

Second-Quarter 2023 Results

August 15th, 2023

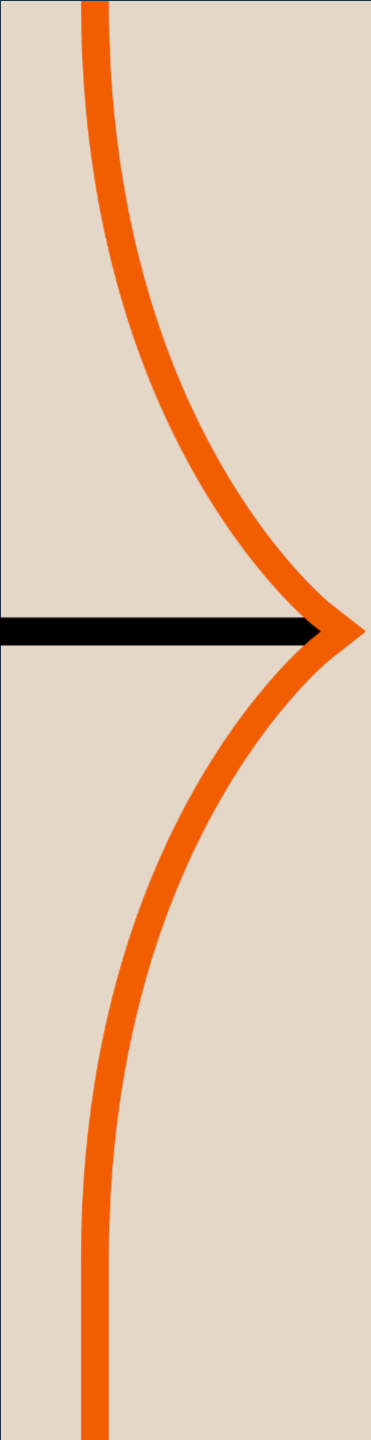
AVON

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THE BODY SHOP

Aēsop.

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1. Improvement in adjusted EBITDA, mainly driven by gross margin

- Net Revenue: +1.9% in constant currency (CC)
- Gross Margin: +430 bps
- Adj. EBITDA margin: +230 bps

2. Top Line Performance of our brands

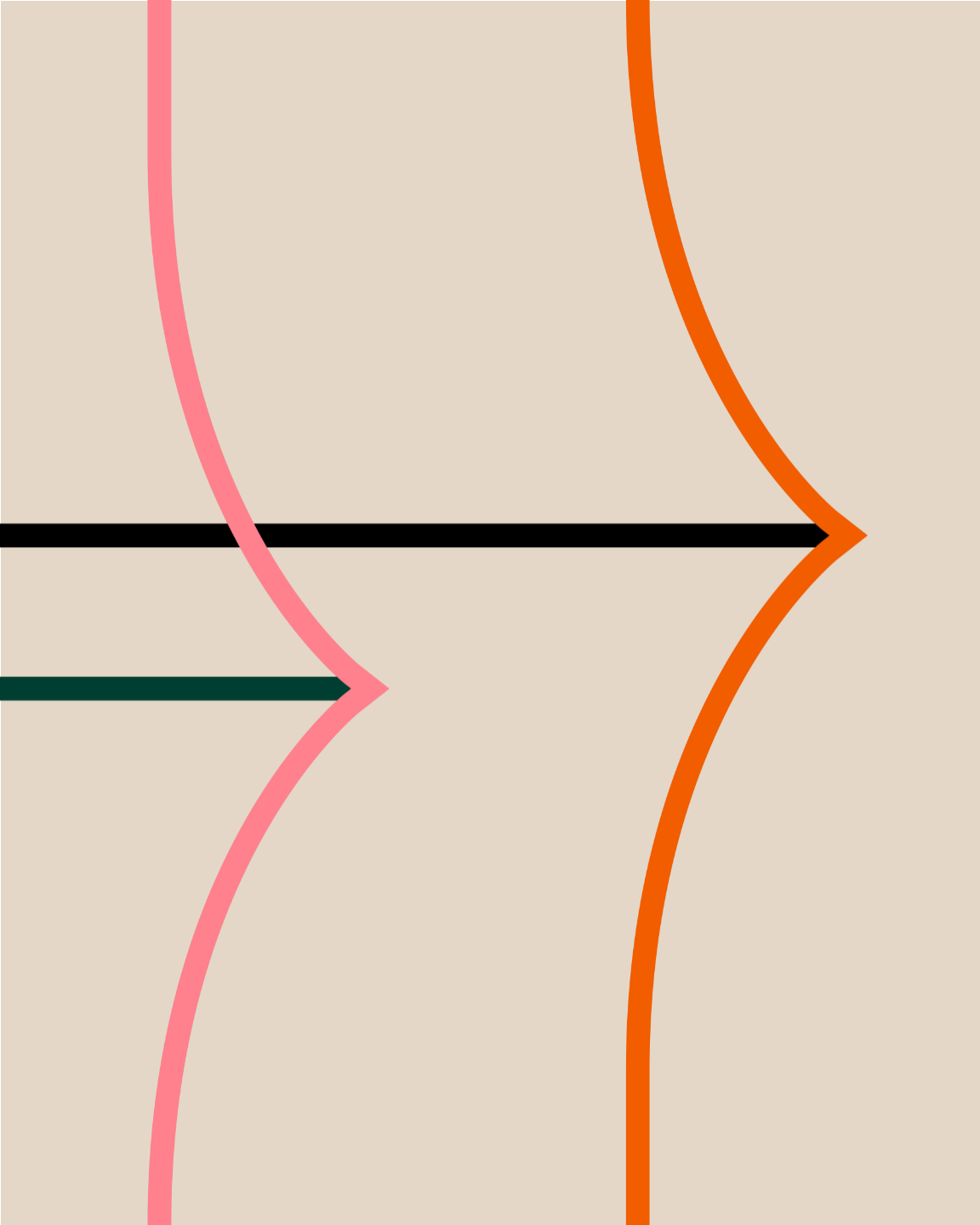
- Growth in CC at Natura &Co Latam, driven by Natura brand
- Improving fundamentals at Avon International
- Persistent challenges at The Body Shop

3. Continued focus on cash conversion

- Further improvement in operating working capital dynamics...
- ...partially offsetting seasonal cash consumption in the quarter

4. Further advances in ESG

- GHG emissions targets approved by SBTi



Consolidated Financial Performance

Guilherme Castellan, CFO

AVON



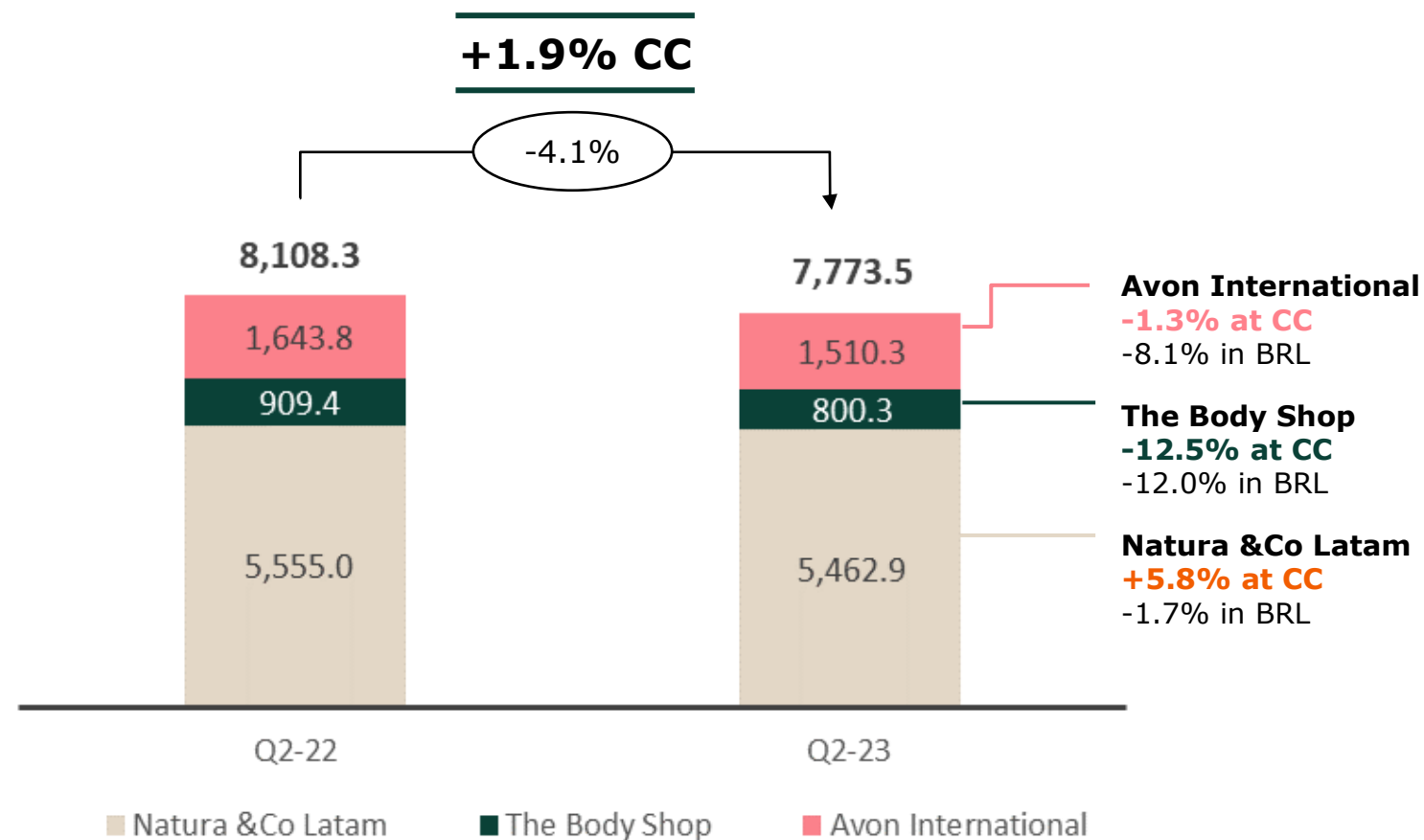
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Natura &Co: Sales growth in constant currency

Net Revenue (BRL million)

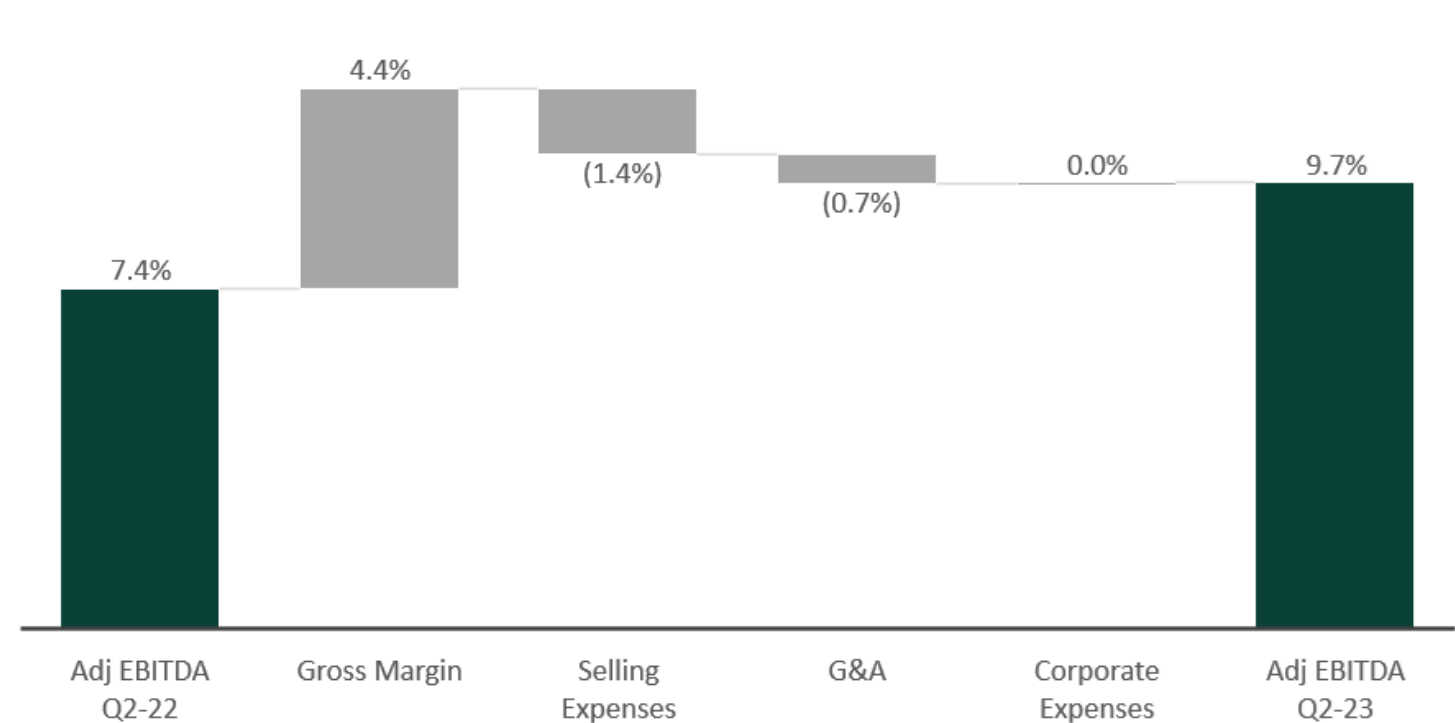


Highlights

- Strong performance by the Natura brand
 - Continuous improvement at Avon international
- Partially offset by:
- Challenges at The Body Shop
 - Significant decrease in Home & Style, as expected

Expansion in adjusted EBITDA margin across all businesses

Q2-23 Consolidated Adjusted EBITDA Margin



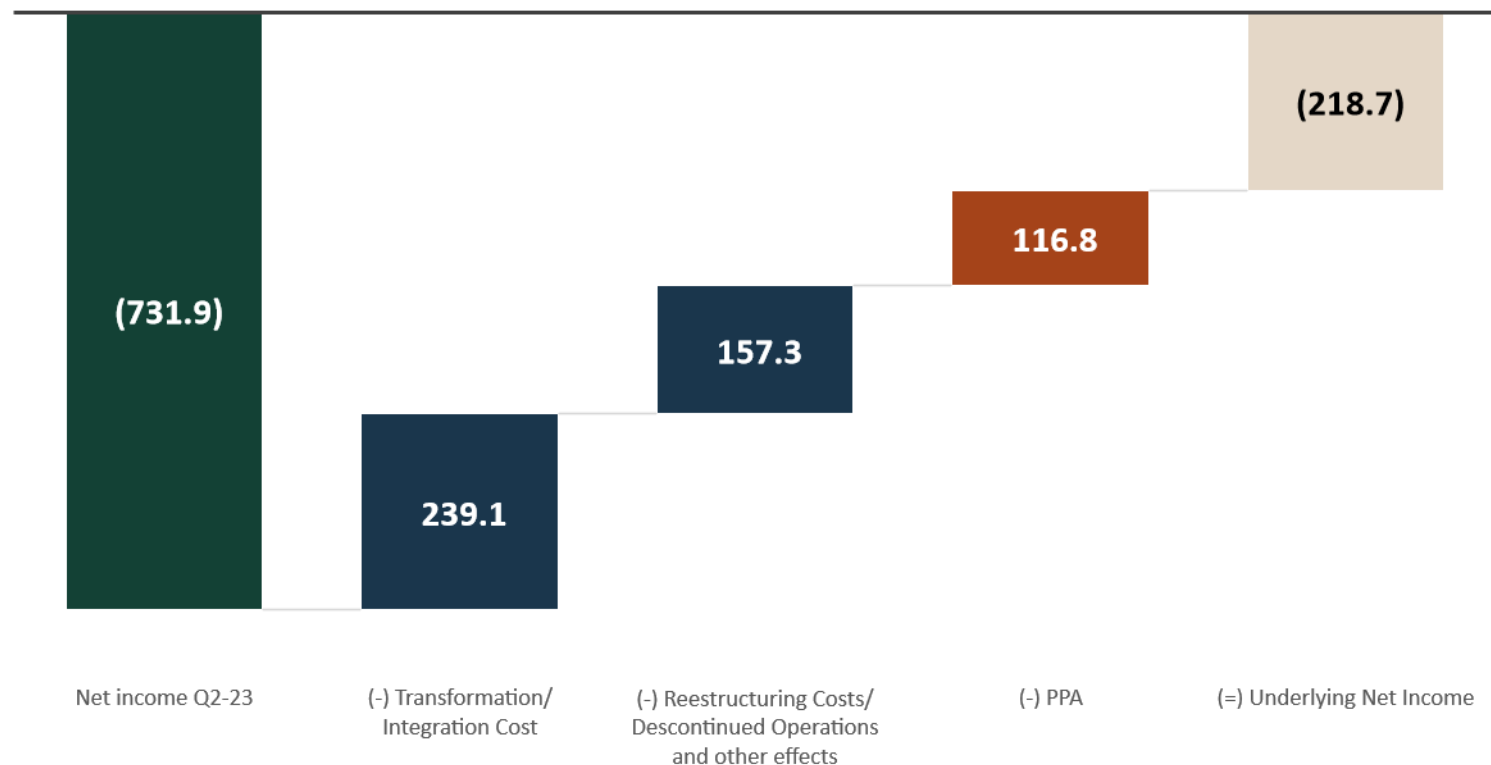
Highlights

- Strong Gross Margin improvements
 - Strict cost control
- Partially offset by:
- Planned investments at Natura brand
 - Deleverage in Avon Hispanic Latam and
 - Investment in lead markets and phasing of expenses at Avon International

Underlying net income (UNI) and net income

Net Income to Underlying Net Income (UNI) Reconciliation

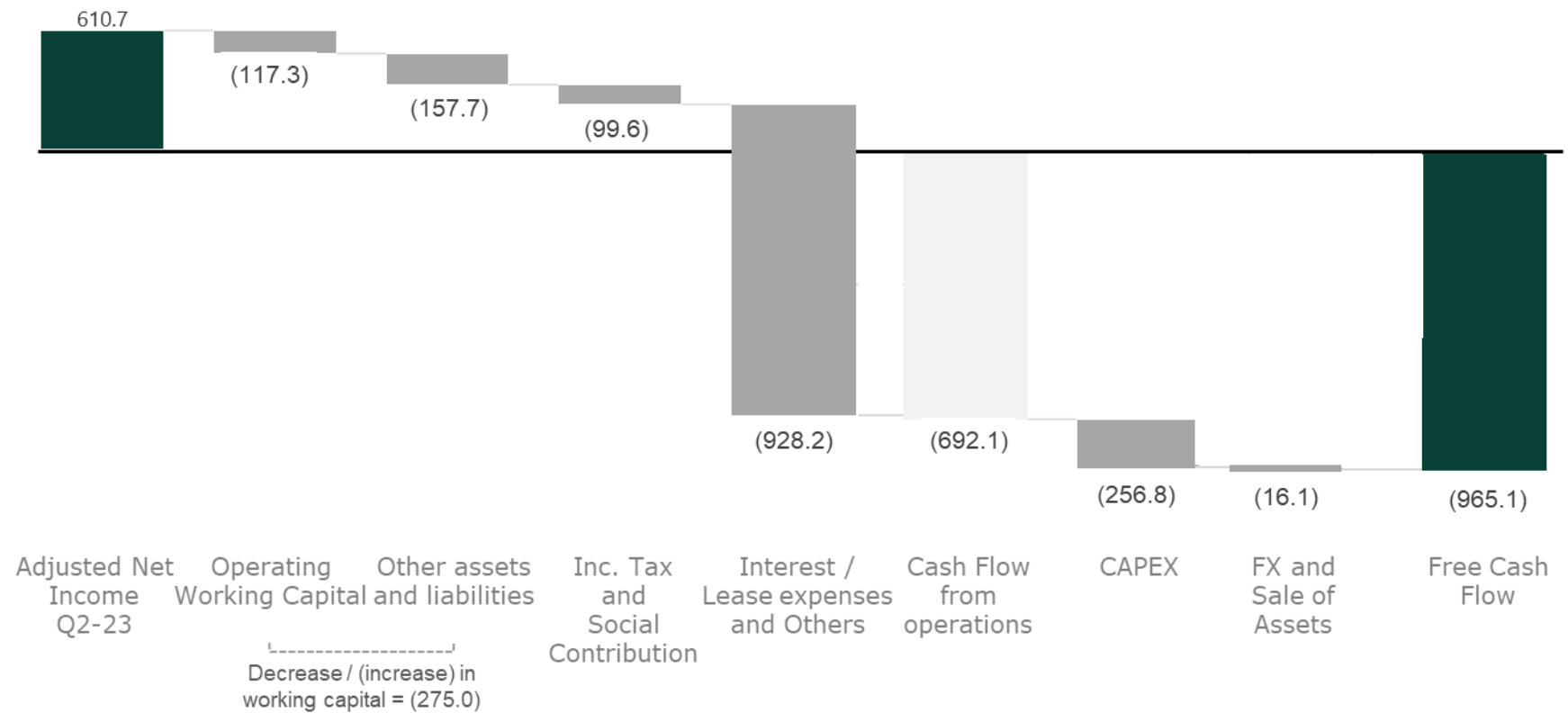
Q2-23 (BRL million)



Main Highlights

- Higher EBITDA
- Partially offset by:
- High Integration and transformation cost, and
 - Higher losses from discontinued operations – specially impacted by lower margin at Aesop

Operating Working Capital improved at all BUs



Highlights

Improving operating working capital:

- Improved at all BUs, even with solid growth of Natura brand

Partially offset by:

- Other assets and liabilities given further investments linked to transformation and restructuring plans

Capex impacted by phasing between quarters

Continued liability management

Q2-23

BRL 3.7 billion

Cash balance at period-end

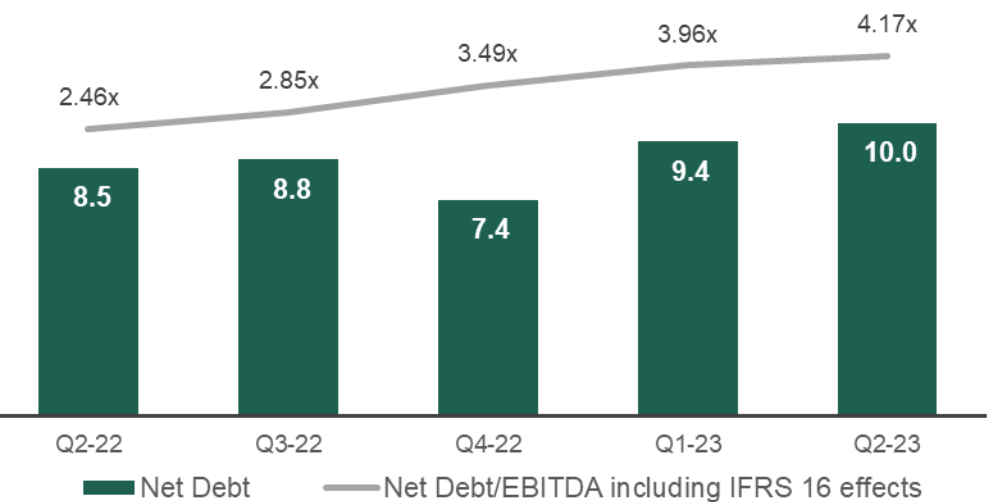
4.17x

Group net debt-to-EBITDA ratio

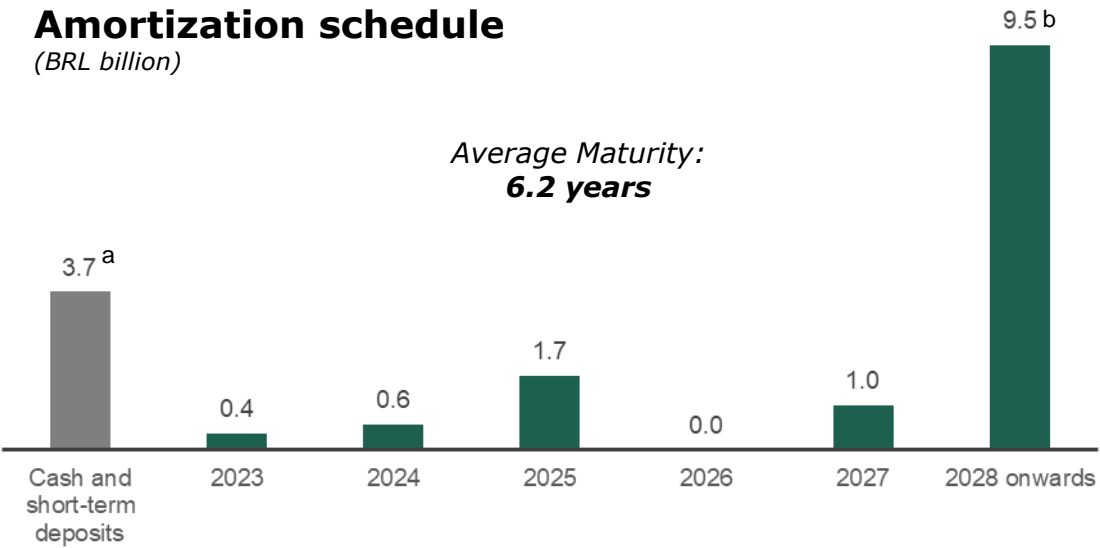
Repayment of Avon’s 2043 bond (~90%) through a tender offer for a value of

US\$ 246 million

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

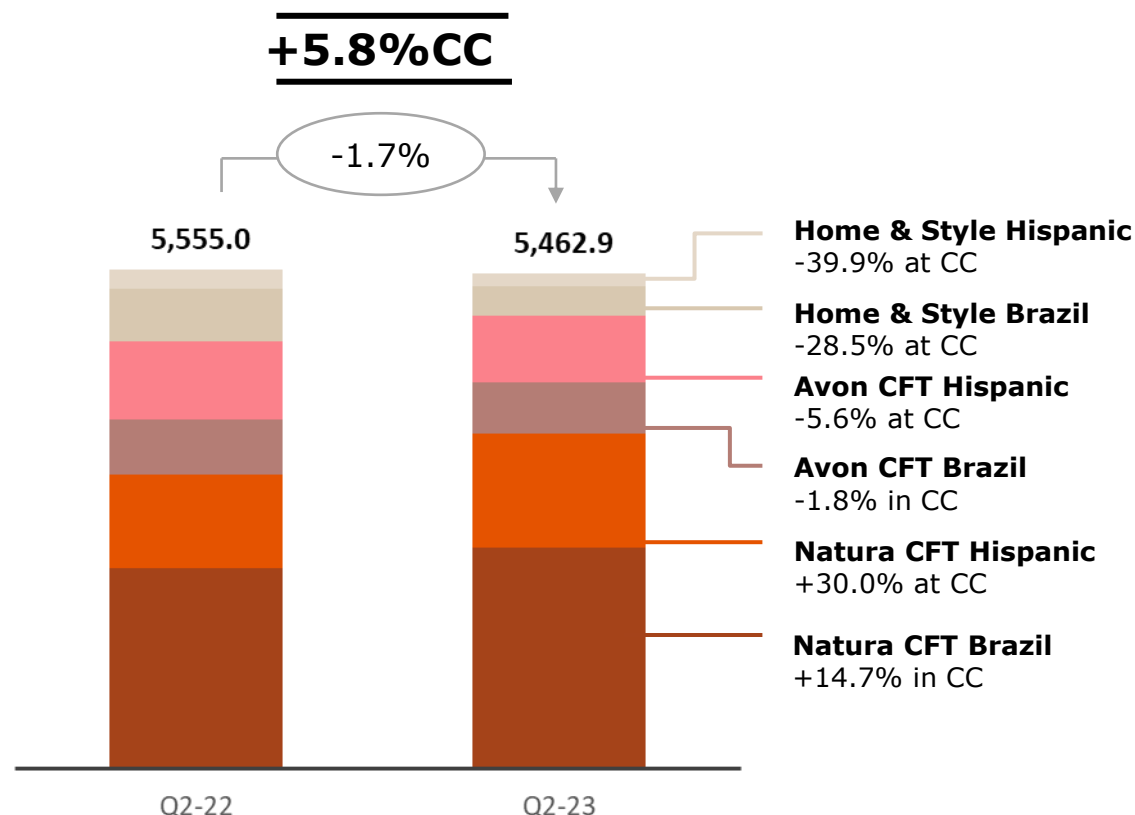


Natura &Co Latam

Financial Performance

Natura & Co Latam: Solid double-digit growth in CC at Natura brand, partially offset by Home & Style and, to a lesser extent, Avon brand

Net Revenue (BRL million)



Natura Beauty:

- **Brazil:** Strong campaigns for Mother's day and Valentine's day
- **Hispanic:** Ex-Argentina, revenue was up mid-single digits in CC, mainly driven by an acceleration in Peru and Colombia

Avon Beauty:

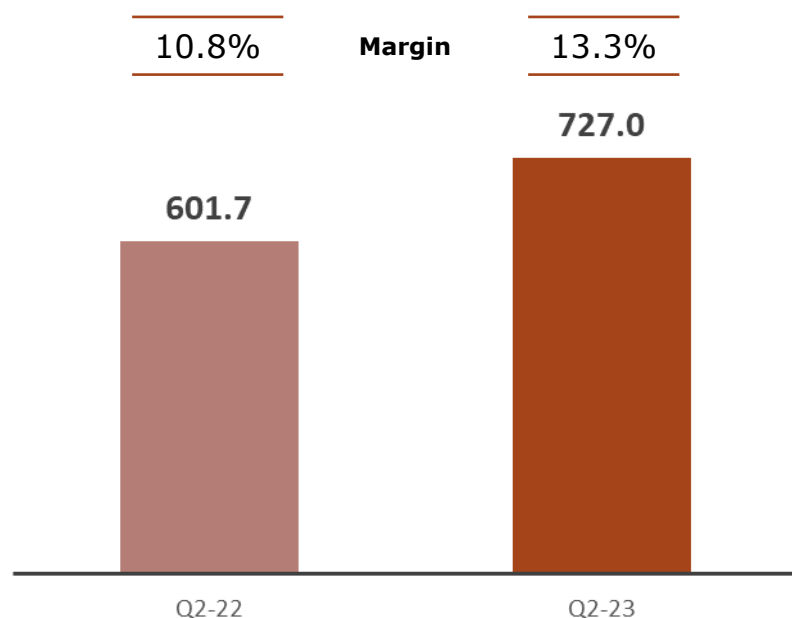
- **Brazil and Hispanic:**
- Distribution channel hit, as expected, amid the roll-out preparations for Wave 2...
- ...while CFT productivity improved

Home & Style:

- Preparations for the roll-out of Wave 2 and actual roll-out in Peru and Colombia, as expected

13.3% Adj. EBITDA margin, mainly driven by strong gross margin improvement

Adjusted EBITDA¹ and Adjusted EBITDA margin (BRL million)



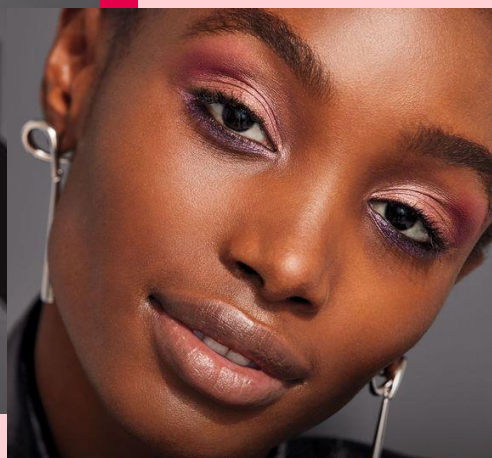
¹ Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as: Integration costs and net non-recurring other (income)/expenses

Main highlights

- **510 bps improvement in Gross Margin**

Partially offset by:

- SG&A investments related to marketing and R&D expenses at Natura brand
- Deleverage at Avon Hispanic Latam



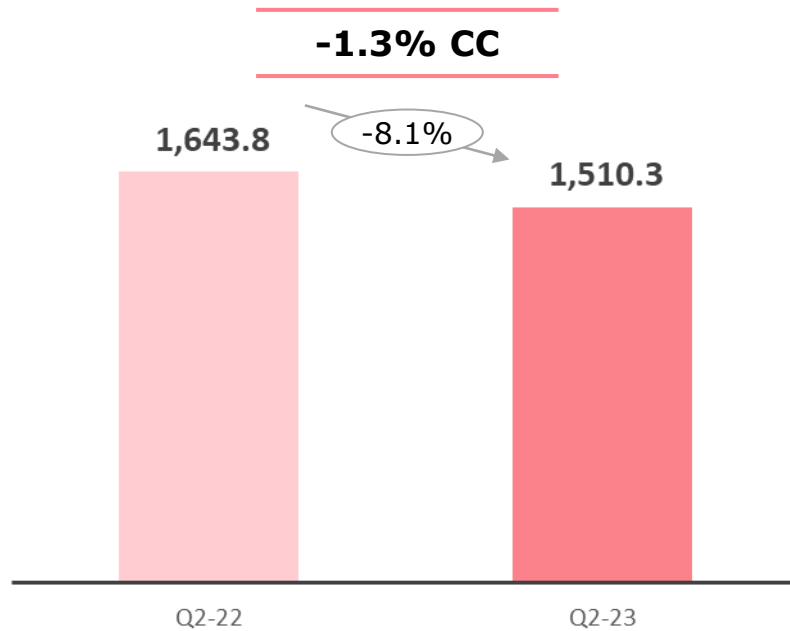
Avon International

Financial Performance

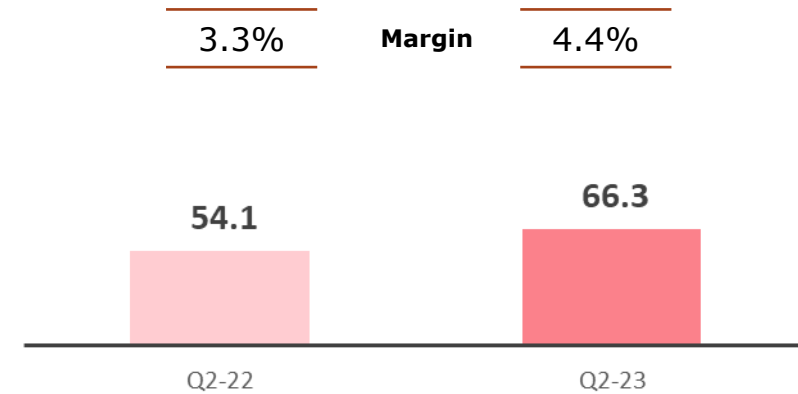
AVON

Avon International: Broadly stable top line combined with improving profitability

Net Revenue (BRL million)



Adjusted EBITDA¹ and adjusted EBITDA margin (BRL million, %)



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

Revenue:

- Beauty category up +3% YoY
- Steep decline of Home & Style amid the planned portfolio reduction of more than 50% of SKUs

Adjusted EBITDA:

- Gross margin expansion of 460bps, driven by pricing and positive product mix
- partially offset by:
- Investments in lead markets
 - Phasing of expenses



The Body Shop

Financial Performance

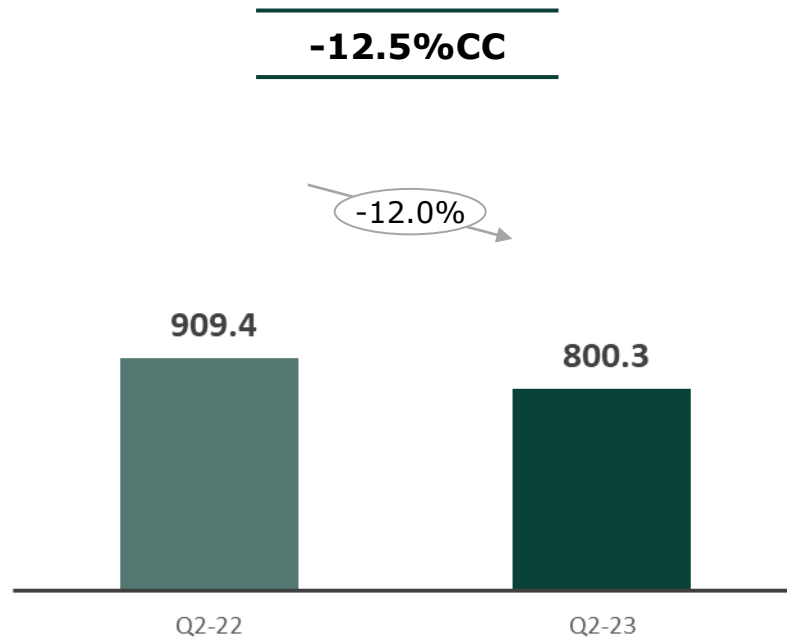


THE BODY SHOP

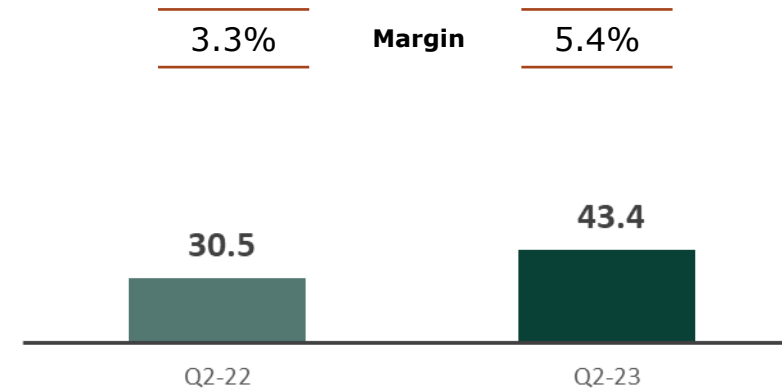


The Body Shop: Margin improvement YoY despite top-line challenges

Net Revenue (BRL million)



Adjusted EBITDA¹ and adjusted EBITDA margin (BRL million, %)



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

Revenue:

- Core business distribution channels (stores, e-commerce and franchise) showed mid single-digit decline in CC
- The Body Shop at Home still declining sharply

Adjusted EBITDA:

- Despite operating deleverage, margin improving YoY, driven by:
 - Slight gross margin expansion
 - Strict cost control

Closing Remarks

Fábio Barbosa

AVON



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Key takeaways

1.

- Wave 2 underway, launch in Brazil in Q3

2.

- Further simplification and turnaround of international assets

3.

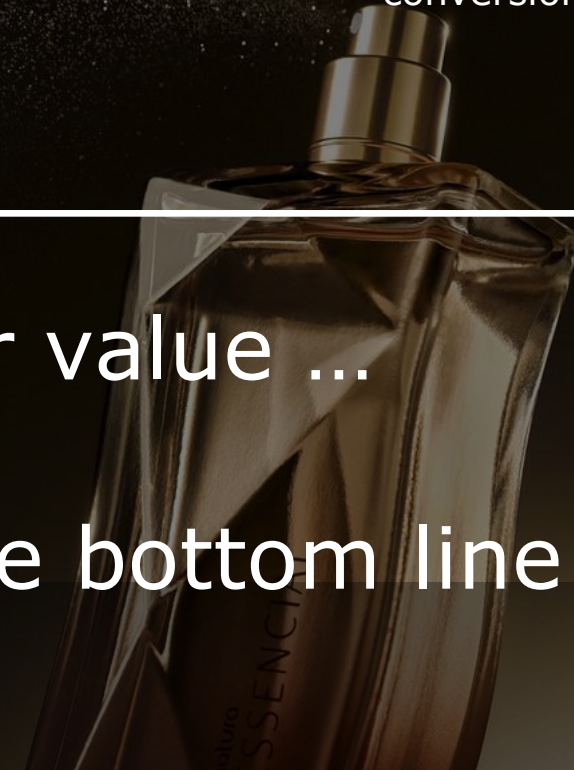
- Strengthening balance sheet, addressed by Aesop closing in Q3

4.

- Continuous focus on profitability and cash conversion

Unlocking sustainable shareholder value ...

...through our triple bottom line agenda





Thank you

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Appendix

Q2 - 23

AVON

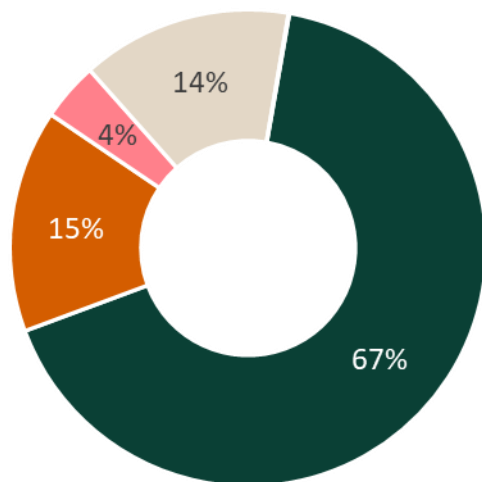


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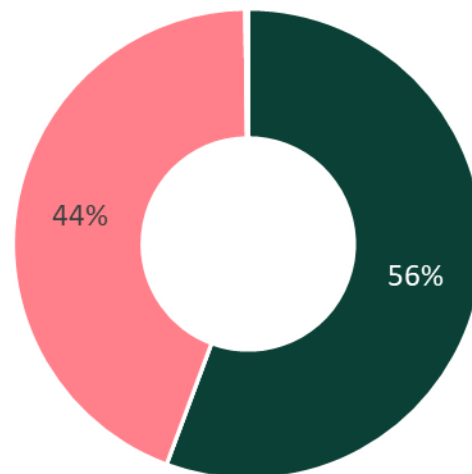
Debt Profile

Q2-23 by type*

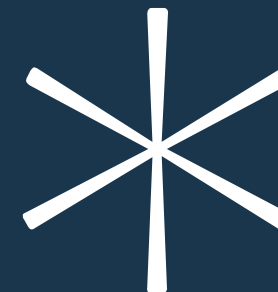


■ Bonds
■ Debentures
■ Commercial Notes
■ Working Capital

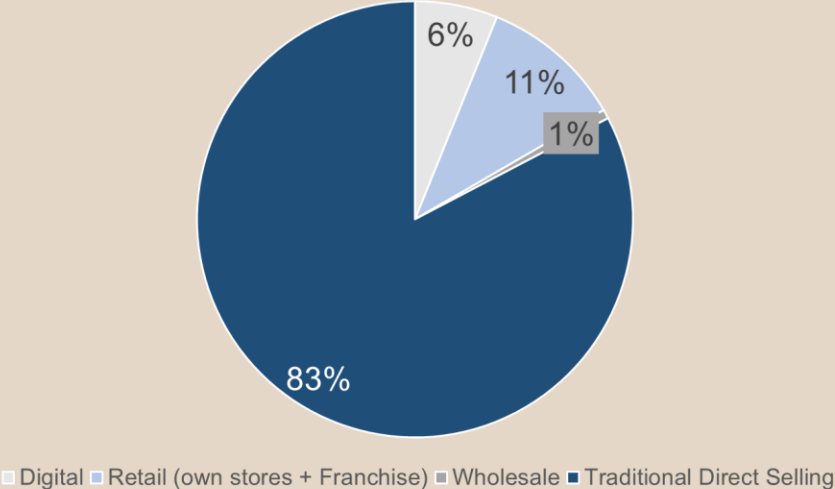
Q2-23 by currency*



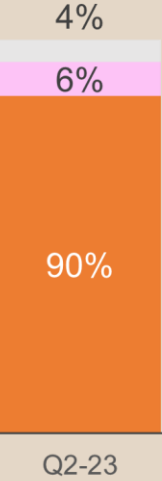
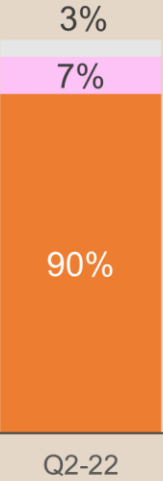
■ BRL ■ USD



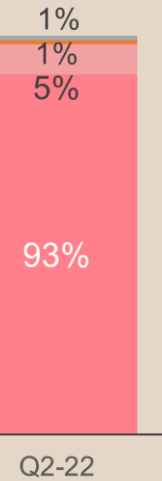
Net Revenue Breakdown by Channel (%)



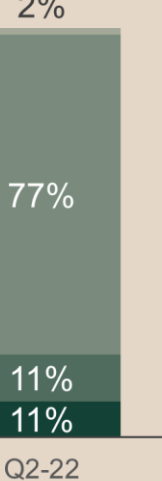
NATURA



AVON



THE BODY SHOP



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