
Fourth-Quarter And Full-Year 2023 Results

March 12, 2024



natura & co

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Natura &Co Performance

Natura &Co

2023 was a landmark year for Natura &Co, with important and significant advances on the strategy, operational, financial, and balance sheet fronts

Simplification

- Aug 2023

Closing of Aesop sale

- Dec 2023

Closing of TBS sale

- Jan 2024

ADR NYSE delisting

- Feb 2024

Study of the potential separation of Natura &Co and Avon

In addition, we continued to simplify our corporate expenses, as announced in Jul/22

Financials

- Gross Margin, main driver of profitability improvement:
+310 bps
- Adjusted EBITDA margin:
+370 bps
- FCFF in positive territory in the year
- Net Cash of BRL 1.7 billion, allowing us to announce BRL 979 million of dividends

Structure Projects

- **Natura &Co Latam – Wave 2**

Solid performance from the Natura brand in Brazil and a recovering trend from Avon

- **Avon International**

Further simplification, business is now managed from two lead regions

Advances on ESG Agenda

Natura &Co

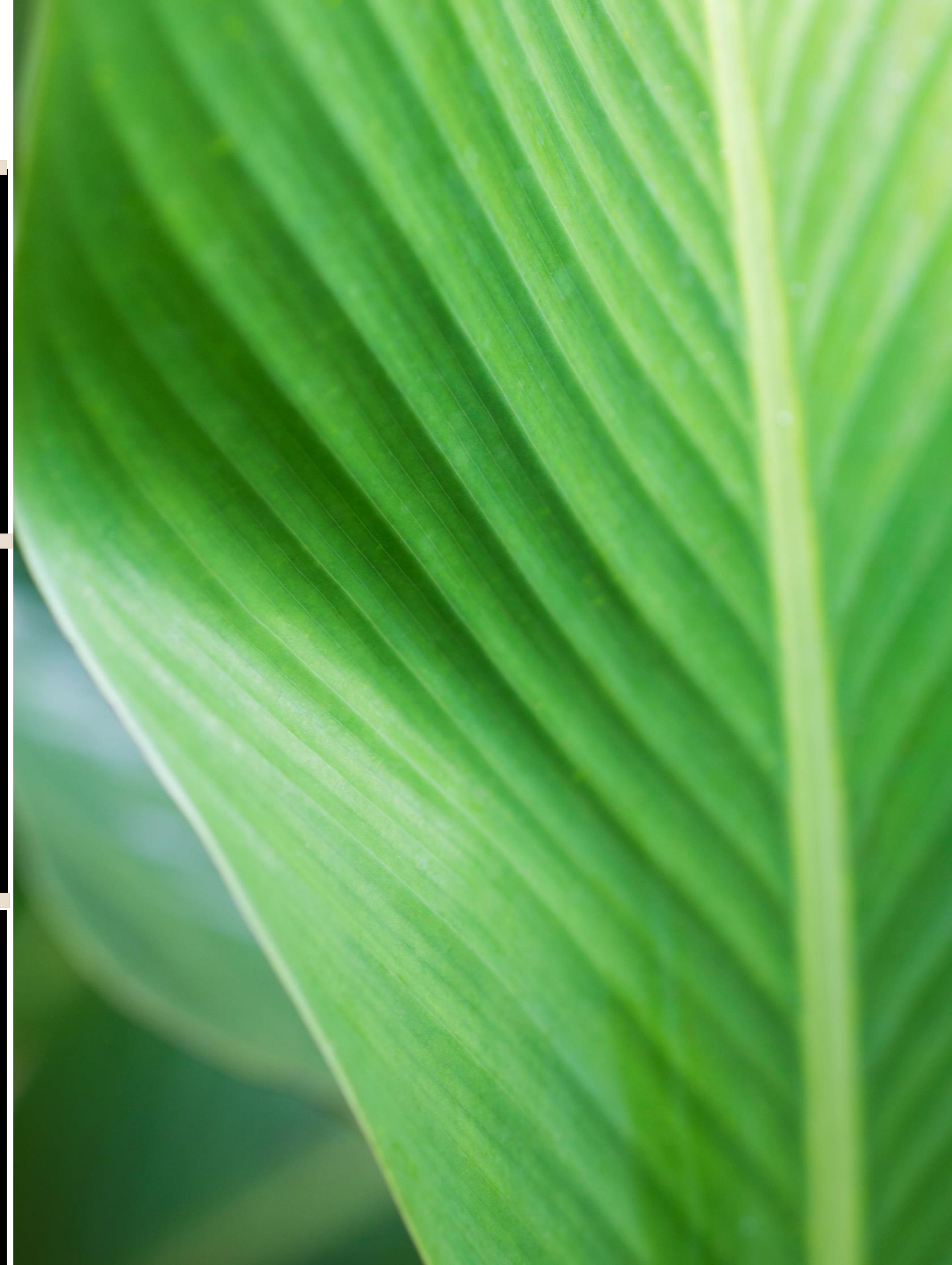
- **Ensuring a living wage for every employee at Natura &Co**
- **Eradicating the gender pay gap across the entire organization**

Natura &Co Latam

- **Expanding Agroforestry Systems (AFS) for palm oil and implementing the 'Amazônia Viva Mechanism'**

Avon International

- **Avon's make-up range is now Leaping Bunny approved, the company has pledged to and has undergone independent verification for adhering to cruelty-free practices as outlined by the Leaping Bunny Program standards**





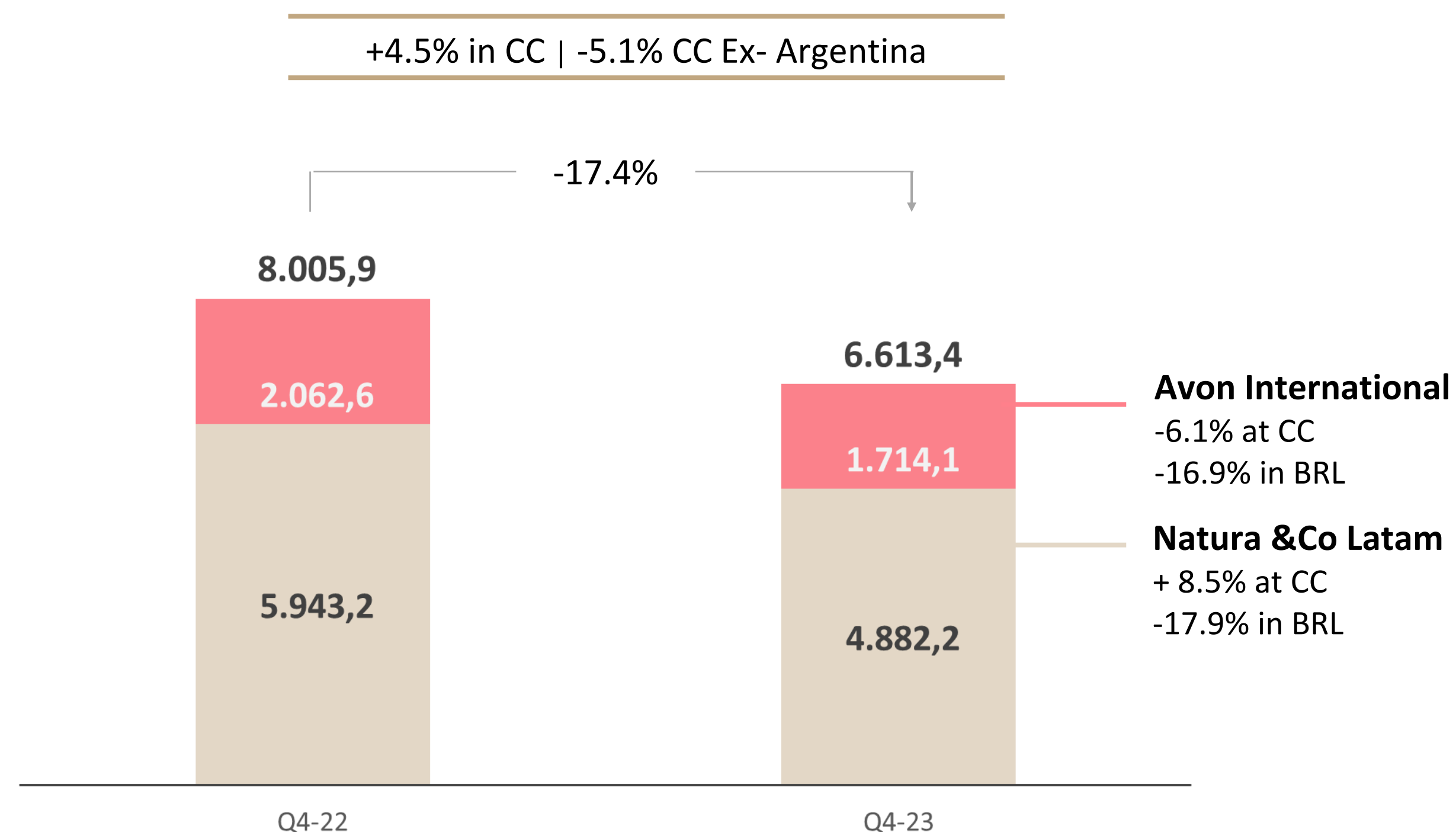
Consolidated Financial Performance

Guilherme Castellan, CFO



Natura &Co: Solid performance from Natura Brazil offset by Avon brand

Net Revenue (BRL million)



Highlights

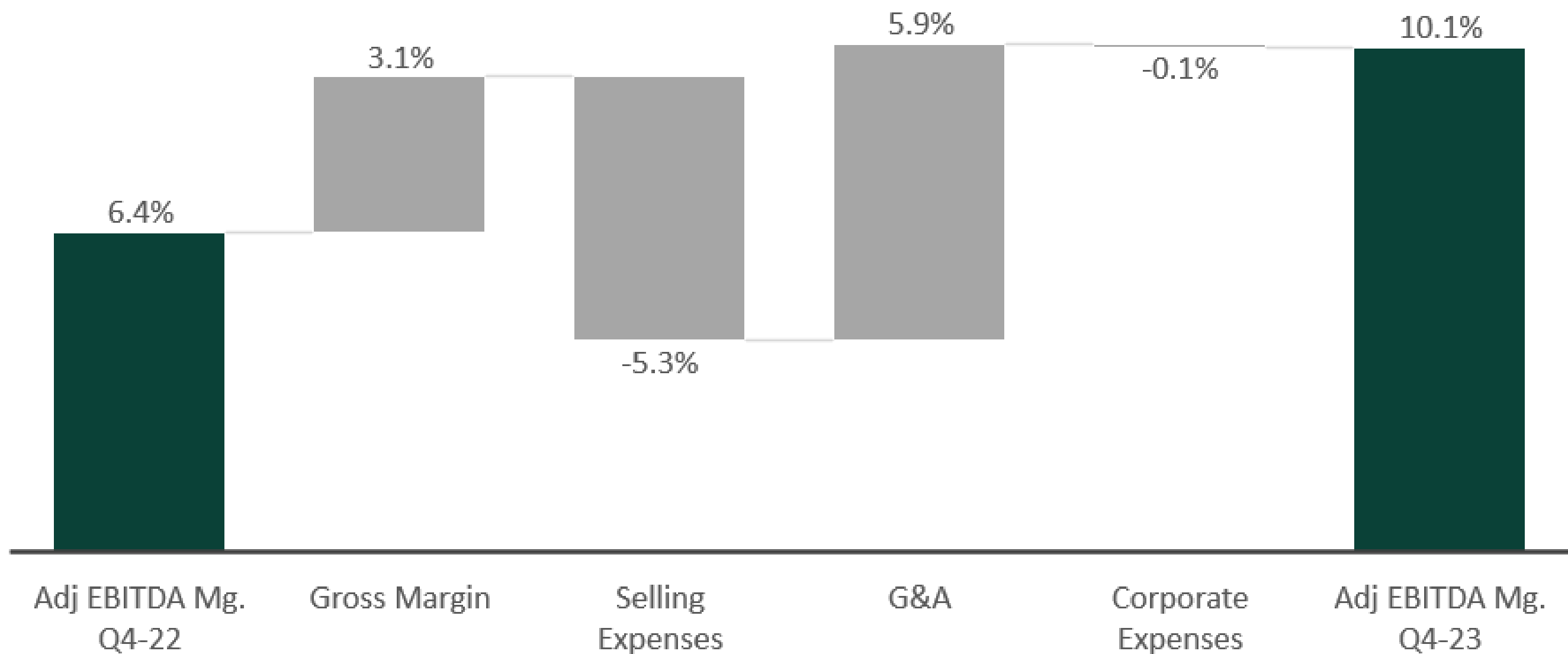
- Robust performance from Natura Brazil +8.6% YoY

Offset by:

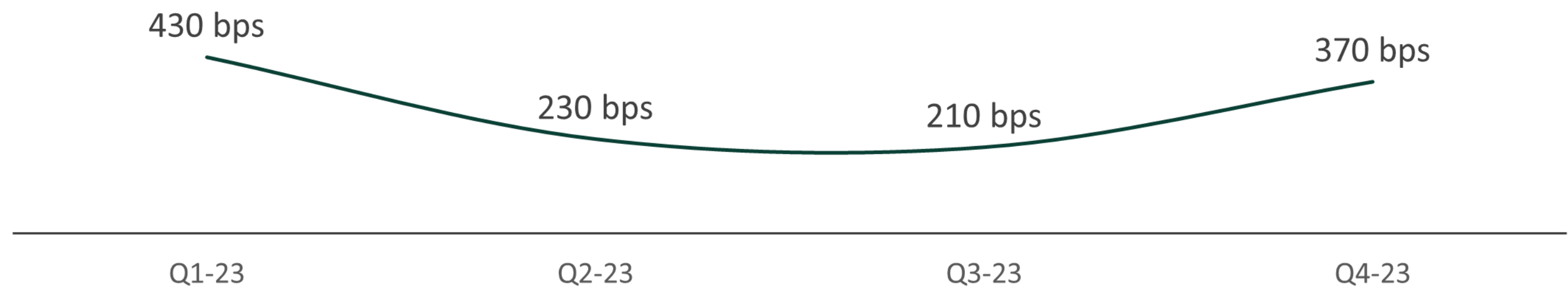
- Expected reduction at Avon Latam, although a slowing of the downward trend in Brazil
- Decline at Avon International, primarily impacted by the Home & Style category

Another quarter of solid Adjusted EBITDA margin expansion

Q4-23 Consolidated Adjusted EBITDA Margin



Adjusted EBITDA Margin expansion YoY



¹ The increase also reflects a BRL 204 million expense reallocation from G&A to Selling line

Highlights

+550
bps YoY
Avon International

driven by gross margin and transformational savings impacting SG&A expenses

+250
bps YoY
Natura &Co Latam

driven by gross margin and improvement in G&A expenses¹

~-40%
YoY

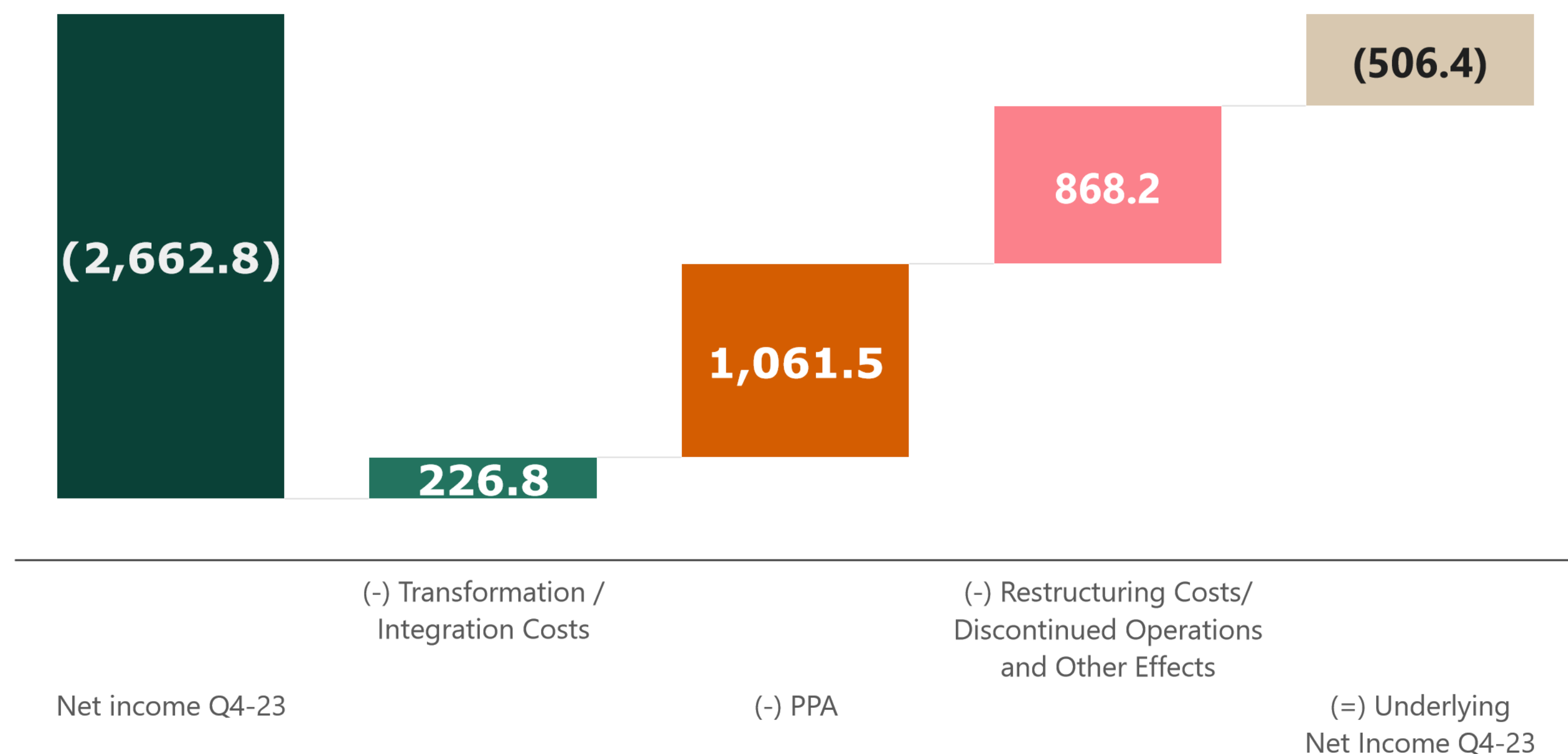
Reduction of corporate expenses in two years

Partially offset by:

- Investments in the Natura brand

Underlying net income (UNI) and net income

Net income to underlying net income (UNI) reconciliation Q4-23 (BRL million)



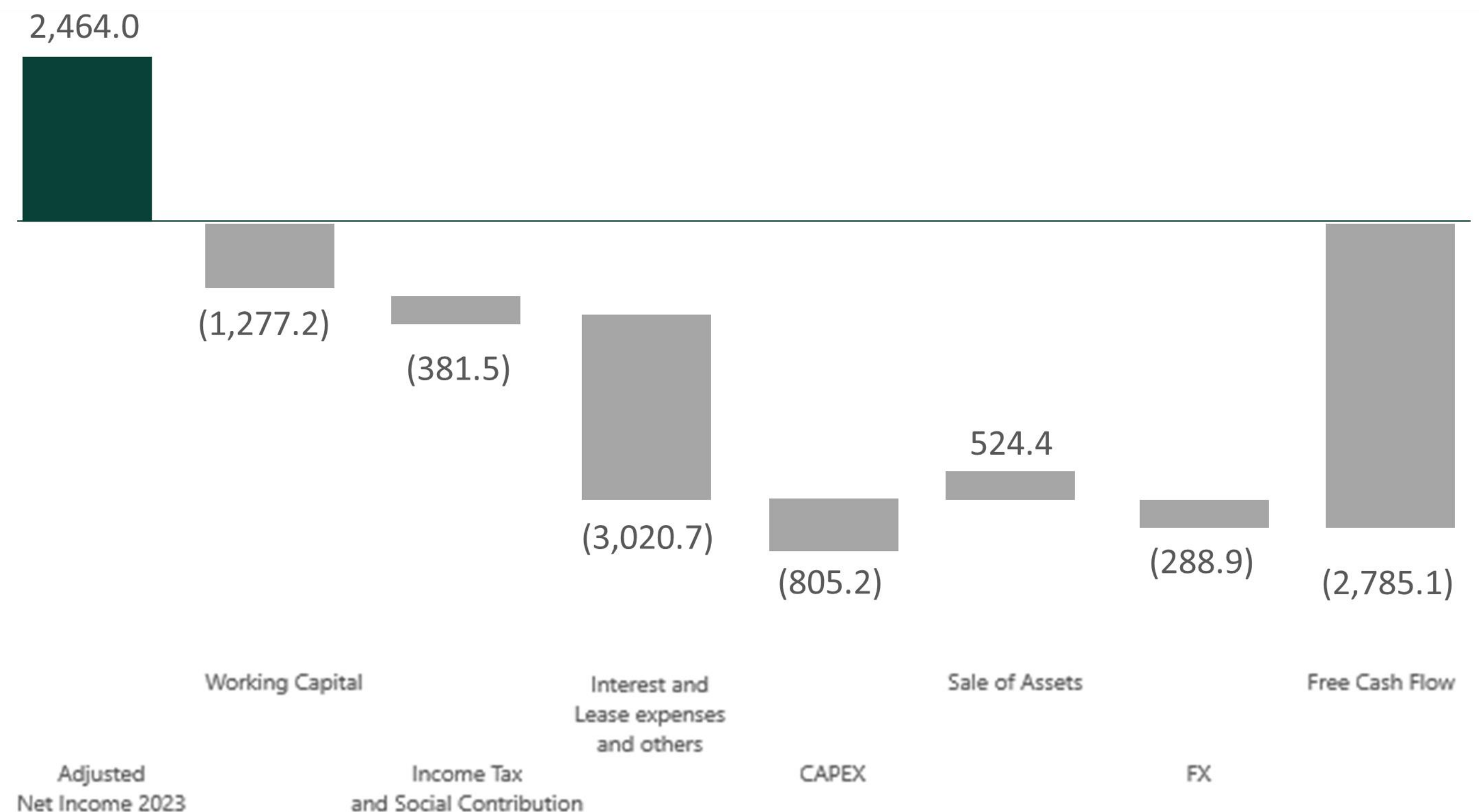
Highlights

- Expansion in adjusted and cash EBITDA

Offset by:

- Higher net financials impacted by Argentina hyperinflation and FX
- Tax expenses given mix of profitable and unprofitable countries
- FY 2023 Reported Net Income was BRL +3.0 bn

FCFF in FY23 turn positive to BRL +59 million



Highlights

Free cash flow is mainly impacted by:

- BRL 1.5 billion settlement of the derivatives related to liability management and
- higher WK consumption

Working capital was impacted by:

- accounts receivables, given higher revenue sales from Natura Brazil,
- inventories impacted by write-offs as a consequence of portfolio optimization in Latam Wave 2

Net cash position and further liability management

Q4-23

BRL 7.8 billion

Cash balance at period-end

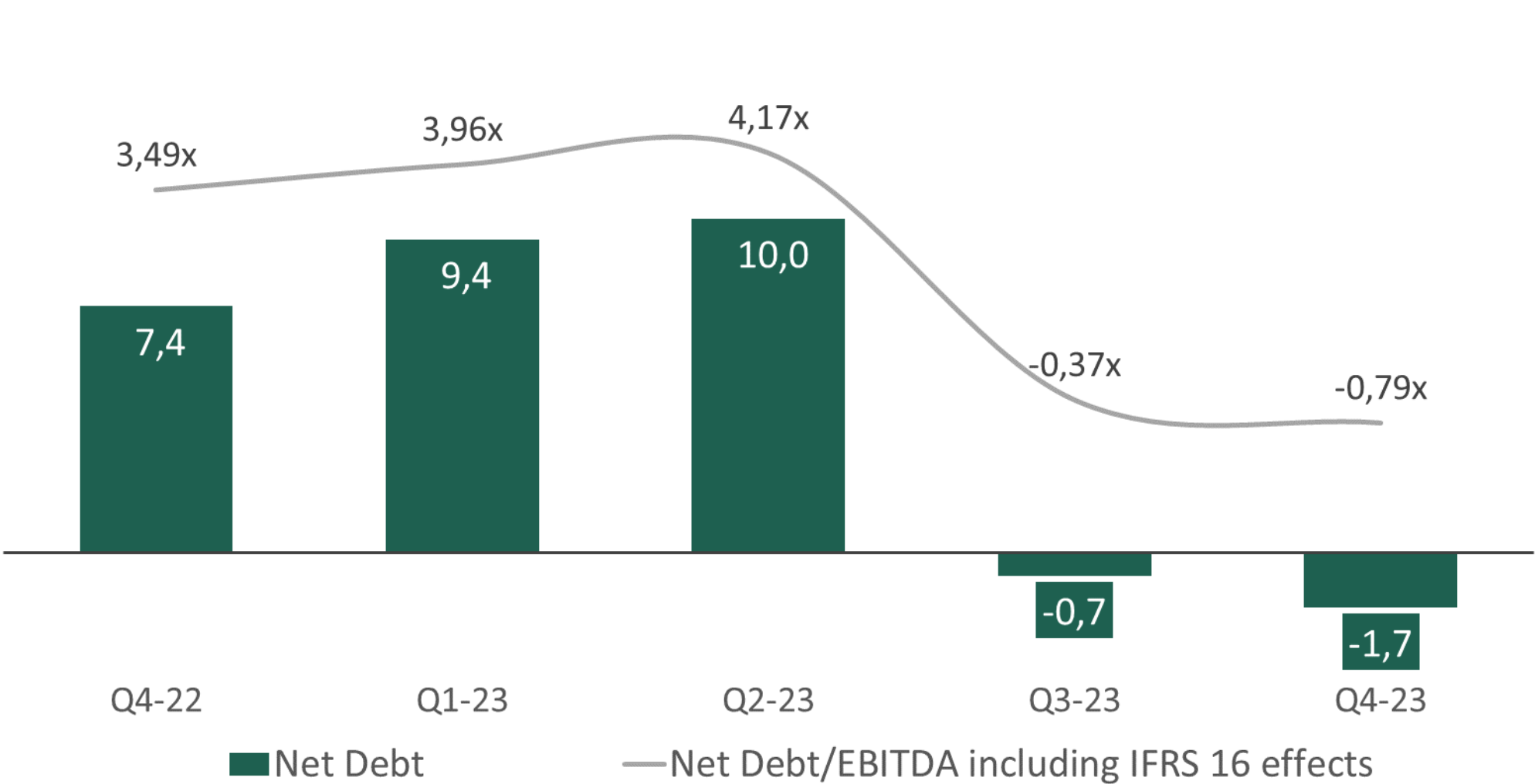
-0.79x

Group net debt-to-EBITDA ratio

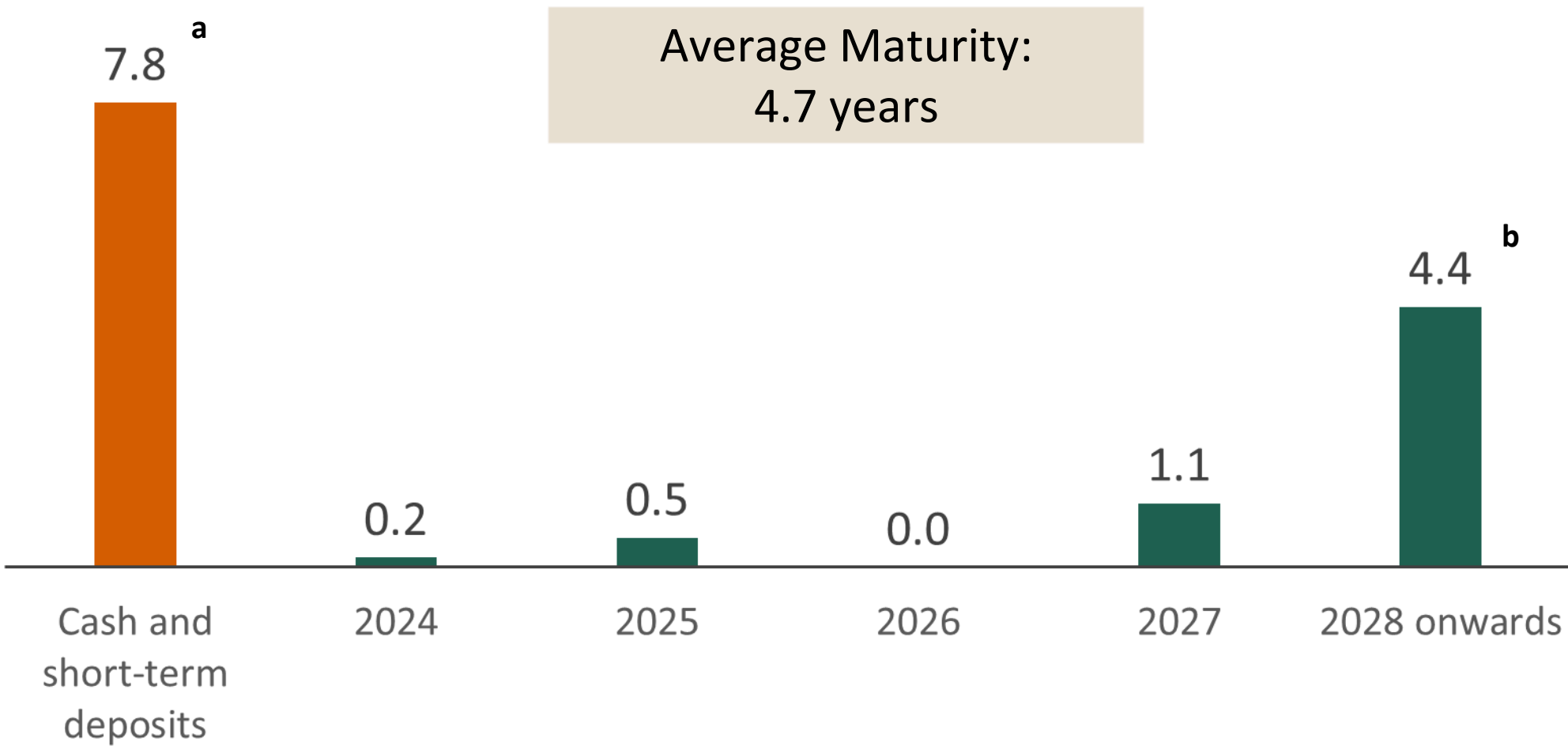
Concluded the Tender Offer of
USD 880 million

Bonds maturing in May 2028 and April 2029

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

Wave 2 *update*

Brazil

Results in Brazil already show enhanced productivity and cross-selling, coupled with a recovering distribution channel activity

The challenges highlighted in Q3-23 have been mitigated

- Delayed deliveries were resolved by early 2024
- Reorganization of sales leadership is showing promising signs of stabilization
- Level of inventory shortage has seen improvements

Adjustments are ongoing as understanding of the new demand levels from the combined business improves



Hispanic Latam

Peru and Colombia followed Brazil's trends, with distinct recovery scales and maturity levels

- Improving consultant satisfaction both quarterly and annually

Smoother implementation in Chile, due to the lessons from Brazil, Peru and Colombia

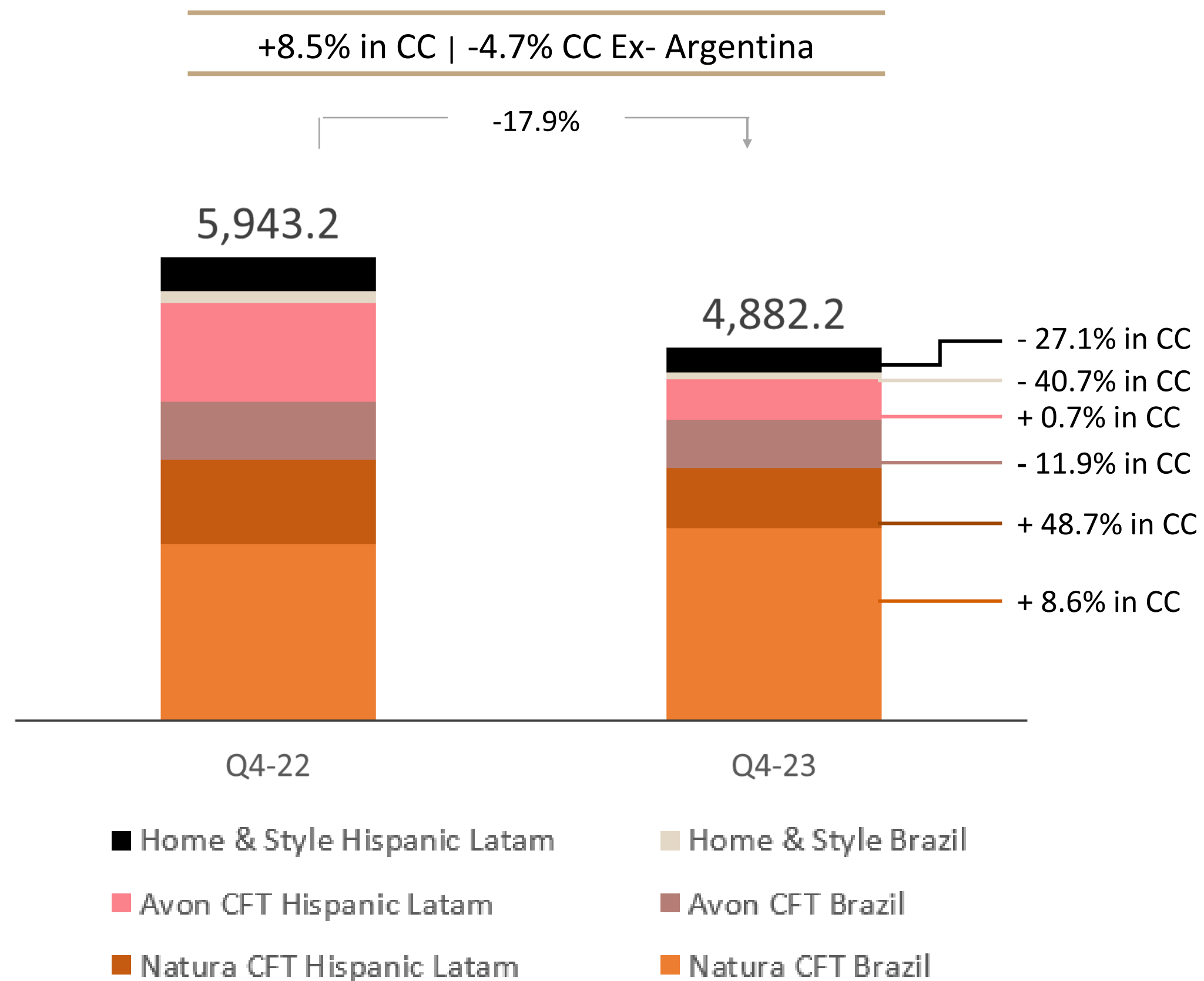


Natura &Co Latam

Financial Performance

Natura &Co Latam: Revenue trends were shaped by robust Natura Brazil and a lesser decline of Avon in the same market

Net Revenue (BRL million)



Natura CFT:

- **Brazil:** shortage of inventory is still a challenge despite quarterly improvements, which could have further improved performance
- **Hispanic:** Broadly stable revenue in CC excluding Argentina

Avon CFT:

- **Brazil:** 11.9% YoY decline, showing lesser decline versus Q3-23
- **Hispanic:** Continue to suffer amid Wave 2 roll-out

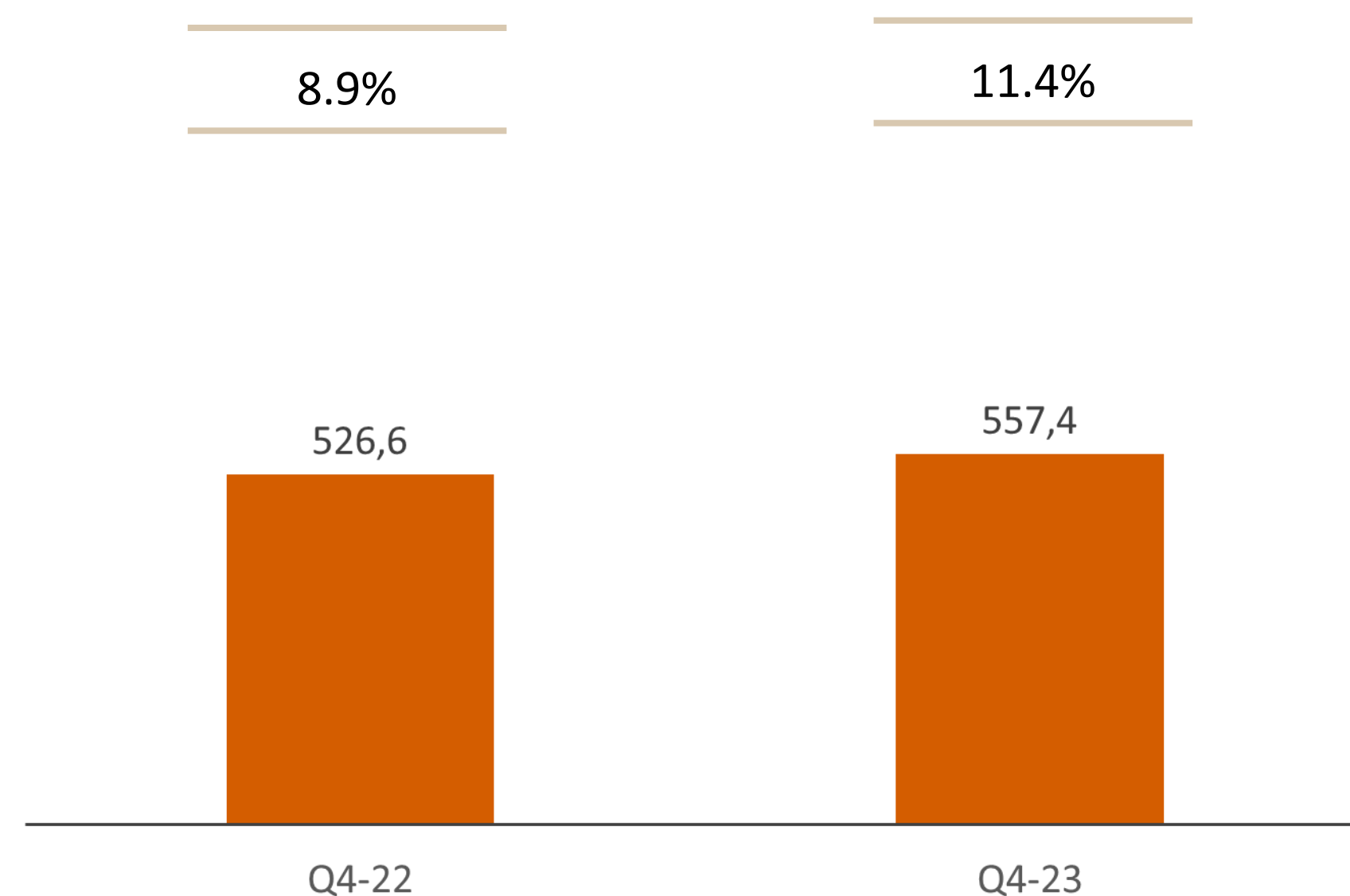
Home & Style:

- Decline in CC, directly related to the portfolio optimization strategy

Adjusted EBITDA margin expanded 250 bps YoY to 11.4%

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

Highlights

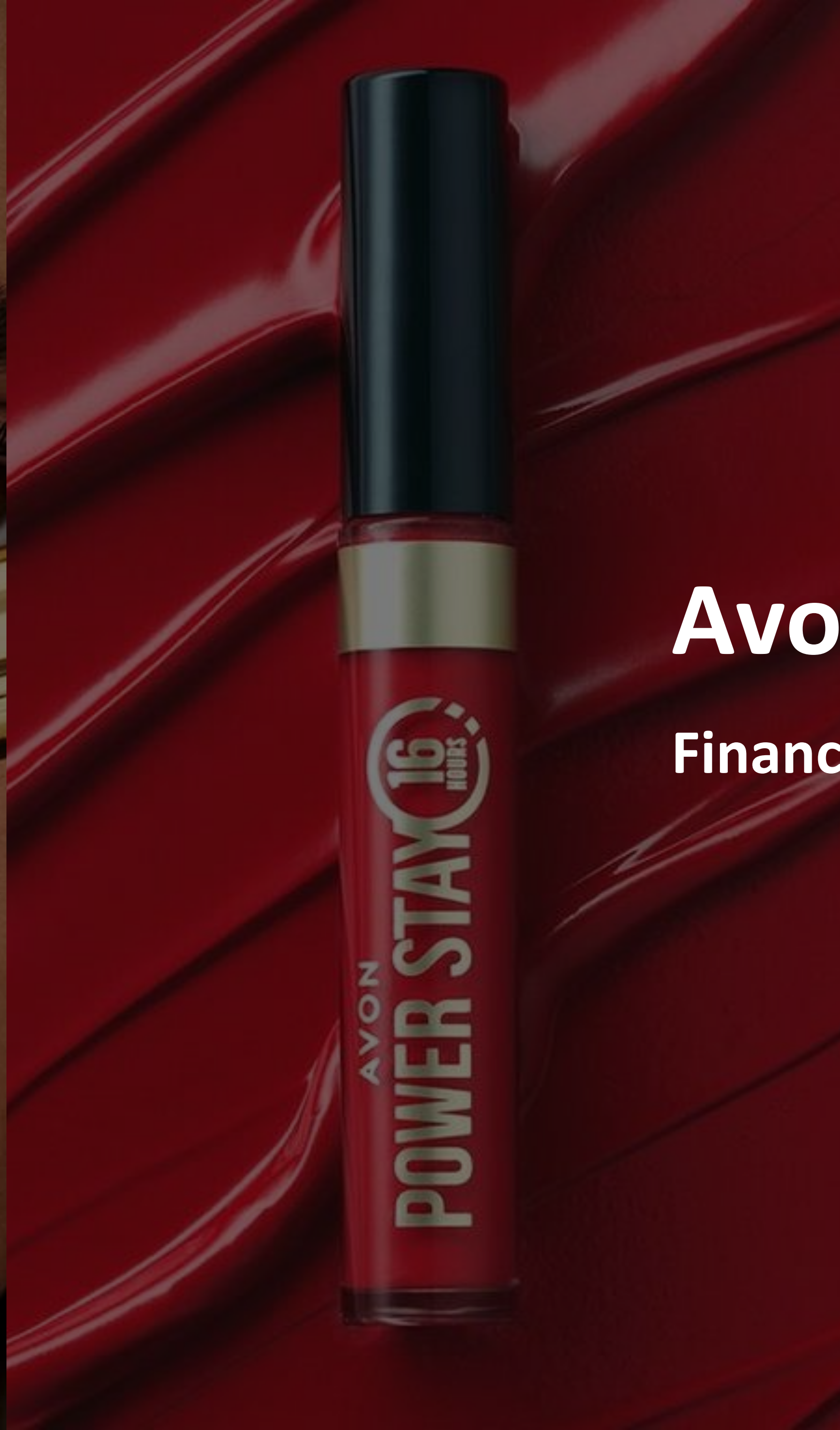
+380
bps YoY

Gross margin expansion driven mainly by Avon Hispanic boosted by commercial adjustments

-40
bps YoY
as % of net revenue

SG&A

Considerable decrease in G&A expenses, which were elevated in 2022 due to expense phasing, partially offset by higher selling expenses



Avon International

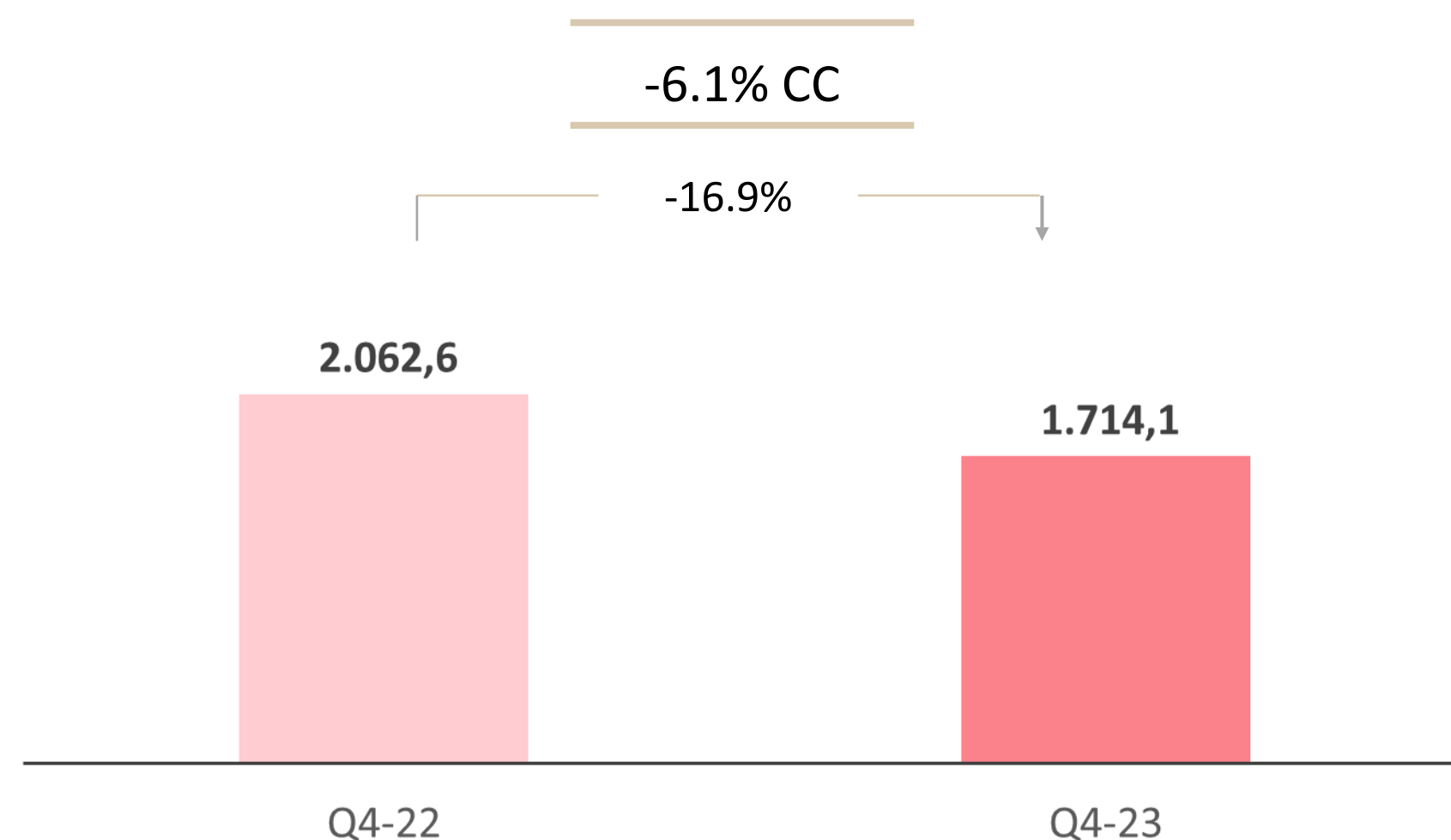
Financial Performance



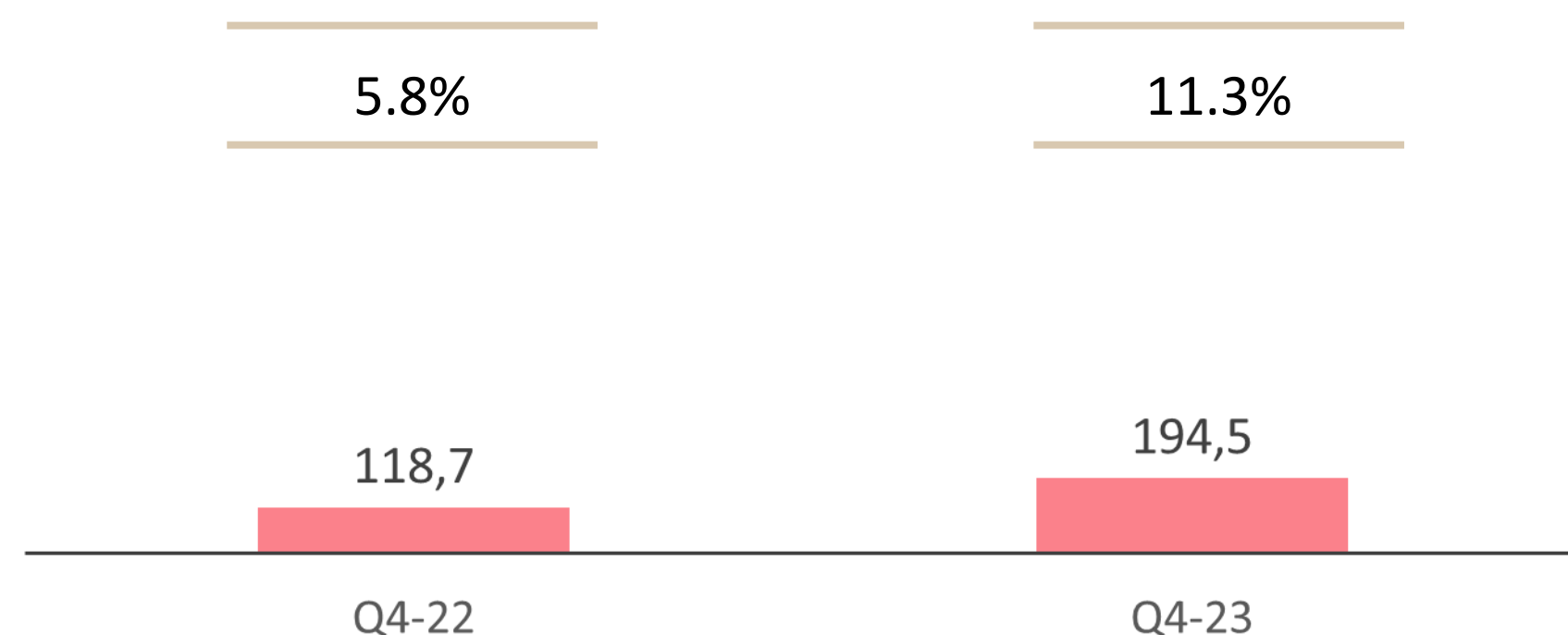
AVON

Avon International: Further profitability expansion despite revenue contraction

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 and restructuring costs - business unit/Impairment and Goodwill

Highlights

Net Revenue
-6.1%
YoY in CC

Driven by:

- small drop in Beauty revenue (-2.6%)
- steeper decline in Home & Style

Adjusted EBITDA
+550
bps YoY

Driven by:

- 130 bps YoY gross margin evolution
- savings from both selling and G&A expenses, supported by an easy comparable in 4Q-22



Closing Remarks

Fábio Barbosa, CEO



Key takeaways

Natura & Co

1.

Margins and cash continue to be short term priorities, paving the way for additional investments in brands and technology

2.

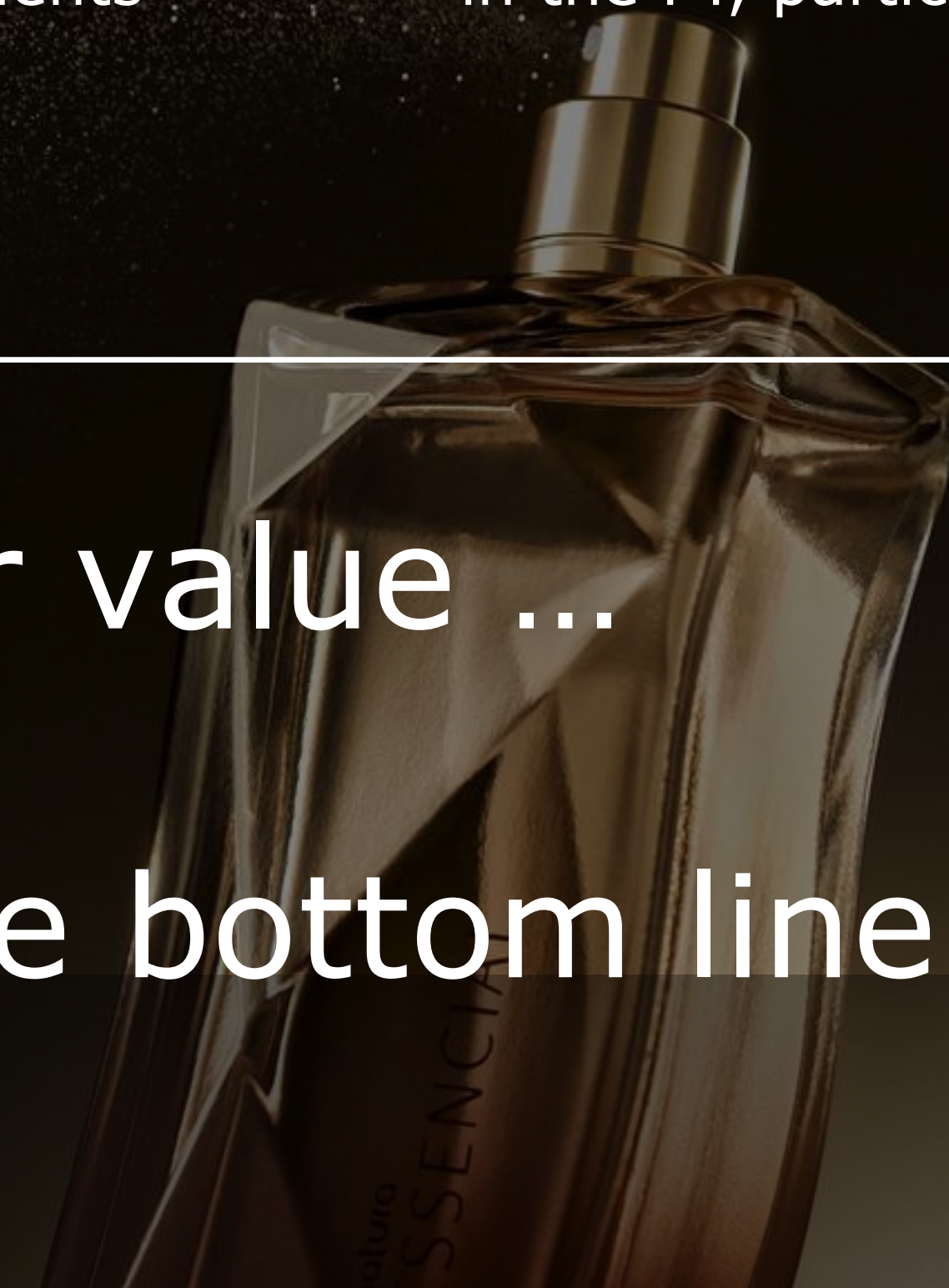
Resource allocation is still a critical driver for value generation in the future as we prioritize investments in key growth markets and projects

3.

Continue to expect volatility in top-line but with margins improvements in the FY, particularly ex-Argentina

Unlocking sustainable shareholder value ...

...through our triple bottom line agenda



Thank You



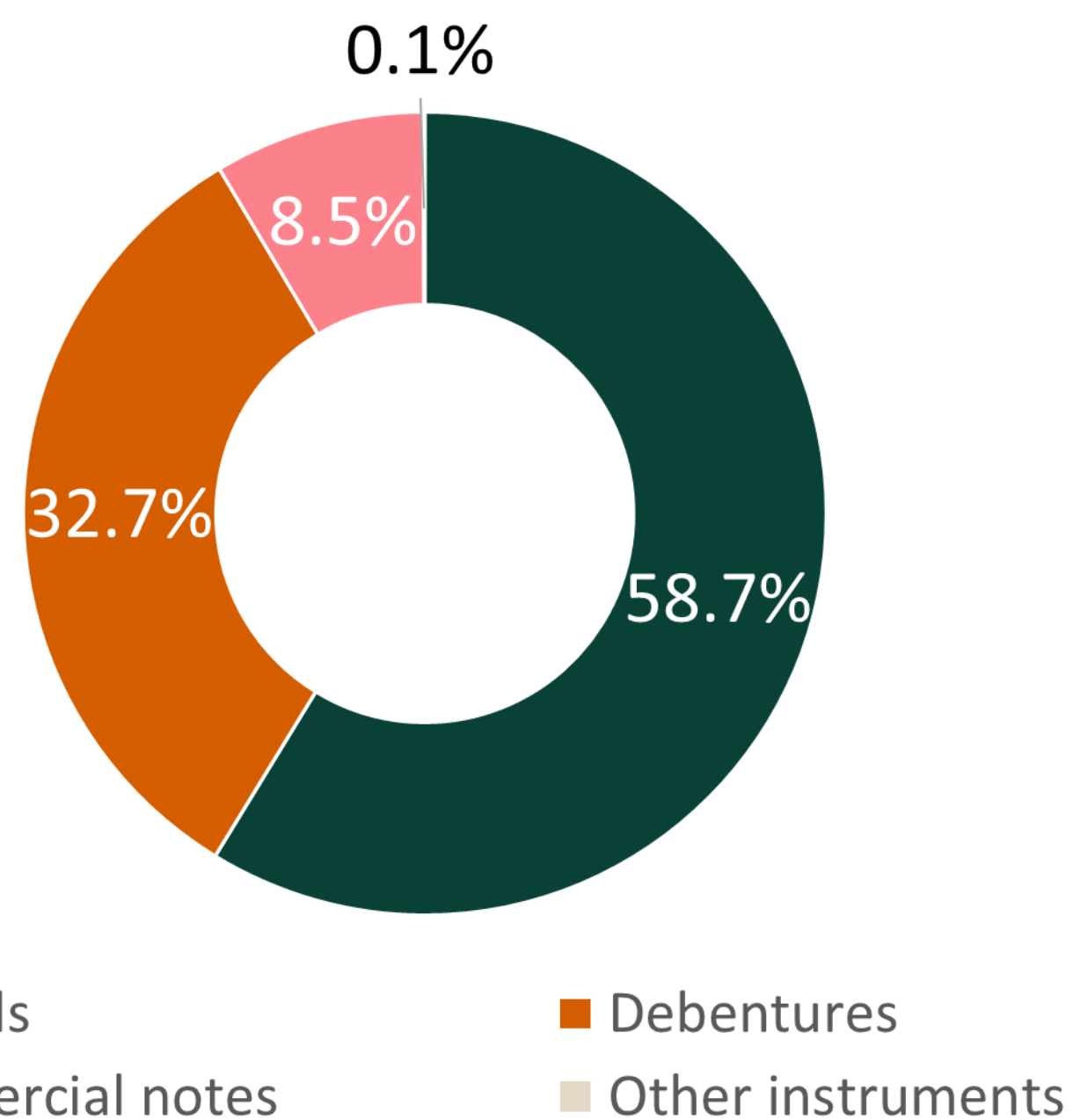
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Appendix

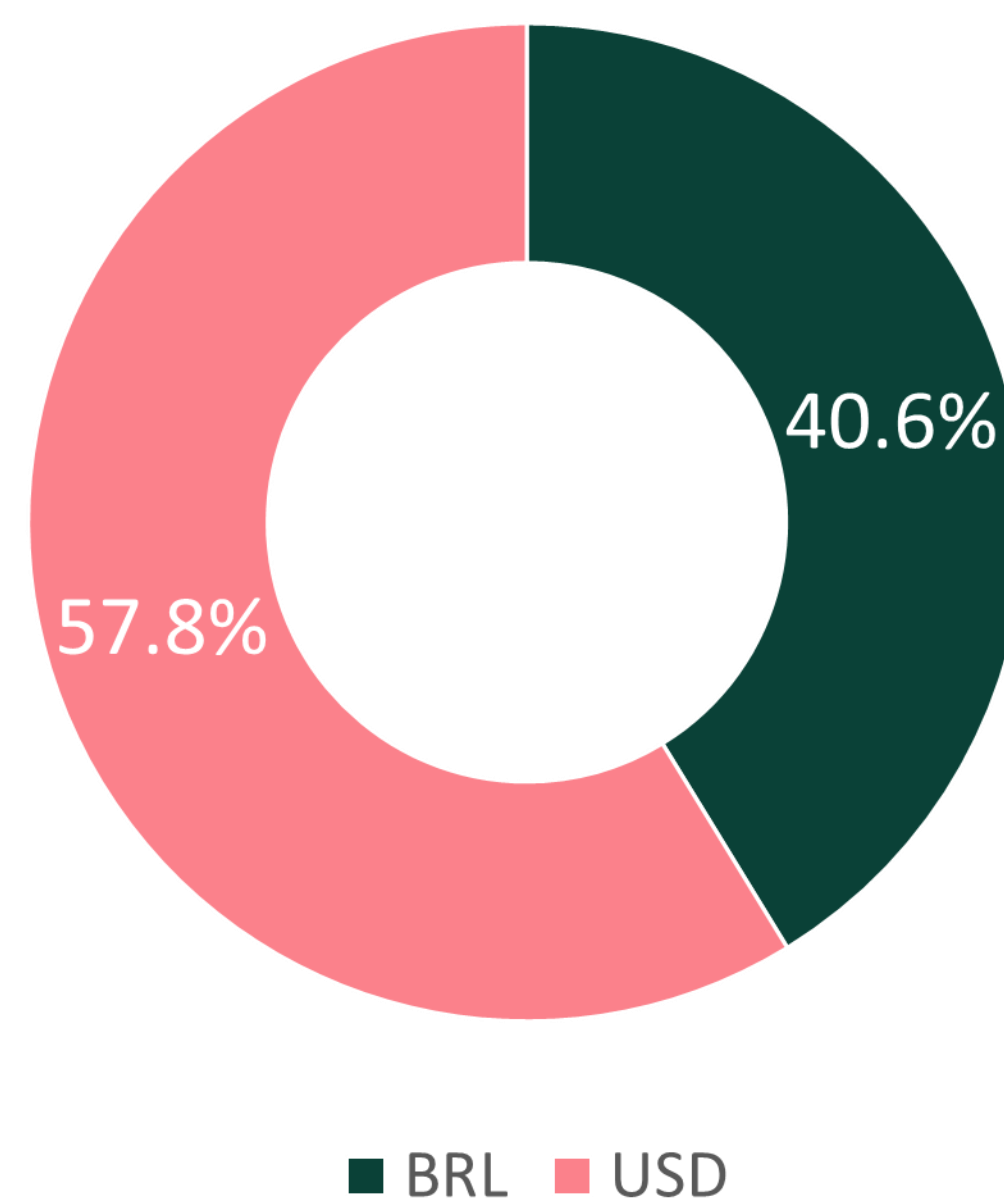
Q4-23

Debt Profile

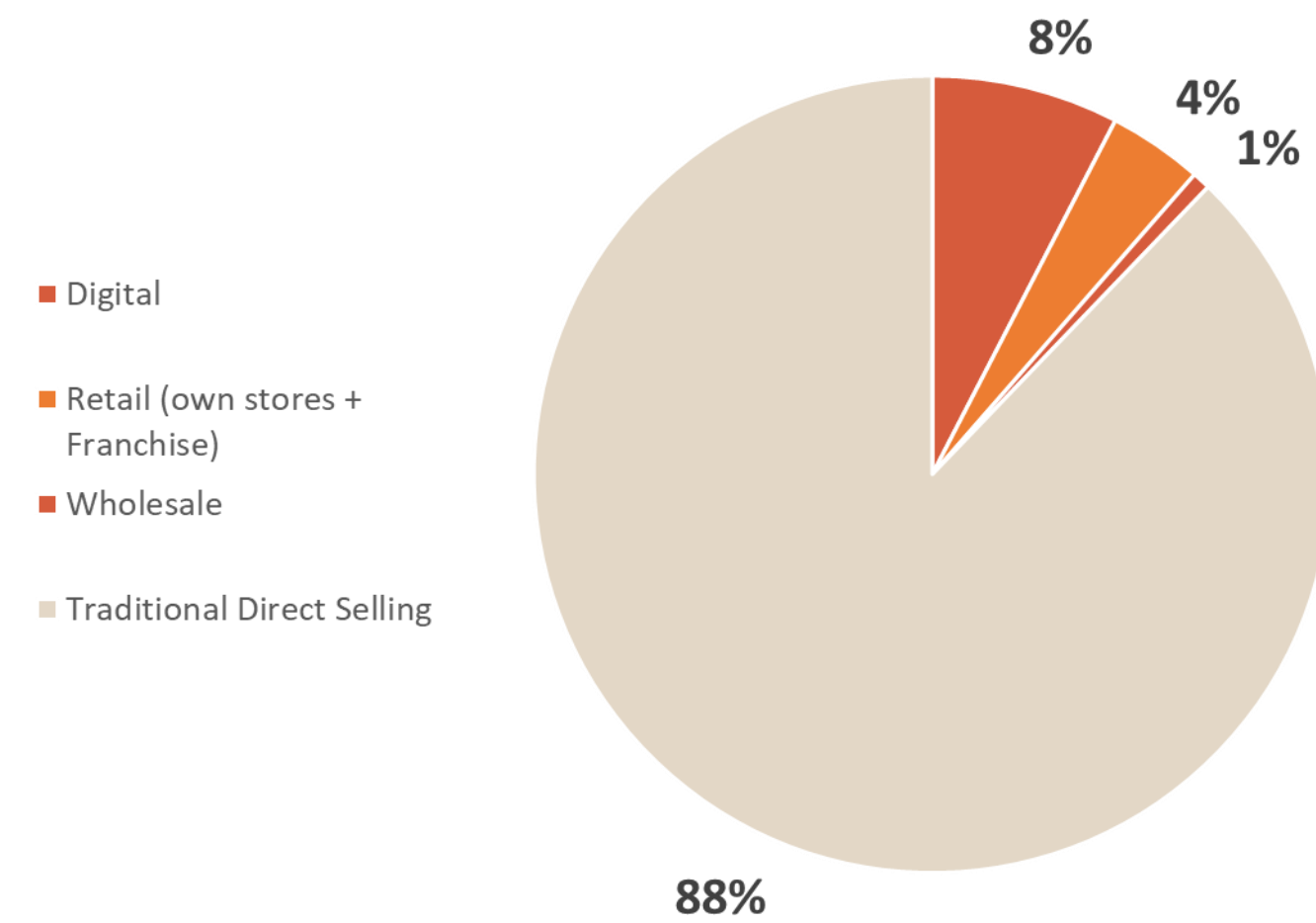
Q4-23 by type



Q4-23 by currency



Net Revenue Breakdown by Channel (%)



Share of Digital Sales per Brand (%)

