digital 
 ■ Retail (own stores + Franchise)

■ Traditional Direct Selling 
 ■ Digital 
 ■ Retail (own stores + Franchise) 
 ■ Wholesale

■ Traditional Direct Selling 
 ■ Digital 
 ■ Retail (own stores + Franchise) 
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