
Second-Quarter 2022 Results

August 12th, 2022

AVON



THE BODY SHOP

Aēsop[®]

natura & co

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<https://ri.naturaeco.com/en/>

A close-up photograph of a plant stem, likely a corn cob, with numerous water droplets on its surface. The stem is oriented vertically and shows a gradient of colors from bright orange at the top to yellow and green at the bottom. The background is blurred, showing more of the plant's structure.

Autonomy & Accountability

Q2 highlights:

Q2 results reflect difficult environment and structural issues within Natura &Co

Transition Committee work advancing: Designing a corporate structure, balancing **autonomy and accountability**, and reviewing the governance model

A clear immediate priority:

Focus on margins and cash flow



Consolidated Financial Performance

Guilherme Castellan, CFO

AVON



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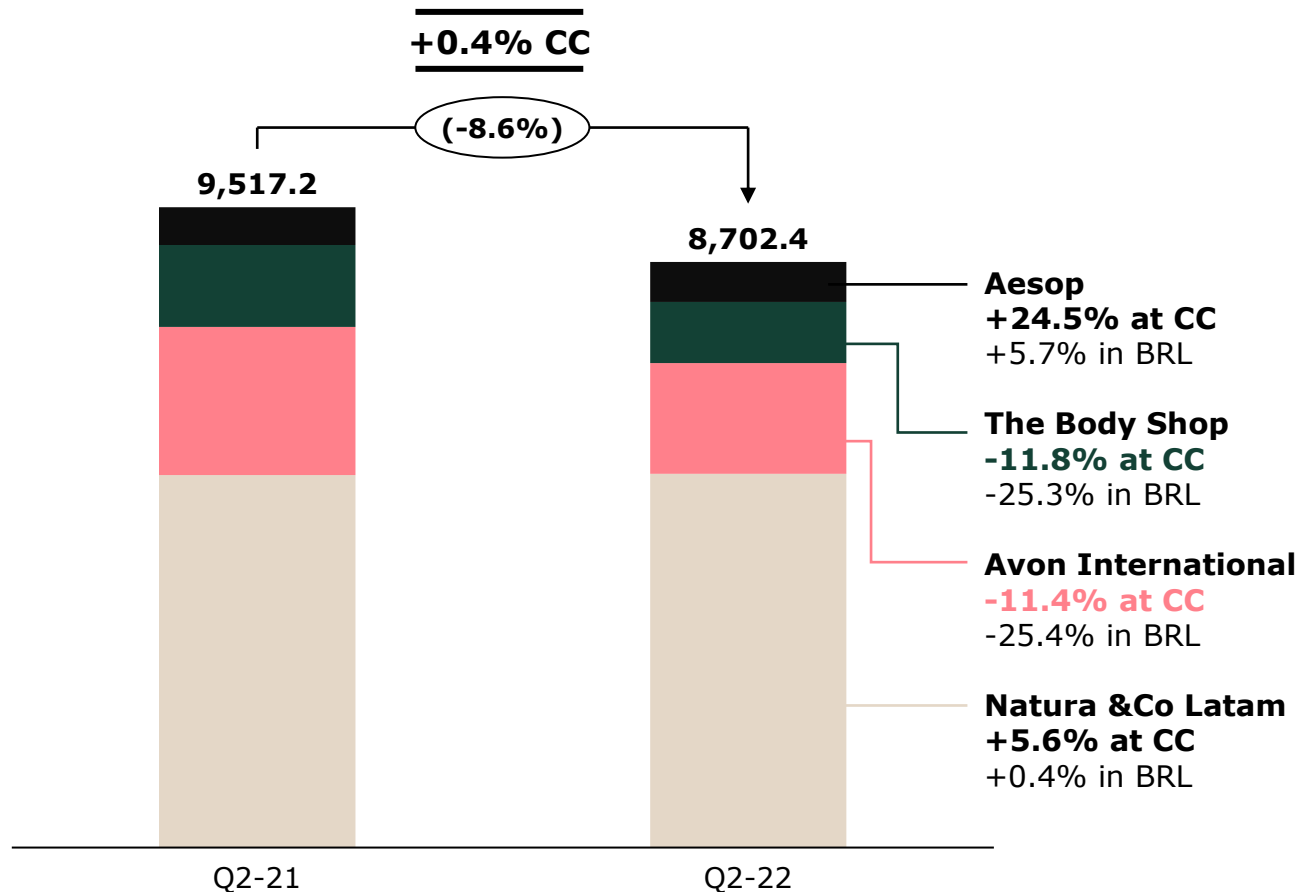
natura & co

Natura &Co:

Sales in constant currency stabilized, still affected by macro environment

NET REVENUE

(R\$ million)

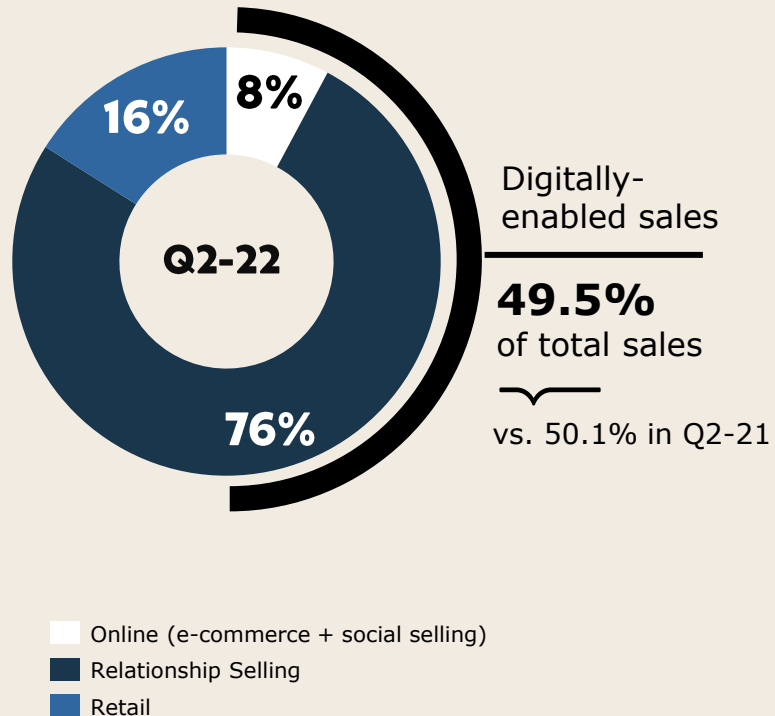


HIGHLIGHTS

- Very strong comparable base as Q2-21 was up +31.7% vs Q2-20 at CC
- Strong double-digit growth at CC by both the Natura brand and Aesop
- Avon International improved performance in most regions (-5.8% in CC excluding Russia and Ukraine)
- The Body Shop still trending lower vs. 2021 as retail's slow recovery hasn't offset the deceleration at The Body Shop At Home and e-commerce

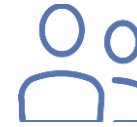
Continued growth in digital sales at Natura and Avon

Net Revenue Breakdown by Channel (R\$ million)



1. &Co Pay

- Natura in Brazil: 457,000 accounts
- Total Payment Volume ("TPV") of R\$ 7.5 billion (H1)
- Pilot underway for retail operations and Avon reps in Brazil



2. Social Selling Adoption

- **Natura Latam:** Average number of consultants sharing content reached 28% (vs 24% in Q2-21)
- **At Avon International:** Avon On penetration reached 23% (vs 16% in Q2-21)

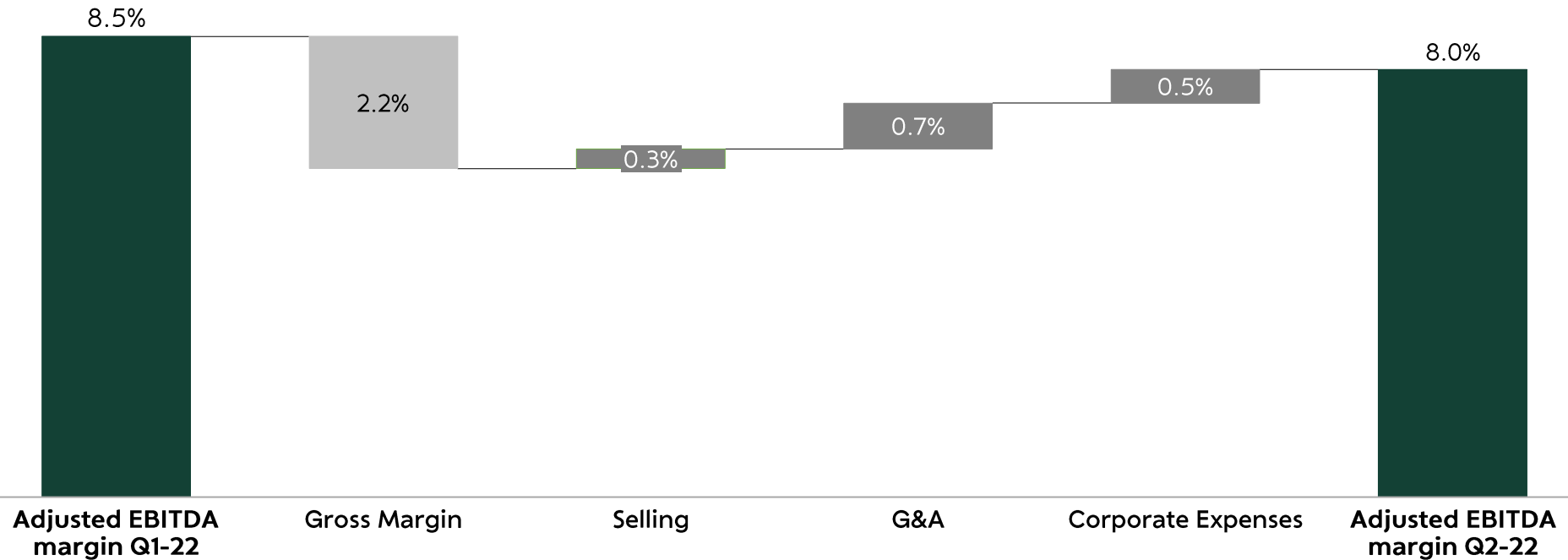


3. E-commerce

Lower online sales from channel rebalancing; still significantly above pre-pandemic levels across the Group

Adj. EBITDA impacted by inflationary pressure mainly on COGS, partly mitigated by SG&A reduction in Latam and lower corporate expenses

Q2-22 CONSOLIDATED ADJUSTED EBITDA MARGIN



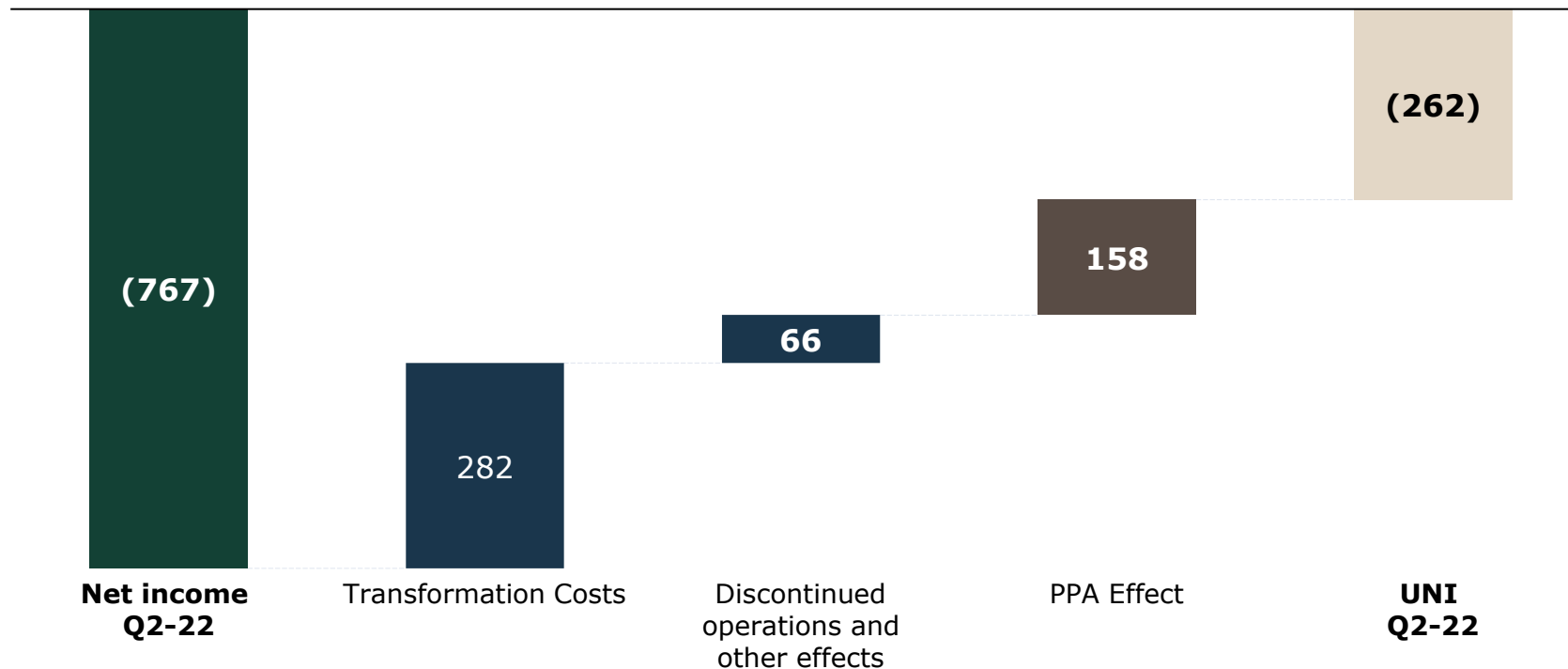
MAIN IMPACTS

- Inflationary, foreign currency pressure and war in Ukraine
- Partially offset by:
 - synergies
 - revenue management
 - cost containment and one-offs including corporate expense savings

Underlying Net Income (UNI) and Net Income impacted by lower EBITDA and higher interest expenses

NET INCOME TO UNDERLYING NET INCOME (UNI) RECONCILIATION

Q2-22 (R\$ million)



Q2-21 UNI of R\$482.2 million, boosted by a one-time income tax gain, related to Avon Integration

Solid cash position and continued liability management

Q2-22

R\$ 4.3 billion

Cash balance at end-June

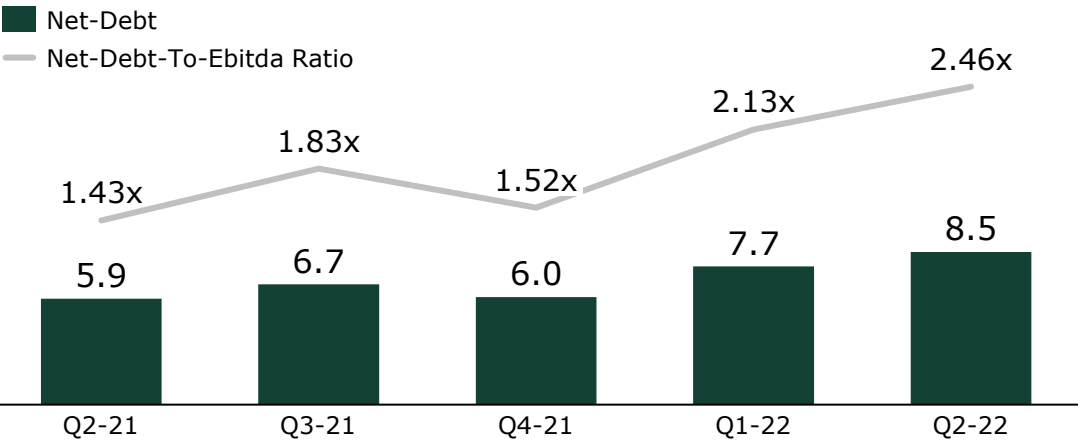
2.46x

Group net debt to EBITDA ratio

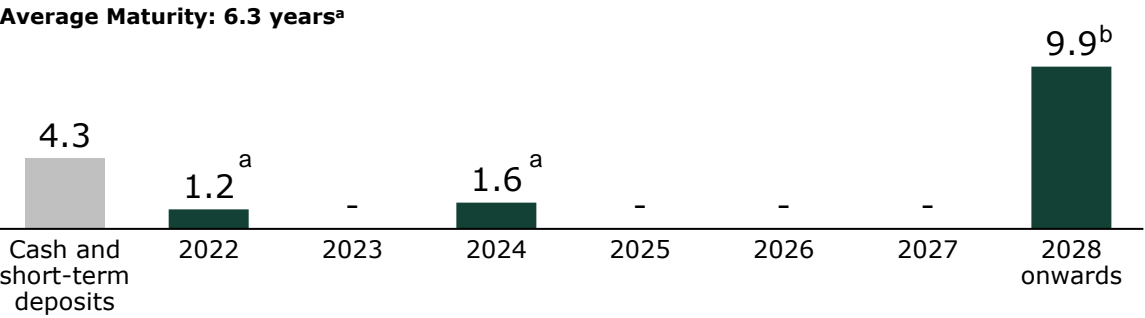
R\$ 826 million

In Natura debentures issued in July, maturing in 2027, partially replacing the 2022/2024 issues
Avon's 2023 bonds fully redeemed

NET DEBT AND NET DEBT-TO-EBITDA RATIO (R\$ billion)



AMORTIZATION SCHEDULE (R\$ billion)



^aDoes not reflect Natura Debentures of R\$826 million issued in July and maturing in 2027. Considering this issuance, average debt maturity would have increased to 6.5 years.
^bR\$ 9.9 billion includes Natura Cosméticos US\$1.0 billion in sustainability-linked bond due 2028, Natura &Co Holding's US\$ 600 million bonds due 2029, Avon's US\$ 200 million due 2043

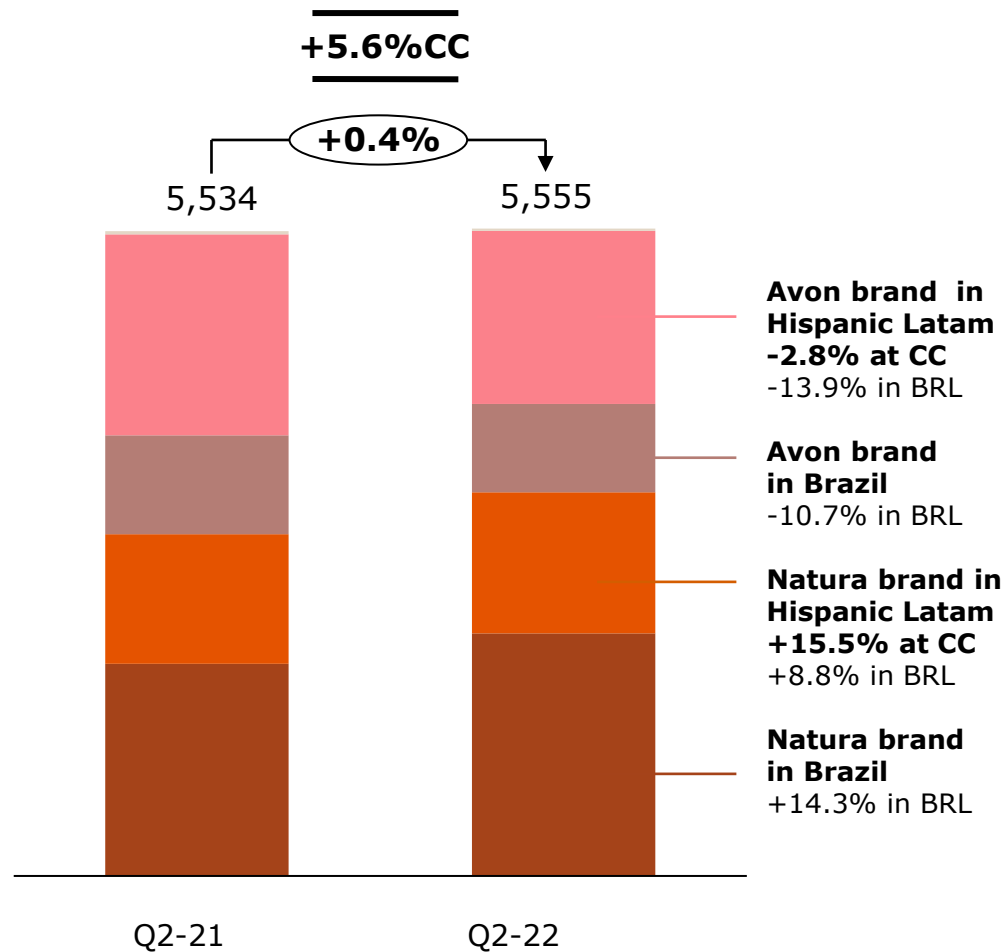


Natura &Co Latam Financial Performance

Natura &CO
Latin
America

Natura &Co Latam: Double-digit growth at Natura brand; decrease at Avon brand, but trend continues to improve since Q3-21

NET REVENUE



Natura Brand:

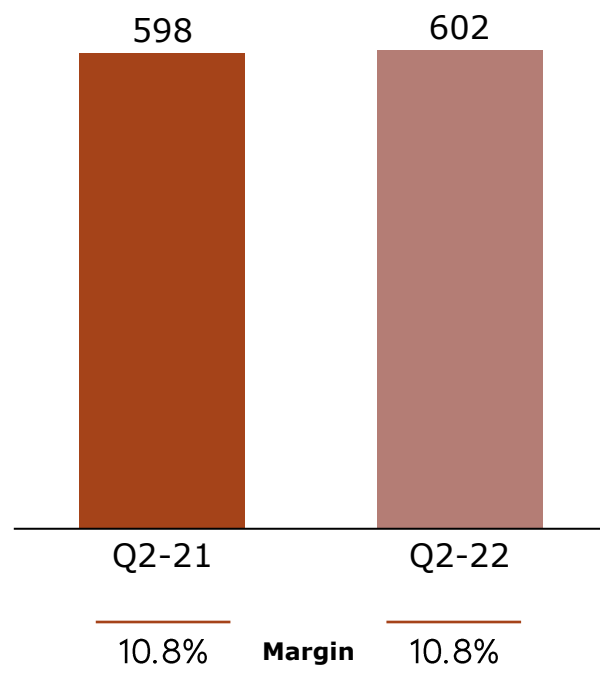
- Strong momentum in Brazil and further growth in Hispanic Latam
- Brazil: Consultant productivity up by +17.5% in Q2
- Hispanic: Growth mainly driven by Argentina and Colombia, offsetting a decrease in Chile
- Again ranked strongest cosmetics brand in the world by Brand Finance

Avon brand:

- Brazil Q2 Sales: Beauty sales +5%, with double-digit growth in rep productivity; Fashion & Home -31%
- Hispanic: New commercial model progress in Ecuador and Colombia, with sales growth and a sequential improvement in the number of representatives, activity and productivity
- Number of reps: -6.9%

Stable Q2 adjusted EBITDA margin in Latam

ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN (R\$ million)



- **Margin supported by synergies, revenue management and strict financial discipline**
- Offsetting the impact of sales deleverage at Avon, raw material inflation and FX headwinds



Natura Brand

Margin remains strong despite cost pressures

AVON

Avon Brand

Impacted by the transformation plan, higher inflation and logistics expenses

¹ Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as: Transformation costs and cost-to-achieve synergies



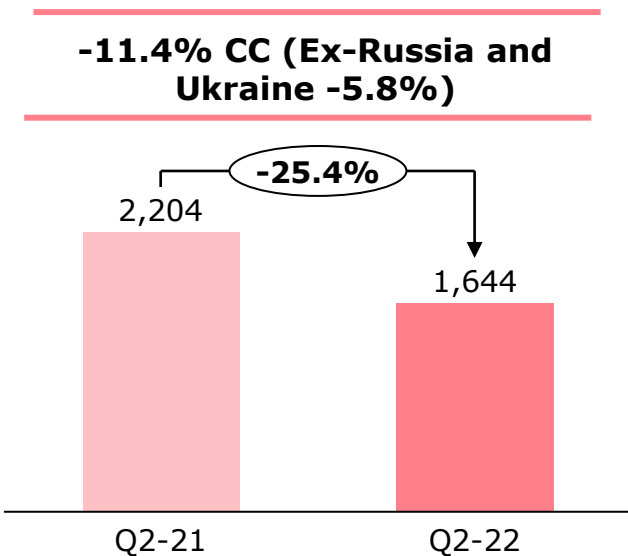
Avon International
Financial Performance

AVON

Sequential improvement in net revenue, excluding Russia and Ukraine

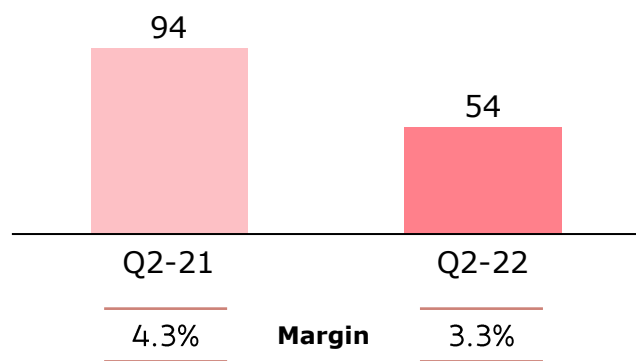
NET REVENUE

(R\$ million)



ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN

(R\$ million, %)



Revenue impacted by:

- War in Ukraine
- Lower consumer purchasing power in Europe¹
- Partially mitigated by **aggressive revenue management plan across all markets**

Business fundamentals continued to improve as the **new commercial model resulted in higher productivity and activity** as well as a stabilizing number of representatives outside Europe

Adjusted EBITDA margin reflects:

- War in Ukraine
- Lower volumes
- Higher cost and inflationary pressures
- Partially offset by strict financial discipline and a leaner operating model

¹ " OECD's Consumer Confidence Index in June 2022 is 96.5, compared to 100.4 in June 2021. Source: <https://data.oecd.org/leadind/consumer-confidence-index-cci.htm>

¹ Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as: Transformation costs and costs-to-achieve synergies, gain from the settlement of a legal dispute and provisions reversals

Be [REDACTED]
[REDACTED] Seen



Be [REDACTED]
[REDACTED] Heard



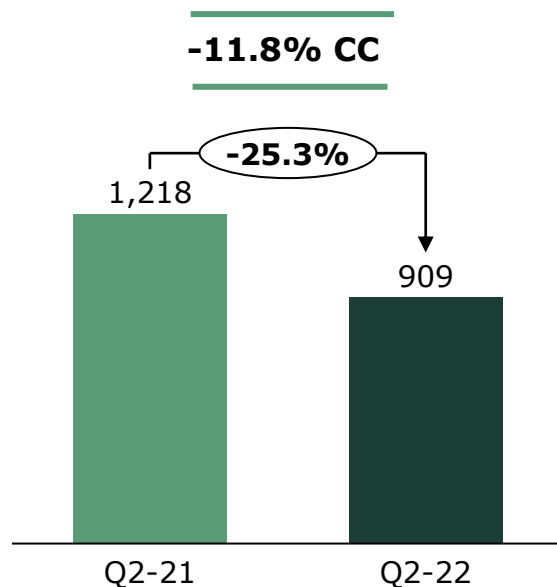
The Body Shop
Financial Performance



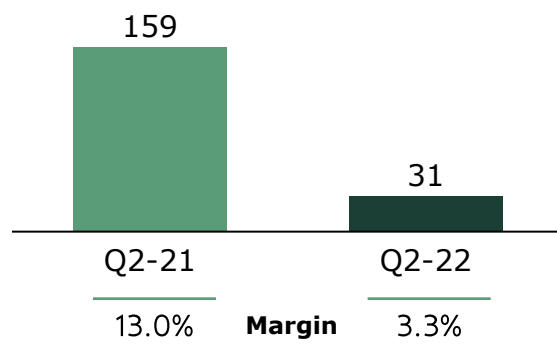
THE BODY SHOP

Sales still impacted by channel rebalancing

NET REVENUE (R\$ million)



ADJUSTED EBITDA¹ AND ADJUSTED EBITDA MARGIN (R\$ million, %)



¹Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as: restructuring cost associated with Russia's exit



THE BODY SHOP

Revenue reflects:

- Post-lockdown channel rebalancing as decrease in The Body Shop At Home and e-commerce outpaced retail recovery
- Lower sales to franchisees, but increasing retail sales month-on-month, further reducing franchise inventory

Drop in Adjusted EBITDA from:

- Lower volumes
- Sales decline at TBSAH, e-commerce and sell-in sales to franchisees

Actions to address EBITDA challenges:

- Investments to drive store and consultant productivity
- Continued optimization of store footprint
- Detailed review of SG&A costs
- Margin improvement from focusing on category mix

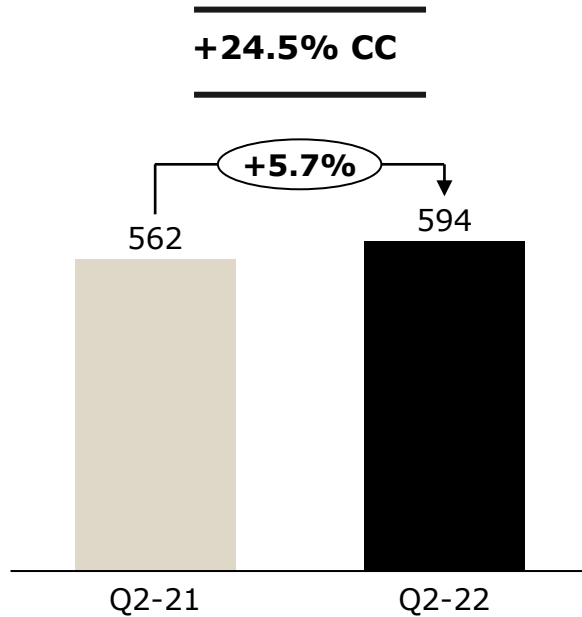


Aesop
Financial Performance

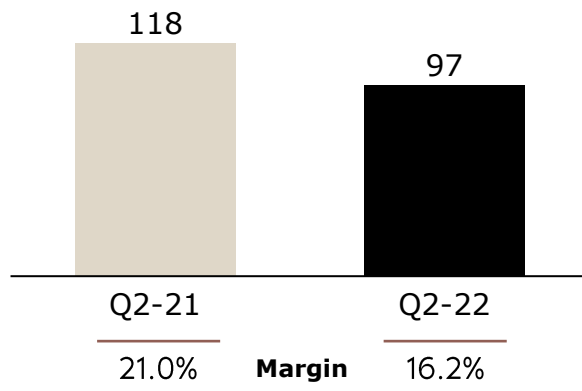
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Another quarter of strong sales growth

NET REVENUE (R\$ million)



EBITDA AND EBITDA MARGIN (R\$ million, %)



Revenue growth driven by:

- Double-digit growth in all markets, led by North America and APAC
- Continued **superior LFL sales growth**, improving overall store productivity, while continuing to roll out new stores in new and existing cities

China entry plans underway for late 2022

EBITDA margin reflects higher investments in:

- Digital
 - Categories
 - Geographies
 - Human resources
- to drive sustainable growth

Closing Remarks

Fábio Barbosa

AVON


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THE BODY SHOP

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Key Takeaways

1.

Transition committee to complete its work by year-end

2.

Aiming for leaner, less complex, more decentralized organization, with more BU autonomy and accountability

Significant corporate expense savings identified

3.

Headwinds expected to persist in H2; sales trends expected to improve, margins remain pressured in short-term

4.

Clear focus of all businesses on defending margin and generating cash flow

Ongoing focus on improving the fundamentals of our underperforming businesses

Creating the best beauty group *FOR* the world

Thank You



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Appendix

Q2 - 22

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Strong pipeline of innovative products



AVON

Eve Privé

Avon International launched its first ever bespoke fragrance Eve Privé. It is crafted with a customizable musk technology that takes the effects of the skin chemistry one step further, adapts to it and creates a completely unique scent for the person wearing it to smell like themselves, only better



natura

Chronos Plumping Bio Hydrating

Hyaluronic acid booster serum that hydrates all layers of the skin to fill in wrinkles and plump the skin. It includes fevillea, an ingredient from Brazilian biodiversity



THE BODY SHOP

The Glow Revealing Serum

This skin care product is made with 10% of vitamin C, our highest concentration ever. It became the number 1 bestselling new product development by number of units



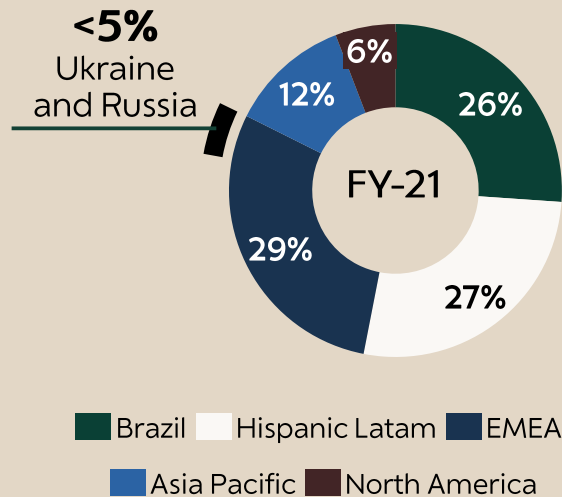
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Rick Owen's Travel Kits

Aesop developed a collaboration with celebrated fashion designer Rick Owens – creating sophisticated travel kits with Owen's favourite formulations and an eco-friendly packaging

Update on the war and Ukraine

% OF SALES FROM RUSSIA AND UKRAINE / TOTAL GROUP SALES (FY21)



NATURA & CO FULLY MOBILIZED TO PROVIDE SUPPORT

- Our primary concern as a global Group with operations in Ukraine continues to be the protection and safety of our employees and representatives facing violence and loss.

A LIMITED PRESENCE AT GROUP LEVEL

- Revenues in Russia and Ukraine represented under 5% of consolidated revenue in FY21 (including all brands)
- Contribution to consolidated Adjusted EBITDA is approximately 3% in FY21
- As of the June 30, 2022, consolidated financial statements, the non-recurring impacts in of the suspension of the The Body Shop operations Russia amounted in R\$42.1 million in our consolidated EBITDA, disclosed as a non-GAAP adjustment

ACTIONS TAKEN

- The Body Shop and Aesop have suspended trading in Russia
- Avon has suspended exports from Russia and is maintaining local operations in support of Representatives who operate as independent entrepreneurs; we believe restricting their access to products would have an outsized impact on women and children there
- Global sanctions on certain industry sectors and parties in Russia, as well as any potential responses that may be provided by the governments of Russia or other jurisdictions, may adversely affect our business

Advances on Sustainability Vision 2030

Commitment to Life

Address the Climate Crisis & Protect the Amazon



Amazon: In Q2-2022, Natura expanded the purchase of community inputs with a growth of 61% YoY and started a new partnership with a Colombian community, expanding operations in the Pan-Amazon region. PlenaMata (DETER/INPE) detected 0.3M ha deforested in Q2. Considering Q1 and Q2 results, there was an increase of 10% YoY. As means of collaboration to solve this problem, Natura establishes partnerships and engages the public by presenting data and information on Amazon deforestation through the PlenaMata portal.

Biodiversity: It was announced that COP15 will now take place in Montreal, Canada in December 2022. Natura &Co plans on attending in order to influence the adoption of a transformative global agreement that delivers for nature, climate and people.

Protect Human Rights and be Human-Kind



Natura IP&L: Natura launched its Integrated P&L (IP&L). This management tool allows Natura to account for the impact of corporate performance in the environmental, social, and human dimensions, in addition to financial results. According to IP&L, summing up all the positive impacts in the human, social and natural fields, and subtracting the negative impacts, for each US\$ 1 in revenue, Natura generated US\$ 1.5 in positive impact for society in 2021.

Investment in key causes: Avon International partnered with No More to raise awareness of gender-based violence in conflict zones, The Body Shop launched its ambitious global activism campaign, Be Seen Be Heard, to support Pride month, Aesop launched its Queer Libraries initiative for the second year

Embrace Circularity & Regeneration

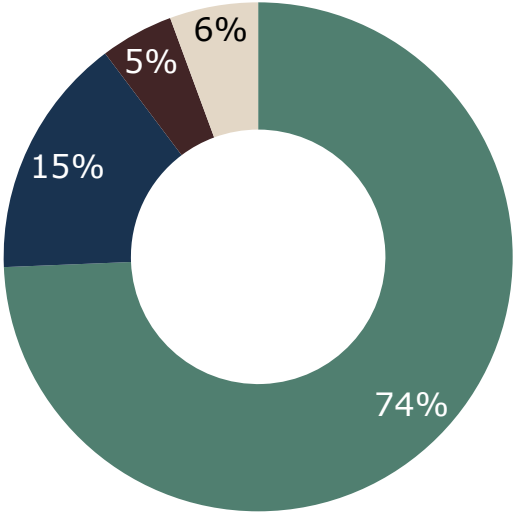


In Q2 Natura &Co reached 10.3% of recycled plastic content of all plastic used (accumulative Jan -Jun 2022).

In partnership with The Union for Ethical BioTrade, Natura &Co is co-creating a new regenerative certification standard that will highlight the positive impacts our businesses are generating connected to nature

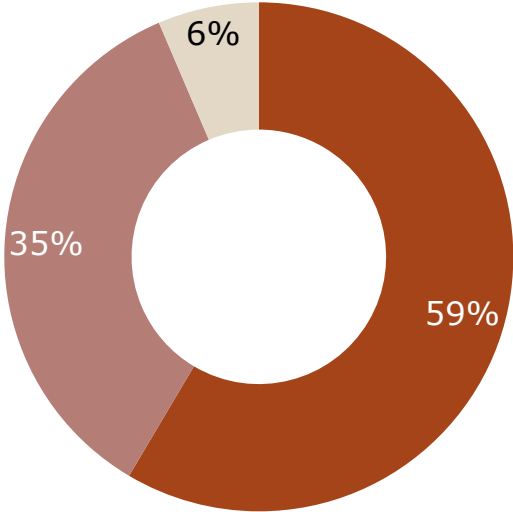
Debt profile

Q2-22 DEBT BY TYPE



Bonds Working Capital
Debentures Other

Q2-22 DEBT BY CURRENCY





BRL USD GBP

Breakdown of global net revenue by brand

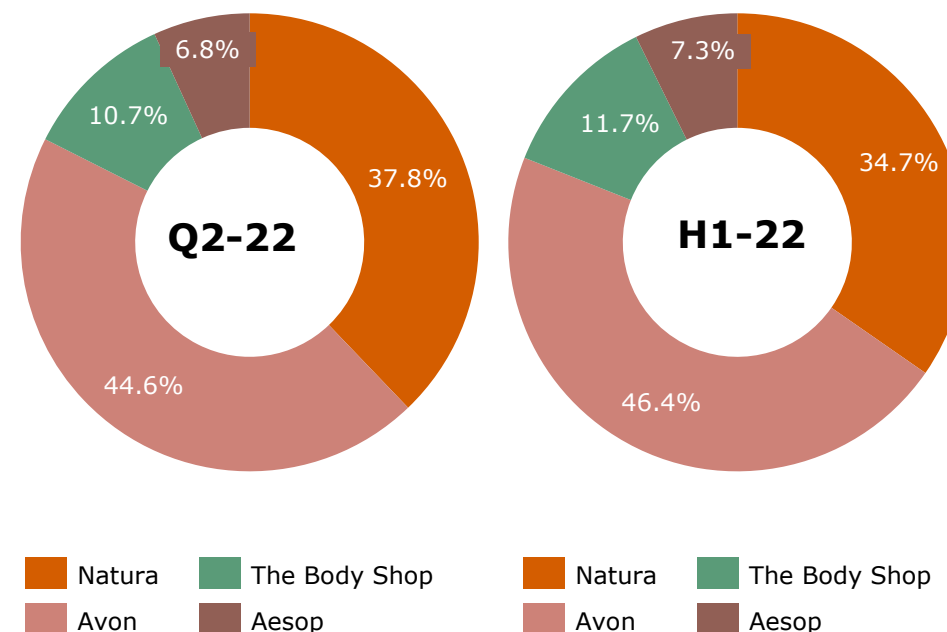
NET REVENUE BY BRAND

(R\$ million)

BRAND	Q2-22	Q2-21	% (R\$)	% (CC)	H1-22	H1-21	% (R\$)	% (CC)
 ¹ natura	3,285.6	2,938.6	+11.8%	+14.8%	5,879.2	5,554.3	5.9%	10.4%
AVON	3,885.9	4,776.0	-18.6%	-8.0%	7,861.2	9,689.1	-18.9%	-9.3%
 THE BODY SHOP	936.0	1,239.9	-24.5%	-11.1%	1,977.4	2,579.6	-23.3%	-11.1%
Aēsop [®]	594.9	562.7	+5.7%	+24.5%	1,238.0	1,149.3	7.7%	24.5%
Total Net Revenue	8,702.4	9,517.2	-8.6%	+0.4%	16,955.7	18,972.2	-10.6%	-2.0%

NET REVENUE BREAKDOWN (BY BRAND)

(%)



¹ Includes other revenues and &Co pay