NATURA &CO HOLDING S.A.

Individual and Consolidated Interim Financial Information
For the periods ended 30 June 2020
Independent Auditor's Report

(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Shareholders
Natura &Co Holding S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Natura &Co Holding S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, comprising the balance sheet at that date and the statements of operations and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34

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applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Emphasis of Matter

Reissuance of Quarterly Information Form (ITR) and review report

On August 13, 2020, we issued an unqualified review report on the Quarterly Information (ITR) for the quarter ended June 30, 2020. We call your attention to Note 2.1(b) of the Quarterly Information (ITR), which describes that the ITR originally issued by the Company on August 13, 2020 is being reissued to include a reconciliation in Note 25.3, consequently, the predecessor auditor reissued its unqualified previously issued report dated August 14, 2019. Our conclusion is not qualified in relation to this matter.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Audit and review of the corresponding amounts prior year and period

The Quarterly Information (ITR) mentioned in the first paragraph includes accounting information corresponding to the statements of operations, comprehensive income for the quarter and six-month period ended June 30, 2019, to changes in shareholders' equity, cash flows and value added for the six-month period ended June 30, 2019, presented for comparison purposes. The corresponding accounting information of the Company, for the periods of three and six months ended June 30,2019, was prepared by management based on the procedures described in Note 2.1(a).

The review of the Quarterly Information (ITR) for the quarter ended June 30, 2019 of Natura Cosméticos S.A. (currently, a wholly owned subsidiary of the holding Natura &Co Holding S.A.) was conducted under the responsibility of other independent auditors, who issued an unqualified review report dated September 30, 2020.

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The Quarterly Information (ITR) mentioned in the first paragraph also includes accounting information corresponding to the balance sheet as of December 31, 2019, obtained from the financial statements as of December 31, 2019, originally prepared before the reclassifications described in Note 25.3, which were performed in connection with the acquisition of Avon Products, Inc., and are presented for comparison purposes. The examination of the financial statements for the year ended December 31, 2019, as originally prepared, was conducted under the responsibility of other independent auditors, who issued unqualified audit opinion dated March 5, 2020.

As part of our review of the ITR for the quarter ended June 30, 2020, we reviewed the aforementioned reclassifications as they relate to assets and liabilities as of December 31, 2019, described in Note 25.3. Based on our review, nothing has come to our attention that such reclassifications are not appropriate or have not been correctly performed, in all material respects. We were not engaged to audit, review or apply any other procedures on the Company's 2019 other financial information, and, therefore, we do not express an opinion or any form of assurance on the financial information for that year.

São Paulo, September 30, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Leandro Mauro Ardito
Contador CRC 1SP188307/O-0

NATURA &CO HOLDING S.A.

BALANCE SHEET ON 30 JUNE 2020 AND 31 DECEMBER 2019
(All amounts in thousands of Brazilian reais - R$)

ASSETS	Explanatory note	Controlling Company 06/2020	Controlling Company 12/2019	Consolidated 06/2020	Consolidated 12/2019
CURRENT					
Cash and cash equivalents	6	499,247	2,380,800	4,820,116	4,513,582
Short-term investments	7	1,583,045	669,769	2,570,204	1,025,845
Trade receivables	8	-	-	2,644,601	1,685,764
Trade receivables - related parties	31.1	506,876	-	-	-
Inventories	9	-	-	4,481,347	1,430,550
Recoverable taxes	10	-	5	1,045,201	395,640
Income tax and social contribution		2,196	-	328,974	113,478
Derivative financial instruments	5.2	-	-	179,302	-
Other current assets	14	-	-	799,222	265,198
		2,591,364	3,050,574	16,868,967	9,430,057
Assets non-current available for sale	13	-	-	195,557	-
Total current assets		2,591,364	3,050,574	17,064,524	9,430,057
NON-CURRENT					
Recoverable taxes	10	-	-	893,406	409,214
Income tax and social contribution		-	-	333,983	334,671
Deferred income tax and social contribution	11	71,868	-	975,892	374,448
Judicial deposits	12	-	-	600,340	337,255
Derivative financial instruments	5.2	-	-	2,019,871	737,378
Short-term investments	7	-	-	11,326	7,402
Other non-current assets	14	-	-	1,601,593	83,836
Total long-term assets		71,868	-	6,436,411	2,284,204
Investments	15	21,686,515	3,392,677	-	-
Property, plant and equipment	16	-	-	5,350,765	1,773,889
Intangible assets	17	-	-	28,431,249	5,076,501
Right of use	18	-	-	3,809,973	2,619,861
Total non-current assets		21,758,383	3,392,677	44,028,398	11,754,455
TOTAL ASSETS		24,349,747	6,443,251	61,092,922	21,184,512

LIABILITIES AND SHAREHOLDERS' EQUITY	Explanatory note	Controlling Company 06/2020	Controlling Company 12/2019	Consolidated 06/2020	Consolidated 12/2019
CURRENT					
Borrowings, financing and debentures	19	1,073,162	2,883,382	2,631,068	3,354,355
Lease	18.b	-	-	1,081,059	542,088
Trade payables and reverse factoring	20	13,799	-	5,709,969	1,829,756
Trade payables - related parties	31.1	330	-	-	-
Payroll, profit sharing and social charges		15,265	-	1,111,576	560,376
Tax liabilities	21	504	1,050	614,839	320,890
Income tax and social contribution		-	196,474	189,748	388,238
Dividends and interest on shareholders' equity payable	28.b)	-	-	-	95,873
Derivative financial instruments	5.2	-	-	75,247	11,806
Provision for tax, civil and labor risks	22	-	-	127,825	18,650
Other current liabilities	23	-	-	1,322,558	396,391
Total current liabilities		1,103,060	3,080,906	12,863,889	7,518,423
NON-CURRENT					
Borrowings, financing and debentures	19	-	-	18,035,031	7,432,019
Lease	18.b	-	-	3,026,116	1,975,477
Payroll, profit sharing and social charges		1,082	-	20,904	-
Tax liabilities	21	-	-	108,808	122,569
Deferred income tax and social contribution	11	-	-	1,413,471	450,561
Provision for tax, civil and labor risks	22	-	-	1,185,943	201,416
Other non-current liabilities	23	-	-	1,165,297	121,702
Total non-current liabilities		1,082	-	24,955,570	10,303,744
TOTAL LIABILITIES		1,104,142	3,080,906	37,819,459	17,822,167
SHAREHOLDERS' EQUITY					
Capital stock		6,917,037	1,485,436	6,917,037	1,485,436
Treasury shares	24.2	(13,955)	-	(13,955)	-
Capital reserves		10,945,096	1,210,924	10,945,096	1,210,924
Legal profit reserve	24.4	2,364	(149,020)	2,364	(149,020)
Retained losses		(1,209,296)	-	(1,209,296)	-
Equity appraisal adjustment		6,604,359	815,005	6,604,359	815,005
Shareholders' equity attributed to the Company's controlling shareholders		23,245,605	3,362,345	23,245,605	3,362,345
Non-controlling interest in shareholders' equity of subsidiaries		-	-	27,858	-
Total shareholders' equity		23,245,605	3,362,345	23,273,463	3,362,345
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,349,747	6,443,251	61,092,922	21,184,512

* The explanatory notes are an integral part of the interim financial statements.

NATURA &CO HOLDING S.A.

STATEMENT OF INCOME
FOR THE THREE- AND SIX-MONTH PERIODS ENDED ON 30 JUNE 2020 AND 2019
(All amounts in thousands of Brazilian reais - R$, except for earnings per share in the period)

	Explanatory note	Controlling Company		Controlling Company		Consolidated		Consolidated	
		to 30/06/2020	to 30/06/2019	to 30/06/2020	01/01/2019 to 30/06/2019	to 30/06/2020	to 30/06/2019	to 30/06/2020	01/01/2019 to 30/06/2019
CONTINUING OPERATIONS									
NET REVENUE	26	-	-	-	-	6,987,180	3,403,709	14,505,174	6,318,859
Cost of products sold	27	-	-	-	-	(2,375,507)	(964,555)	(5,254,229)	(1,773,727)
GROSS PROFIT		-	-	-	-	4,611,673	2,439,154	9,250,945	4,545,132
OPERATING (EXPENSES) INCOME									
Selling, Marketing and Logistics expenses	27	-	-	-	-	(3,171,808)	(1,552,309)	(6,448,997)	(2,875,375)
Administrative, R&D, IT and Project expenses	27	(13,992)	-	(23,970)	-	(1,337,544)	(567,221)	(2,603,635)	(1,104,252)
Impairment loss on trade receivables		-	-	-	-	(228,964)	(42,609)	(452,946)	(118,037)
Shareholders' equity in subsidiaries	15	(424,550)	-	(1,136,652)	-	-	-	-	-
Other operating income (expenses), net	30	(30,024)	-	(177,848)	-	74,676	8,087	(277,874)	22,332
OPERATING (LOSS) PROFIT BEFORE FINANCIAL RESULT		(468,566)	-	(1,338,470)	-	(51,967)	285,102	(532,507)	469,800
Financial income	29	14,802	-	65,884	-	665,538	414,057	2,225,722	792,159
Financial expenses	29	(6,603)	-	(8,578)	-	(934,079)	(618,459)	(2,721,858)	(1,161,816)
(LOSS) PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(460,367)	-	(1,281,164)	-	(320,508)	80,700	(1,028,643)	100,143
Income tax and social contribution	11	71,868	-	71,868	-	(44,853)	(24,777)	(139,656)	(30,746)
NET (LOSS) INCOME FOR THE PERIODCONTINUING		(388,499)	-	(1,209,296)	-	(365,361)	55,923	(1,168,299)	69,397
DISCONTINUED OPERATIONS									
NET LOSS OF DISCONTINUED OPERATIONS	23	-	-	-	-	(26,722)	-	(48,723)	-
NET LOSS FOR THE PERIOD		(388,499)	-	(1,209,296)	-	(392,083)	55,923	(1,217,022)	69,397
ATTRIBUTABLE TO									
The Company´s shareholders		(388,499)	-	(1,209,296)	-	(388,499)	55,923	(1,209,296)	69,397
Non-controlling shareholders		-	-	-	-	(3,584)	-	(7,726)	-
		(388,499)	-	(1,209,296)	-	(392,083)	55,923	(1,217,022)	69,397
(LOSS) EARNINGS PER SHARE IN THE PERIOD -R$									
Basic		(0.3211)	-	(1.0190)	-	(0.3211)	0.0649	(1.0190)	0.0804
Diluted		(0.3211)	-	(1.0190)	-	(0.3211)	0.0645	(1.0190)	0.0800

* The explanatory notes are an integral part of the interim financial statements.

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE- AND SIX-MONTH PERIODS ENDED ON 30 JUNE 2020 AND 2019
(All amounts in thousands of Brazilian reais - R$)

	Explanatory note	Controlling Company		Controlling Company		Consolidated		Consolidated	
		to 30/06/2020	01/04/2019 to 30/06/2019	to 30/06/2020	01/01/2019 to 30/06/2019	to 30/06/2020	01/04/2019 to 30/06/2019	to 30/06/2020	to 30/06/2019
NET (LOSS) INCOME FOR THE PERIOD		(388,499)	-	(1,209,296)	-	(392,083)	55,923	(1,217,022)	69,397
Other comprehensive income to be reclassified into income of the period in subsequent periods:									
Earnings in the conversion of interim financial statements of controlled companies abroad	15	1,291,448	-	5,640,486	-	1,299,477	(208,714)	5,648,515	(147,351)
Exchange rate effect on the conversion from hyperinflationary economy	15	104	-	(4,247)	-	104	(584)	(4,247)	393
Earnings from cash flow hedge operations	5.2	-	-	-	-	(19,728)	70,475	228,956	159,698
Tax effects on earnings from cash flow hedge operations		-	-	-	-	7,960	(22,773)	(75,842)	(53,701)
Equity in earnings from cash flow hedge operation		(19,728)	-	228,956	-	-	-	-	-
Equity in tax effects on earnings from cash flow hedge operations		7,960	-	(75,842)	-	-	-	-	-
						-	-		
Comprehensive income for the period, net of tax effects		891,285	-	4,580,057	-	895,730	(105,673)	4,580,360	28,436
ATTRIBUTABLE TO									
The Company´s shareholders		891,285	-	4,580,057	-	891,285	(105,673)	4,580,057	28,436
Noncontrolling shareholders		-	-	-	-	4,445	-	303	-
		891,285	-	4,580,057	-	895,730	(105,673)	4,580,360	28,436

* The explanatory notes are an integral part of the interim financial statements.

NATURA &CO HOLDING S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED ON 30 JUNE 2020 AND 2019
(All amounts in thousands of Brazilian reais - R$)

				Capital reserves				Legal profit reserve				Equity appraisal adjustment			
	Explanatory note	Capital stock	Treasury shares	Surplus on issue/sale of shares	Special reserve	Additional paid-in capital	Income from transactions with non-controlling	Legal	Tax incentives	Retained earnings	Retained (losses) earnings	Other comprehensive income	Shareholders' equity attributed to controlling	Non-Controlling	Total shareholders' equity
BALANCES ON 31 DECEMBER 2018 - Natura Cosméticos S.A. (Note 2.1(a))		427,073	(19,408)	72,216	-	257,114	(92,066)	18,650	82,072	1,336,293	-	492,158	2,574,102	-	2,574,102
Net income for the period		-	-	-	-	-	-	-	-	-	69,397	-	69,397	-	69,397
Exchange rate effect on the conversion from hyperinflationary economy		-	-	-	-	-	-	-	-	-	-	393	393	-	393
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	(41,354)	(41,354)	-	(41,354)
Total comprehensive income for the period		-	-	-	-	-	-	-	-	-	69,397	(40,961)	28,436	-	28,436
Capital increase		24,242	-	-	-	-	-			-	-	-	24,242	-	24,242
Transactions in stock and restricted shares option plans:															
Provision for stock and restricted shares option plans		-	-	-	-	40,285	-	-	-	-	-	-	40,285	-	40,285
Exercise of stock and restricted shares option plans		-	12,717	2,998	-	(17,857)	-	-	-	-	-	-	(2,142)	-	(2,142)
Effect of Hyperinflationary economy adjustment		-	-	-	-	34,145	-	-	-	71	-	-	34,216	-	34,216
BALANCES ON 30 JUNE 2019 - Natura Cosméticos S.A. (Note 2.1(a))		451,315	(6,691)	75,214	-	313,687	(92,066)	18,650	82,072	1,336,364	69,397	451,197	2,699,139	-	2,699,139
BALANCES ON 31 DECEMBER 2019		1,485,436	-	1,096,398	206,592	-	(92,066)	-	-	(149,020)	-	815,006	3,362,346	-	3,362,346
Net loss for the period		-	-	-	-	-	-	-	-	-	(1,209,296)	-	(1,209,296)	(7,726)	(1,217,022)
Exchange rate effect on the conversion from hyperinflationary economy		-	-	-	-	-	-	-	-	-	-	(4,247)	(4,247)	-	(4,247)
Other comprehensive income		-	-	-	-	-	-	-	-	-	-	5,793,600	5,793,600	8,029	5,801,629
Total comprehensive income for the period		-	-	-	-	-	-	-	-	-	(1,209,296)	5,789,353	4,580,057	303	4,580,360
EGM 30 April 2020	24.3	-	-	-	(147,592)	-	-			147,592	-	-	-	-	-
Subscription of shares through the Board of Directors' Meeting held on 3 January 2020	24.1	3,397,746	-	9,877,148	-	-	-			-	-	-	13,274,894	27,555	13,302,449
Subscription of shares through the Board of Directors' Meeting held on 30 June 2020	24.1	1,995,107	-	-	-	-	-			-	-	-	1,995,107	-	1,995,107
Share repurchase		-	(54,936)	-	-	-	-			-	-	-	(54,936)	-	(54,936)
Transactions in stock and restricted shares option plans:													-	-	-
Provision for stock and restricted shares option plans		-	-	-	-	33,944	-	-	-	-	-	-	33,944	-	33,944
Exercise of stock and restricted shares option plans		38,748	40,981	-	-	(56,007)	-	-	-	-	-	-	23,722	-	23,722
Effect of Hyperinflationary economy adjustment		-	-	-	-	26,679	-	-	-	3,792	-	-	30,471	-	30,471
BALANCES ON 31 JUNE 2020		6,917,037	(13,955)	10,973,546	59,000	4,616	(92,066)	-	-	2,364	(1,209,296)	6,604,359	23,245,605	27,858	23,273,463

* The explanatory notes are an integral part of the interim financial statements.

NATURA &CO HOLDING S.A.

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED ON 30 JUNE 2020 AND 2019

(All amounts in thousands of Brazilian reais - R$)

	Explanatory note	Controlling Company		Consolidated	
		06/2020	06/2019	06/2020	06/2019
CASH FLOW FROM OPERATING ACTIVITIES					
Net (loss) income for the period		(1,209,296)	-	(1,217,022)	69,397
Adjustments to reconciliate net income for the period with net cash generated by operating activities:					
Depreciation and amortization	16, 17 e 18	-	-	1,329,717	536,700
Interest on short-term investments		(12,350)	-	(50,546)	(37,445)
Provision (reversal of provision) from swap and forward derivative contracts		-	-	(1,254,269)	116,485
Provision (reversal of provision) for tax, civil and labor risks		-	-	97,703	10,450
Inflation adjustment of judicial deposits		-	-	(6,216)	(7,447)
Inflation adjustment of contingencies	22	-	-	8,629	5,125
Income tax and social contribution	11	(71,868)	-	139,656	30,746
Income from sale and write-off of property, plant and equipment and intangible assets	16 e 17	-	-	8,342	12,970
Equity in subsidiaries	15	1,136,652	-	-	-
Interest and exchange rate variation on leases	18.b	-	-	121,425	64,137
Interest and exchange rate variation on borrowings and financing	19	38,363	-	1,658,428	166,350
Restatement and exchange rate variation on other assets and liabilities		(130,263)	-	690,246	1,505
Provision (reversal of provision) for losses from property, plant and equipment and intangible assets	16 e 17	-	-	16,144	(11,084)
Provision (reversal of provision) for stock option plans		(16,796)	-	(24,930)	26,903
Actual losses and provision for losses with trade receivables, net of reversals	8	-	-	397,409	118,037
Provision (reversal of provision) for inventory losses, net	9	-	-	190,763	72,980
Provision (reversal of provision) for post-employment health care plan	28.1	-	-	(6,008)	3,971
Effect from hyperinflationary economy		-	-	26,468	29,423
Other provision (reversals)		-	-	(114,286)	(129,469)
		(265,558)	-	2,011,653	1,079,734
VARIANCES IN:					
Trade receivables		(5,802)	-	217,048	22,826
Inventories		-	-	(445,220)	(352,862)
Recoverable taxes		-	-	(205,187)	5,993
Other assets		-	-	466,271	(71,429)
Domestic and foreign trade payables		14,110	-	(2,126,571)	(64,499)
Payroll, profit sharing and social charges, net		16,347	-	385,026	(24,366)
Tax liabilities		(546)	-	(75,973)	(74,947)
Other liabilities		(60)	-	(594,701)	139,536
CASH (USED IN) GENERATED BY OPERATING ACTIVITIES		(241,509)	-	(367,654)	659,986
OTHER CASH FLOWS FROM OPERATING ACTIVITIES					
Recovery (payment) of income tax and social contribution		(198,664)	-	(411,768)	(224,691)
Release (payments) of judicial deposits		-	-	27,016	3,564
Payments related to tax, civil and labor lawsuits	22	-	-	(84,585)	(12,911)
Payments due to settlement of derivative transactions		-	-	4,040	(33,308)
Payment of interest on lease	18.b	-	-	(133,695)	(64,137)
Payment of interest on borrowings, financing and debentures	19	(21,678)	-	(531,679)	(257,284)
CASH (USED IN) GENERATED BY OPERATING ACTIVITIES		(461,851)	-	(1,498,325)	71,219
CASH FLOW FROM INVESTING ACTIVITIES					
Cash from acquisition of subsidiary	4	-	-	2,636,108	-
Additions of property, plant and equipment and intangible assets	16 e 17	-	-	(308,576)	(217,440)
Proceeds from sale of property, plant and equipment and intangible assets		-	-	53,982	8,454
Short-term investments		(1,957,878)	-	(5,972,283)	(3,547,736)
Redemption of short-term investments		1,048,283	-	4,548,629	4,038,578
Redemption of interest on short-term investments		8,670	-	29,886	38,717
Investment in subsidiaries	15	(300,000)	-	-	-
CASH (USED IN) GENERATED BY INVESTING ACTIVITIES		(1,200,925)	-	987,746	320,573
CASH FLOW FROM FINANCING ACTIVITIES					
Amortization of lease - principal	18	-	-	(380,902)	(284,803)
Amortization of borrowings, financing and debentures – principal	19	(2,326,905)	-	(2,485,231)	(594,912)
New borrowings, financing, lease and debentures	18 e 19	500,000	-	1,341,538	294,842
Acquisition of treasury shares, after receipt of option strike price		(54,936)	-	(13,955)	(2,142)
Payment of dividends and interest on equity for the previous year	31.2	-	-	(133,937)	(152,979)
Receipt of funds due to settlement of derivative transactions		-	-	82,194	1,874
Acquired company's liability incurred by acquiror		(370,791)	-	(370,791)	-
Capital payment		-	-	-	24,242
Capital increase		2,033,855	-	2,033,855	-
CASH (USED IN) GENERATED BY FINANCING ACTIVITIES		(218,777)	-	72,771	(713,878)
Effect of exchange rate variation on cash and cash equivalents		-	-	744,341	(10,287)
DECREASE IN CASH AND CASH EQUIVALENTS		(1,881,553)	-	306,534	(332,373)
Opening balance of cash and cash equivalents	6	2,380,800	-	4,513,582	1,215,048
Closing balance of cash and cash equivalents	6	499,247	-	4,820,116	882,675
DECREASE IN CASH AND CASH EQUIVALENTS		(1,881,553)	-	306,534	(332,373)

* The explanatory notes are an integral part of the interim financial statements.

STATEMENT OF VALUE ADDED
FOR THE THREE-MONTH PERIODS ENDED ON 30 JUNE 2019 AND 2018
(All amounts in thousands of Brazilian reais - R$)

	Explanatory note	Controlling Company 06/2020	%	Controlling Company 06/2019	Consolidated 06/2020	%	Consolidated 06/2019	%
INCOME		(177,848)		-	15,937,371		7,930,410	
Sale of goods, products and services		-		-	16,414,006		8,019,386	
Provision for doubtful accounts, net of reversals	8	-		-	(86,717)		20,550	
Other operating expenses, net		(177,848)		-	(389,918)		(109,526)	
INPUTS ACQUIRED FROM THIRD PARTIES		(5,755)		-	(11,064,226)		(4,614,161)	
Cost of products sold and services provided		-		-	(5,674,891)		(2,608,360)	
Materials, electricity, outsourced services and others		(5,755)		-	(5,389,335)		(2,005,801)	
GROSS VALUE ADDED		(183,603)		-	4,873,145		3,316,249	
RETENTIONS		-		-	(1,329,718)		(536,700)	
Depreciation and amortization	16 and 17	-		-	(1,329,718)		(536,700)	
VALUE ADDED PRODUCED BY THE COMPANY		(183,603)		-	3,543,427		2,779,549	
TRANSFERRED VALUE ADDED		(1,070,768)		-	2,225,722		792,159	
Equity in subsidiaries	15	(1,136,652)		-	-		-	
Financial income - including inflation adjustments and exchange rate variations	29	65,884		-	2,225,722		792,159	
TOTAL VALUE ADDED TO DISTRIBUTE		(1,254,371)		-	5,769,149		3,571,708	
DISTRIBUTION OF VALUE ADDED		(1,254,371)	100%	-	5,769,149	100%	3,571,708	100%
Payroll and social charges	28	18,215	-1%	-	3,065,697	53%	1,452,056	41%
Taxes, fees and contributions		(71,868)	6%	-	1,184,713	21%	875,746	25%
Financial expenses and rentals		8,578	-1%	-	2,735,761	47%	1,174,509	33%
Retained losses		(1,209,296)	96%	-	(1,209,296)	-21%	69,397	2%
Minority holders' share in the retained profit		-	-	-	(7,726)	0%	-	-

* The explanatory notes are an integral part of the interim financial statements.

INDEX OF EXPLANATORY NOTES

1. GENERAL INFORMATION

NATURA &CO HOLDING S.A. ("Natura &Co" or the "Company") formerly referred to as Natura Holding S.A., was incorporated on 21 January 2019 with the purpose of holding interest in other companies, as a partner or shareholder, in Brazil or abroad ("holding company"). The purpose of the Company is to manage shareholding interest in companies that operate mainly in the cosmetics industry, fragrances and personal hygiene sector, through the development of manufacturing, distribution and commercialization of its products. The group's main brand is "Natura", followed by the brands "Avon", "The Body Shop" and "Aesop". In addition to using the retail market, e-commerce, business to business (" B2B") and franchises as sales channels for the products, the subsidiaries stand out for the work of the direct sales channel carried out mainly by Natura, The Body Shop and Avon Consultant(s).

The Company is a publicly-traded corporation, domiciled in São Paulo, registered in the special trading segment called "Novo Mercado" in the B3 S.A. – Brasil, Bolsa, Balcão (B3), under ticker "NTCO3."

After several restructuring activities which took place for the process of acquiring Avon Products, Inc. ("Avon"), completed on 3 January 2020 (Note 4), the Company became the holding company for the Natura group. Additionally, in December 2019 it became the holder of 100% of shares of Natura Cosméticos S.A. ("Natura"), under ticker NATU3. Thus, since 18 December 2019, NATU3 shares have no longer been traded in B3 S.A. – Brasil, Bolsa, Balcão, and trading with NTCO3 shares has started in the "Novo Mercado" segment of B3. On 6 January 2020, the Company started to trade American Depositary Receipts on the New York Stock Exchange ("NYSE"), under the ticker "NTCO".

2. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

2.1 Declaration of compliance and preparation basis

The Company's condensed interim accounting information, included in the Quarterly Information Form - ITR pertaining to the quarter ended 30 June 2020, encompasses the individual and consolidated interim accounting information prepared pursuant to Technical Pronouncement "CPC 21 - Interim Statements", approved by the Brazilian Securities Commission ("CVM") and the "International Accounting Standard ("IAS") 34 - Interim Financial Reporting", issued by the International Accounting Standards Board (IASB).

The Management confirms that all relevant information in the interim accounting statements, and only this information, is being disclosed, and it corresponds to the information used in the development of its business management activities. The interim accounting information was prepared based on the historical costs, except for certain financial instruments measured by their fair value, as described in the accounting practices.

The main accounting practices applied upon preparing this individual and consolidated interim accounting information are disclosed in explanatory note No. 2 of the Company's financial statements, pertaining to the fiscal year ended 31 December 2019, issued on 5 March 2020, except (i) for the presentation of information on segments (Note 25), which was changed as a result of the acquisition of Avon (Note 4). The same policies apply for comparison of the six-month period ended 30 June 2019, and (ii) practical expedient application to rent concessions in lease contracts which occurred as a direct consequence of the Covid-19 pandemic.

The information on explanatory notes did not go through significant changes in comparison to 31 December 2019, which is why it is not fully presented in this interim accounting information and must, therefore, be read jointly with the last annual financial statement.

a) Presentation basis for the Company's consolidated accounting statements before the corporate restructuring presented in the Company's annual financial statement in Note 1

As presented in the Company's annual financial statements for the fiscal year ended 31 December 2019, the Company's consolidated accounting information presented in this financial statement that is prior to the corporate restructuring for the acquisition of Avon was prepared pursuant to the accounting practices of the preceding costs. Thus, the comparative and consolidated historic information presented herein for the statements of income, comprehensive income statement, statement of changes in net equity, cash flow statement and added value statement for the comparative period ended on 30 June 2019, refer to the consolidated information of the entire subsidiary Natura Cosméticos S.A., and were obtained from the Quarterly Information - ITR pertaining to the second quarter of 2019, except for earnings per share and share-based payments that were restated as a result of the share bonus shown in note 24.1.

b) Restatement of the interim financial statement – 30 June 2020

On 13 August 2020, the Company issued the Quarterly Information of 30 June 2020. On this date, the Company's Management is reissuing the interim information originally issued due to the inclusion of segment reconciliation in Note 25.3, with the consequent reissue, by predecessor auditor, of his previously issued report.

2.2 Hyperinflationary economy

Information pertaining to the hyperinflationary economy was presented in the Company's 2019 annual financial statements, in Note 3.2.1.a.

In the six-month period ended 30 June 2020, the application of CPC 42 / IAS 29 resulted in: (i) a negative impact on the financial results of Brazilian Real ("R$") 5,556 (30 June 2019 R$ 5,864); and (ii) a negative impact on the net profit for the fiscal year of R$ 22,221 (30 June 2019 R$ 29,888), which includes the effect of the conversion of the income statement by the exchange rate on the year's end date, instead of the average monthly exchange rate, positive impact in the sum of R$ 4,247 (30 June 2019 negative impact of R$ 393). The capital reserve and profit reserve also increased R$ 256,679 and R$ 151,384, respectively.

2.3 Consolidation

a) Investments in subsidiaries

Information pertaining to the consolidation was presented in the Company's 2019 annual financial statements, in Note 3.3. a), except for the movement in the table below:

	Interest - %	
	06/2020	12/2019
Direct interest:		
Avon Products, Inc..	100.00	-
Natura Cosméticos S.A.	100.00	100.00
Natura &Co International S.à r.l.	100.00	-

The activities of the direct subsidiaries are as follows:

- Natura Cosméticos S.A.: is a publicly held corporation organized in accordance with the laws of the Federative Republic of Brazil on 6 June 1993, with an indefinite term. Created in 1969 in São Paulo, Brazil, it is among the top ten direct sales companies in the world. Under the Natura brand, most of the products have a natural origin, developed with ingredients from the Brazilian biodiversity and mainly distributed by means of direct sales by independent beauty consultants. It also sells through e-commerce and an expanded own store chain, composed of 43 stores in Brazil and nine stores abroad (in the USA, France, Argentina and Chile), 256 franchise stores, as well as presence in approximately 3,500 drugstores on 30 June 2019.

- Avon Products, Inc.: Global manufacturer and trader of beauty products and other consumer products, with operations starting in 1886, and constituted pursuant to the laws of the State of New York on 27 January 1916. Its businesses are conducted in the beauty industry and other consumer goods. A direct sales company for the creation, manufacture and trade of beauty and other unrelated products. Its business is held mainly via the direct sales channel.
- Natura &Co International S.à.r.l.: a company organized in 2020 with the purpose of acquiring, managing and selling interests in national and foreign companies, other than raising and borrowing funds for other consolidated entities of the Company.

2.4 Presentation of information per segment

Information per operating segment presented in note 25 is consistent with the internal report provided to the chief operating decision maker.

The main decision-making body of the Company, which is responsible for defining the allocation of resources and for the performance assessment of the operating segments, is Natura &Co Holding S.A.'s Board of Directors, which is assisted by the Group's Operational Committee ("GOC").

The GOC, which includes the Chief Executive Officers ("CEOs") of Natura &CO, Natura, Avon, The Body Shop and Aesop, in addition to representatives of key business areas (Finance, Human Resources, Business Strategy and Development, Legal, Innovation and Sustainability, Operations and Corporate Governance), is responsible for, among other things, monitoring the implementation of short and long-term strategies and making recommendations to the Board of Directors regarding the management of the Group, from the perspective of results, allocation of resources among business units, cash flow and talent management.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the individual and consolidated interim accounting information requires the Management to employ certain assumptions and accounting estimates based on experience and other factors considered relevant, which affect the value of assets and liabilities and may present results that differ from actual results. The effects resulting from accounting estimate reviews are recognized in the review period.

The significant judgments made by the Company are related to the recognition of revenue and lease.

The areas requiring a greater level of judgment and which are more complex, as well as the areas in which the premises and estimates are significant for the financial statements, are disclosed below.

There were no significant changes in the estimates and premises employed upon preparing the interim accounting information for the quarter ended 30 June 2020, or in the calculation methods used, in relation to the ones presented in explanatory note No. 3 of the Company's financial statements pertaining to the fiscal year ended 31 December 2019, issued on 5 March 2020, except for the fair value estimates of the business combination (note 4), analyses of the potential impacts of Covid-19 (note 5.3) and impairment evaluations (note 17.a).

4. BUSINESS COMBINATION

Acquisition of Avon Products Inc. ("Transaction")

On 3 January 2020, after fulfilling all conditions precedent, as disclosed in the Company's 2019 annual financial statements, issued on 5 March 2020, explanatory note 1(a) and as a subsequent event to note 35, the Transaction was completed, and the effects of the merger of Nectarine Merger Sub II into Avon, with the latter being the surviving entity, came into force. Subsequently, Nectarine Merger Sub I was merged into Natura &Co, with the latter being the surviving entity. As a result of the mergers, on 3 January 2020, Avon became a full subsidiary of the Company, and Avon's former shareholders became shareholders of the Company.

As a result, Natura &Co acquired control of Avon and the acquisition was accounted for under the acquisition method.

Transaction costs incurred by the Controlling Company until the completion of the transaction on 3 January 2020 amount to approximately R$ 112 million.

The following table summarizes the preliminary calculation of the fair value of the compensation transferred on 3 January 2020.

	In millions of R$, except for the number of shares
Number of Avon outstanding common shares as of 3 January 2020	536,383,776
Multiplied by the exchange ratio of 0.600 Natura &Co Holding Shares per each Avon common share	321,830,266
Multiplied by the market price of Natura &Co shares on 3 January 2020	41,00
Compensation in the issuance of shares	**13,195**
Adjustment to the transferred compensation (a)	171
Fair value of the compensation to be transferred	**13,366**

(a) Related to the effects of potential replacements and settlements of share-based payment plans, of which the amount of R$ 80 thousand refers to the share-based payment plans of Avon, in which it was substituted by Natura &Co, and R$ 91 thousand refers to the stock option plans liquidated as a result of the conclusion of the transaction. These are pre-combination installments that were regarded as transferred compensation.

Natura &Co has yet to conclude the process of allocation of the transferred compensation among the identified assets and liabilities acquired for their fair value. The table below shows the preliminary allocation prepared by the Company and the goodwill resulting from the non-allocated part. Differences between the preliminary estimates and the final recognition of the acquisition may occur and they may be relevant. Accounting standard "CPC 15/ IFRS 3 - Business combination" allows the Company to finalize this process of allocation of the transferred compensation among identified assets and liabilities within up to 12 months counted from the acquisition date. Natura &Co is analyzing the allocation of the transferred compensation to the identified assets and liabilities acquired for their fair value.

	In millions of R$
Total estimated compensation to be transferred:	**13,366**
(-) Fair value of acquired assets:	
Cash and cash equivalent	2,636
Accounts receivable[(1)]	1,135
Inventories	1,942
Other current assets and restricted cash	1,056
Assets available for sale	187
Property, plant and equipment	2,886
Income tax and deferred social contribution	667
Assets of right of use	565
Other non-current assets	475
Judicial deposits	284
Recoverable taxes	518
Employee benefit plan	553
Intangible assets [(2)]	5,710
(+) Fair value of liabilities assumed:	
Current liabilities	6,267
Provision for contingencies [(3)]	724
Long-term debt	7,078
Long-term lease	588
Deferred income tax [(5)]	728
Other liabilities	809
(-) Net assets	**2,420**
Interest of non-controlling shareholders	**28**
Goodwill [(4)]	**10,974**

(1) On the acquisition date, the fair value of the accounts receivable is equal to their accounting value, net of provision for expected losses in the amount of R$ 270.2 million.

(2) The fair value of intangible assets includes intangible assets acquired and registered by Avon prior to the fair value allocation in the sum of R$ 291, added to the effects of allocation of the fair value of the following items:

	Nature	Estimated fair value (in millions of Reais)	Estimated useful life
Trade name "Avon"	Represents the fair value of trade name "Avon"	1,893	Indefinite
Main brands	Represents the fair value of "Main brands"	518	20 years
Developed technologies	Represents the fair value of all technology required to develop Avon products, including product formulas, labeling data, manufacturing processes, regulatory approvals, packages of products and designs.	1,132	7 years
Sales representatives	Represents the fair value of Avon's relationship with its sales representatives.	1,876	14 years
Total		5,419	

(3) The provision for contingent risks demonstrated in the chart above by the sum corresponds to the historic value recorded by Avon, given that the Company is still assessing the fair value estimates, and also identifying additional contingencies which fit the recognition requirement established in paragraph 23 of CPC 15 (IFRS 3). That is,

contingencies that: (i) represent a present obligation arising from past events, and (ii) can be reliably measured, regardless of the loss probability.

(4) Goodwill pertaining to the strong market position and geographic regions that will result in a more diversified and balanced global portfolio, as well as future expected profitability and operational synergies, such as supply, manufacturing, distribution and efficiency of the administrative structure and revenue growth. This goodwill arising from the transaction is not expected to result in a tax benefit or to be deductible for tax purposes.

(5) Consists of net operating loss deferred tax assets of approximately R$311 million and other net deferred tax liabilities of R$1,039 million.

Since the acquisition date, Avon has contributed R$ 7,510.7 million of net revenues and R$ 1,041 million of losses in the consolidated results of Natura &Co.

Since the acquisition was concluded on 1 January 2020 and there was no significant transaction of the revenue results until 3 January 2020, the consolidated net profit and net revenue of the six-month period ended 6 June 2020 represents an impact on the Company's net revenue and profit as if the acquisition had been made at the beginning of the year.

5. FINANCIAL RISK MANAGEMENT

5.1 General considerations and policies

The information pertaining to the general considerations and policies of the companies of the Natura group, TBS and Aesop is presented in the 2019 annual financial statements in Note 5.

The book and fair values of the Company's financial instruments as of 30 June 2020 are presented in the table below:

Controlling Company	Note	Classification by category	Fair value hierarchy	Book Value		Fair Value	
				06/2020	12/2019	06/2020	12/2019
Financial assets							
Cash and cash equivalents	6	Amortized cost					
Cash and banks				**113**	2,173,101	**113**	2,173,101
Certificate of bank deposits				**499,134**	207,699	**499,134**	207,699
				499,247	2,380,800	**499,247**	2,380,800
Short-term investments							
Exclusive investment funds	7	Fair value through results	Level 2	**1,583,045**	669,769	**1,583,045**	669,769
Trade receivables - related parties	32.1	Amortized cost		**506,876**	-	**506,876**	-
Financial liabilities							
Borrowings in domestic currency	19	Amortized cost		**(1,073,162)**	(2,883,382)	**(1,073,162)**	(2,883,382)
Trade payables, reverse factoring and related parties	20	Amortized cost		**(14,129)**	-	**(14,129)**	-

Consolidated	Note	Classification by category	Fair value hierarchy	Book Value 06/2020	Book Value 12/2019	Fair Value 06/2020	Fair Value 12/2019
Financial assets							
Cash and cash equivalents	6						
Cash and banks		Amortized cost		**2,872,297**	3,110,220	**2,872,297**	3,110,220
Certificate of bank deposits		Amortized cost		**766,703**	211,261	**766,703**	211,261
Repurchase operations		Fair value through results	Level 2	**1,181,116**	1,192,101	**1,181,116**	1,192,101
				4,820,116	4,513,582	**4,820,116**	4,513,582
Short-term investments	7						
Government securities		Fair value through results	Level 2	**1,486,999**	221,900	**1,486,999**	221,900
Restricted cash		Fair value through results	Level 2	**58,764**	-	**58,764**	-
Financial letter		Fair value through results	Level 2	**377,033**	374,690	**377,033**	374,690
Mutual investment fund		Fair value through results	Level 2	**376,538**	407,928	**376,538**	407,928
Dynamo Beauty Ventures Ltd Fund		Fair value through results	Level 2	**11,326**	7,402	**11,326**	7,402
Certificate of bank deposits		Fair value through results	Level 2	**270,870**	21,327	**270,870**	21,327
				2,581,530	1,033,247	**2,581,530**	1,033,247
Trade receivables	8	Amortized cost		**2,644,601**	1,685,764	**2,644,601**	1,685,764
Court deposit	12	Amortized cost		**600,340**	337,255	**600,340**	337,255
"Financial" and "Operating" derivatives		Fair value – Hedge instruments	Level 2	**2,163,255**	737,378	**2,163,255**	737,378
"Financial" and "Operating" derivatives		Fair value through results	Level 2	**35,918**	-	**35,918**	-
				2,199,173	737,378	**2,199,173**	737,378
Financial liabilities							
Borrowings, financing and debentures	19						
Borrowings in domestic currency		Amortized cost		**(16,097,706)**	(7,412,443)	**(15,981,649)**	(7,445,672)
Borrowings in foreign currency		Amortized cost		**(4,568,393)**	(3,373,931)	**(4,420,002)**	(3,541,541)
				(20,666,099)	(10,786,374)	**(20,401,651)**	(10,987,213)
"Financial" and "Operating" derivatives		Fair value – Hedge instruments	Level 2	**-**	(10,158)	**-**	(10,158)
"Financial" and "Operating" derivatives		Fair value through results	Level 2	**(75,247)**	(1,648)	**(75,247)**	(1,648)
				(75,247)	(11,806)	**(75,247)**	(11,806)
Lease	18	Amortized Cost		**(4,107,175)**	(2,517,565)	**(4,107,175)**	(2,517,565)
Trade payables and reverse factoring operations	20	Amortized cost		**(5,709,969)**	(1,829,756)	**(5,709,969)**	(1,829,756)

5.2 Financial risk factors

Information pertaining to the financial risk factors is presented in the Company's 2019 annual financial statements in Note 5.2.

a) Market risks

To hedge the current positions of the Balance Sheet of the Company and its subsidiaries against market risk, the following derivative financial instruments were used and consist of the following balances as of 30 June 2020 and 31 December 2019:

Description	Fair Value (Level 2) Consolidated	
	06/2020	12/2019
"Financial" derivatives	**2,121,287**	725,060
"Operating" derivatives	**2,639**	512
Total	**2,123,926**	725,572

b) Foreign exchange risk

As of 30 June 2020 and 31 December 2019, the Company and its subsidiaries are primarily exposed to the risk of fluctuation of the US dollar, euro, pound sterling and emerging market currencies. In order to hedge foreign exchange exposures in relation to foreign currency, the Company and its subsidiaries enter into transactions with derivative financial instruments of the "swap" type and forward purchase of currency named Non-Deliverable Forwards ("NDFs").

As of 30 June 2020, borrowings, financing and debentures in the consolidated balance sheet include accounts in foreign currency which expose the subsidiaries of the Company to foreign exchange risk, representing, in the aggregate, total liabilities of R$ 4,568,393 (R$ 3,381,959 as of 31 December 2019).

i) Derivatives to hedge foreign exchange risk

The outstanding derivative agreements present maturity flows between January 2020 and February 2023. The derivative agreements in The Body Shop were entered into with represented counterparties and mature within up to 12 months.

The Company and its subsidiaries classify derivatives into: "Financial" and "Operating". The "Financial" ones are "swap" or "forward" derivatives, contracted to hedge the foreign exchange risk of borrowings, financing, debt instruments and loans in foreign currency. The "Operating" ones are derivatives contracted to hedge the foreign exchange risk of operating cash flows of the business.

As of 30 June 2020, the balances of derivatives are as follows:

"Financial" derivatives

Consolidated	Principal (Notional) amount		Curve value		Fair value		Gain (loss) of adjustment at fair value	
Description	**06/2020**	12/2019	**06/2020**	12/2019	**06/2020**	12/2019	**06/2020**	12/2019
Swap agreements:								
Asset portion:								
Dollar purchased position	**2,661,494**	2,664,001	**4,603,592**	3,416,707	**5,102,622**	3,729,691	**499,030**	312,984
Liability portion:								
Post-fixed CDI Rate:								
Position sold in CDI	**2,661,494**	2,664,001	**2,729,070**	2,754,595	**2,942,841**	3,002,623	**213,770**	248,028
NDFs Forward Agreements:								
Liability portion:								
Post-fixed CDI Rate:								
Position sold at the interbank rate	**5,442,792**	200,896	**1,882**	(1,848)	**(38,494)**	(2,008)	**(40,376)**	(160)
Total net derivative financial instruments:	**5,442,792**	200,896	**1,876,404**	660,264	**2,121,287**	725,060	**244,884**	64,796

For financial derivatives maintained by the Company and its subsidiaries as of 31 December 2019 and 30 June 2020, due to the fact that the agreements are directly entered into with the financial institutions and not through stock markets, there are no margin calls deposited as guarantee of these transactions.

"Operating" derivatives - Consolidated

As of 30 June 2020, the Company and its subsidiaries maintain derivative financial instruments of the "forward" type, with the purpose of hedging the foreign exchange risk of operating cash flows (such as import and export transactions):

Description	Principal (Notional) amount		Fair value	
	06/2020	12/2019	06/2020	12/2019
Net position - GBP and USD	1,093,241		5,898	-
Forward agreements	119,851	1,302,869	(3,259)	512
Total Derivative Financial Instruments, net	1,213,092	1,302,869	2,639	512

Sensitivity analysis

For the sensitivity analysis of the foreign exchange exposure risk, the Management of the Company and its subsidiaries understands it is necessary to consider, in addition to the assets and liabilities with exposure to the fluctuation of exchange rates recorded in the balance sheet, the fair value of the financial instruments contracted by the Company to hedge certain exposures as of 30 June 2020, as shown in the following table:

	Consolidated	
	06/2020	12/2019
Loans and financing in Brazil in foreign currency [a]	(4,587,578)	(3,381,959)
Accounts receivable registered in Brazil in foreign currency	11,727	10,007
Accounts payable registered in Brazil in foreign currency	(11,686)	(10,543)
Fair value of the "financial" derivatives	5,102,622	3,729,691
Net asset exposure	515,085	347,196

(a) Excluding transaction costs.

This analysis considers only financial assets and liabilities registered in Brazil in foreign currency, since foreign exchange exposure in other countries is close to zero due to the strength of currencies and the effectiveness of their derivatives, and considers that all other variables, especially interest rates, remain constant and ignore any impact from purchase and sale forecasts.

The tables below show the projection for incremental loss that would have been recognized in the subsequent period, assuming that the current net foreign exchange exposure remains static and based on the following scenarios:

	Consolidated			
Description	Company's Risk	Probable scenario	Scenario II	Scenario III
Net exposure	Dollar decrease	(2,481)	101,032	170,041

The probable scenario considers future US dollar rates for 90 days, as of 30 June 2020. According to quotations obtained at B3 on the expected maturity dates of financial instruments with foreign exchange exposure, it is R$ 5.45 / USD 1.00. Scenarios II and III consider a drop in the US dollar of 25% (R$ 4.09 / USD 1.00) and 50% (R$ 2.72 / USD 1.00), respectively. Probable scenarios II and III are being presented in compliance with CVM Ruling No. 475/08. The Management uses the probable scenario in the assessment of possible changes in the exchange rate and presents this scenario in compliance with IFRS 7/CPC 40 - Financial Instruments: Disclosures.

The Company and its subsidiaries do not use derivative financial instruments for speculative purposes.

Derivative instruments designated for hedge accounting

The positions of derivative financial instruments designated as outstanding cash flow hedge on 30 June 2020 are set out below:

Cash flow hedge instrument - Consolidated

	Hedged Item	Notional currency	Notional value	Curve Value	Fair value	Other comprehensive income: Retained Earnings (Loss) of the agreement	Other comprehensive income: Earnings in the 12-month period
Currency Swap – USD/R$	Currency	BRL	2,659,360	1,872,141	2,157,449	285,308	223,672
Forward Agreements (The Body Shop)	Currency	BRL	883,167	4,339	5,613	5,613	(198)
Forward Agreements (Natura Indústria)	Currency	BRL	39,713	-	193	193	5,482
Total			**3,582,240**	**1,876,480**	**2,163,255**	**291,114**	**228,956**

Movements in cash flow hedge reserve recorded under other comprehensive income are shown below:

	Consolidated
Cash flow hedge balance as of 31 December 2018	(27,706)
Change in the fair value of hedge instrument recognized in other comprehensive income	159,698
Tax effects on the fair value of hedge instrument	(53,701)
Cash flow hedge balance as of 30 June 2019	**78,291**
Cash flow hedge balance as of 31 December 2019	42,729
Change in the fair value of hedge instrument recognized in other comprehensive income	228,956
Tax effects on the fair value of hedge instrument	(75,842)
Cash flow hedge balance as of 30 June 2020	**195,843**

c) Interest rate risk

Sensitivity analysis

On 30 June 2020, there were borrowings, financing and debenture agreements in foreign currency attached to swap agreements, changing the indexation over the liability to the variation of the Certificate of Interbank Deposit ("CDI"). Therefore, the risk of the Company and its subsidiaries becomes the CDI variation exposure. The exposure to interest rate risk of transactions bound to CDI variation, including derivative transactions is set out in the table below (borrowings, financing and debentures were considered at their full amounts, since 98.42% of their sum is linked to CDI):

	Controlling Company	Consolidated
Total loans and financing - in local currency (note No. 19)	(1,073,162)	(16,097,706)
Operations in foreign currency with derivatives bound to CDI	-	(4,568,393)
Financial investments (explanatory notes 6 and 7)	2,082,179	4,459,259
Net exposure	**1,009,017**	**(16,206,840)**

The tables below show the projection for incremental loss that would have been recognized in the subsequent period, assuming that the current net liability exposure remains static and based on the following scenarios:

Consolidated				
Description	Company's Risk	Probable scenario	Scenario II	Scenario III
Net liability	Rate increase	4,574	(29,406)	(63,386)

The probable scenario considers the future interest rates according to quotations obtained at B3 on the expected maturity dates of financial instruments with exposure to interest rates appraised on 30 June 2020. Scenarios II and III consider an increase of 25% (2.6% p.a.) and 50% (3.1% p.a.) on the interest rate, respectively, based on a CDI of 2.1%. p.a.

d) Credit risk

The result of the credit risk management is reflected in line item "Provision for doubtful accounts" under "Trade receivables", as demonstrated in explanatory note 8.

The Company and its subsidiaries consider the credit risk for transactions with financial institutions to be low, as these are considered by the Management as first-rate.

e) Liquidity risk

The Management monitors the consolidated liquidity level for the Company and its subsidiaries considering the expected cash flows against unused credit facilities, as shown in the following table:

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
Total current assets	**2,591,364**	3,050,574	**17,064,524**	9,430,057
Total current liabilities	**(1,103,060)**	(3,080,906)	**(12,863,889)**	(7,518,423)
Total net working capital	**1,488,304**	(30,332)	**4,200,635**	1,911,634

As of 30 June 2020, the book value of financial liabilities on the date of the balance sheet, measured at amortized cost, considering interest payments at a post-fixed rate and the value of debt securities reflecting the forward market interest rates, may be changed as post-fixed interest rates change. Their corresponding maturities, considering that the Company and its subsidiaries are in compliance with contractual restrictive clauses, are set out below:

Controlling Company	Less than one year	One to five years	Over five years	Total expected cash flow	Interest to be accrued	Book value
Borrowings, financing and debentures	1,115,106	-	-	1,115,106	(41,944)	1,073,162
Lease						
Trade payables, reverse factoring and related-party trade payables	13,799	-	-	13,799	-	13,799

Consolidated	Less than one year	One to five years	Over five years	Total expected cash flow	Interest to be accrued	Book value
Borrowings, financing and debentures	2,554,860	19,329,476	-	21,884,336	(1,218,237)	20,666,099
Lease	1,272,171	2,883,814	1,014,375	5,170,360	(1,063,185)	4,107,175
Trade payables and reverse factoring operations	5,709,969	-	-	5,709,969	-	5,709,969

As of 31 December 2019, the Company and its subsidiaries had two credit facilities:

- Up to seventy million pounds sterling (GBP 70 million), with no guarantee, that could be withdrawn in installments to meet short-term financing needs of The Body Shop International Limited. This facility was used by the indirect subsidiary during the first quarter of 2020 to reinforce working capital and liquidity.

- Up to one hundred and fifty million Reais (R$ 150,000), with no guarantee, which was terminated during the first semester of 2020.

5.3 Impacts of Covid-19

Despite the level of uncertainty, the Company is closely monitoring the evolution of the pandemic caused by Covid-19 worldwide. To this end, Crisis Committees were created on several fronts, with the participation of key people in the organization, with the function of monitoring, analyzing and deciding on actions to minimize impacts, ensure the continuity of operations and promote the safety and health of all people involved.

Since the beginning of the virus spread and the consequent restrictive measures imposed by governments, such as closing non-essential trade and restricting the movement of people across borders, the Company has implemented some measures in all its operations, in line with the official measures:

a. Incentive to work remotely and adoption of essentiality criteria to limit industrial and logistical operations;
b. Adoption of new safety measures for operational workers, such as the use of masks and procedures to distance people between processes;
c. Closure of stores, where required by the authorities;
d. Re-planning of sales cycles, prioritizing personal care items;
e. Speeding up the digitization of sales channels;
f. Wide dissemination of the digital magazine;
g. Change in the minimum order criteria, start kit and increased deadline for payment of consultants; and
h. Daily monitoring of suppliers to ensure supply.

In addition to these measures, there is a Crisis Committee focused on finance which monitors the Company's financial health, with a focus on cash, covenants and results, proposing actions to minimize the inevitable reduction in sales. Among these actions, we find:

- Reduction of discretionary expenses (consultancies, events, etc.);
- Freezing of contracts and salary increases;
- Reduction in marketing expenses;
- Reductions in travel expenses;
- Investment reduction (Capex);
- Negotiation with suppliers to increase payment terms; and
- Adherence to stimulus plans announced by the governments of some of the countries in which the Company operates.

During the period ended 30 June 2020, the impacts on the Company's business were as follows:

- Closing of stores: the Company and its subsidiaries have own stores and franchised stores distributed across its different brands and geographies that were impacted by lockdowns throughout the second quarter of 2020. At The Body Shop, lockdown restrictions led to the closure of 87% of retail stores at the end of April 2020, progressing to 16% of stores closed at the end of June 2020 with the restrictions flexibility. The Company and its subsidiaries were able to offset approximately 90% of the Covid-19 impact on sales through significant growth in online and At-Home channels and the gradual reopening of stores. At Aesop, during most of the second quarter of 2020, up to 90% of stores were closed across most markets. Nearly all of the Covid-19 impact on sales was offset with remarkable growth in digital sales and progressive reopening of stores. At Natura, all shopping mall stores were closed during most of the second quarter of 2020, and by the end of June, approximately 60% of all retail stores, including franchisee stores, were reopened, mostly with restrictions.

- Production: In the beginning of the second quarter of 2020, Natura &Co quickly retooled operations across brands to step up production of essential products (such as soap and hand sanitizer) by over 30% of essential products capacity, by optimizing available capacity at Avon plants.
- Cash and liquidity: the Company took steps to address liquidity concerns. R$2 billion was raised in a private placement, subscribed by Company's controlling shareholders, selected investors and non-controlling shareholders. Also, R$750 million in new financing was raised, with maturity in May 2020, to increase liquidity with no impact on net debt. Strict cost discipline was adopted, including over capex and discretionary spending. The Company ended the second quarter of 2020 with a very strong cash position of R$4,820, resulting in further deleveraging and ensuring compliance with the financial covenants.

It is worth mentioning that the actions, decisions and the impacts mentioned in the financial statement are under constant review, according to the evolution of the global scenario.

5.4 Cyber incident

In June 2020, the Company became aware that it was exposed to a cyber incident in its Information Technology environment which interrupted some systems and partially affected operations. We engaged leading external cyber security and IT general controls specialists, launched a comprehensive containment and remediation effort and started a forensic investigation. As of the date of this report, the Company has re-established all of its core business processes and resumed operations in all of its markets, including all of its distribution centers. The Company continues to investigate and evaluate the extent of the cyber incident, while working diligently to mitigate its impacts and re-evaluate our IT general controls.

The cyber incident had a significant impact on our revenue performance for the second quarter of 2020, with the majority of the impact being shifted to the third quarter of 2020 as the company fulfills the order backlog created. The incremental expense incurred as a result of the cyber incident in the second quarter of 2020 was not material.

6. CASH AND CASH EQUIVALENTS

Information pertaining to cash and cash equivalents is presented in the Company's 2019 annual financial statements in Note 6.

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
Cash and banks	**113**	2,173,101	**2,872,297**	3,110,220
Certificate of Bank Deposits [(a)]	**499,134**	207,699	**766,703**	211,261
Repurchase operations [(b)]	**-**	-	**1,181,116**	1,192,101
	499,247	2,380,800	**4,820,116**	4,513,582

(a) As of 30 June 2020, investments in Certificate of Bank Deposits ("CDBs") are remunerated at an average rate of 102.7% of CDI with daily maturities redeemable with the issuer itself, without significant loss of value.

(b) Repurchase operations are securities issued by banks with a commitment by the bank to repurchase them, and by the client to resell them, at defined rates and within a predetermined term, backed by public or private securities, depending on bank availabilities and registered with the Central for the Custody and Financial Settlement of Securities ("CETIP"). On 30 June 2020, repurchase operations are remunerated at an average rate of 103.8% of CDI (106.9% of the CDI on 31 December 2019).

7. SHORT-TERM INVESTMENTS

Information pertaining to short-term investments was presented in the Company's 2019 annual financial statements in Note 7.

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
Exclusive investment funds	1,583,045	669,769	-	-
Loan investment funds	-	-	376,538	407,928
Certificate of Bank Deposits [(a)]	-	-	270,870	21,327
Financial letters	-	-	377,033	374,690
Government securities (LFT)	-	-	1,486,999	221,900
Dynamo Beauty Ventures Ltd. Fund	-	-	11,326	7,402
Restricted cash	-	-	58,764	-
	1,583,045	669,769	2,581,530	1,033,247
Current	1,583,045	669,769	2,570,204	1,025,845
Non-Current	-	-	11,326	7,402

(a) As of June 30, 2020 the CDBs classified as short-term investments are remunerated at an average rate of 103.8% of CDI (106.9% of CDI as of 31 December 2019). The balance on 30 June 2020 related to the "Crer para Ver" line within the exclusive fund is R$ 35,423 (R$ 38,018 on 31 December 2019).

The breakdown of securities constituting the Essential Investment Fund portfolio on 30 June 2020 and 31 December 2019 is as follows:

	06/2020	12/2019
Certificate of term deposits	270,870	21,327
Repurchase operations	1,181,116	1,192,101
Financial letters	377,033	374,690
Government securities (LFT)	1,486,999	221,900
	3,316,018	1,810,018

8. TRADE RECEIVABLES

Information pertaining to trade receivables was presented in the Company's 2019 annual financial statements in Note 8.

	Consolidated	
	06/2020	12/2019
Trade receivables	3,109,500	1,793,759
Provision for doubtful accounts	(464,899)	(107,995)
	2,644,601	1,685,764

Maximum exposure to credit risk on the date of the financial statements is the book value of each maturity date range, net of the provision for doubtful accounts, as shown in the chart of receivable balances per maturity date:

	Consolidated	
	06/2020	12/2019
To become due	1,632,884	1,501,958
Past due:		
Up to 30 days	928,674	142,069
31 to 60 days	182,119	36,466
61 to 90 days	83,788	27,789
91 to 180 days	282,035	85,477
Provision for doubtful accounts	(464,899)	(107,995)
	2,644,601	1,685,764

Movements in the provision for doubtful accounts for the period ended 30 June 2020 are as follows:

	Consolidated
Balance on 31 December 2018	(129,242)
Additions	(118,037)
Write-offs	138,116
Exchange variation	471
Balance on 30 June 2019	(108,692)
Balance on 31 December 2019	(107,995)
Control acquisition	(270,187)
Additions	(397,409)
Write-offs	371,004
Exchange variation	(60,312)
Balance on 30 June 2020	(464,899)

The balances of trade receivables per exposure to the risk of doubtful accounts on 30 June 2020 are set out below:

	Consolidated	
	Trade receivables	Provision for doubtful accounts
To become due	1,632,883	(46,358)
Past due:		
Up to 30 days	928,674	(63,254)
31 to 60 days	182,119	(67,201)
61 to 90 days	83,788	(53,795)
91 to 180 days	282,026	(234,291)
	3,109,500	(464,899)

9. INVENTORIES

Information pertaining to inventories was presented in the Company's 2019 annual financial statements in Note 9.

	Consolidated	
	06/2020	12/2019
Finished products	3,847,372	1,253,145
Raw materials and packaging	1,030,020	253,063
Auxiliary materials	211,372	82,228
Products in progress	34,690	27,346
Provision for losses	(642,107)	(185,232)
	4,481,347	1,430,550

Movements in the provision for inventory losses for the period ended 30 June 2020 are as follows:

	Consolidated
Balance on 31 December 2018	(178,268)
Net additions	(72,980)
Write-offs	60,743
Exchange variation	2,139
Balance on 30 June 2019	(188,366)
Balance on 31 December 2019	(185,232)
Control acquisition	(332,350)
Net additions	(190,763)
Write-offs	166,520
Exchange variation	(100,282)
Balance on 30 June 2020	(642,107)

10. RECOVERABLE TAXES

Information pertaining to the Company's recoverable taxes was presented in the 2019 annual financial statements in Note 10.

	Consolidated	
	06/2020	12/2019
ICMS on purchase of inputs [(a)]	**671,227**	434,832
Taxes on purchase of inputs - subsidiaries abroad	**214,702**	39,475
ICMS on purchase of property, plant and equipment	**10,024**	10,628
PIS and COFINS on purchase of property, plant and equipment [(b)]	**179**	3,826
PIS and COFINS on purchase of inputs	**802,466**	280,087
PIS, COFINS and CSLL - withheld at source	**3,779**	2,378
IPI (Tax on Manufactured Products)	**83,828**	30,190
Others	**152,402**	3,438
	1,938,607	804,854
Current	**1,045,201**	395,640
Non-Current	**893,406**	409,214

a) Accumulated Brazilian tax on the circulation of goods, interstate and intercity transportations and communication services ("ICMS") tax credits.

b) Brazilian tax for the Integration Program Tax on Revenue ("PIS") and Social Security Funding Tax on Revenue (COFINS).

11. INCOME TAX AND SOCIAL CONTRIBUTION

The effective tax rate calculated by the Company for the period ended June 30, 2020 was negative 13.0%. This percentage is based on the loss before taxes of R$ 1,077.4 million and the resulting income tax expense of R$ 139.7 million. The main components causing the effective tax rate to differ from the statutory income tax rate of 34% are the losses of certain jurisdictions which cannot be benefited, permanent effects related to income tax withheld at source arising from transactions among companies of the group which cannot be applied as an income tax credit and the additional recognition of deferred tax liability due to the announcement by the British government that the statutory income tax rate will not be reduced from 19% to 17%. Excluding the adverse effects primarily caused by these noted components, the Company's effective tax rate would be approximately 31.1%.

The effective rate calculated by the Company in the period ended June 30, 2019 was 30.7%. This percentage is based on the profit before taxes of R$ 100.1 million and the resulting income tax expenses of R$ 30.7 million. The main components causing the effective rate to differ from the statutory income tax rate of 34% are the tax incentives and the subvention of investments.

Movements in deferred asset and liability income tax and social contribution for the period ended 30 June 2020 are as follows:

	Assets		Liabilities
	Controlling Company	Consolidated	Consolidated
Balance on 31 December 2018	-	398,400	(431,534)
Effect on results	-	44,859	3,298
Reserve for grant of options and restricted stock	-	13,380	-
Effect on other comprehensive income	-	(53,701)	-
Exchange variation on other comprehensive income	-	4,615	13,649
Balance on 30 June 2019	-	407,553	(414,587)
Balance on 31 December 2019	-	374,448	(450,561)
Effect on results	71,868	(22,022)	(28,630)
Control acquisition	-	667,034	(713,199)
Reserve for grant of options and restricted stock	-	2,865	-
Effect on other comprehensive income	-	(75,842)	-
Exchange variation on other comprehensive income	-	29,409	(221,081)
Balance on 30 June 2020	**71,868**	**975,892**	**(1,413,471)**

12. JUDICIAL DEPOSITS

Information pertaining to the Company's judicial deposits was presented in the 2019 annual financial statements in Note 12.

	Consolidated	
	06/2020	12/2019
Unprovisioned tax proceedings [(a)]	**296,529**	203,403
Provisioned tax proceedings [(b)] (notes 21 and 22)	**249,576**	116,415
Unprovisioned civil proceedings	**6,570**	2,541
Provisioned civil proceedings (note 22)	**2,505**	426
Unprovisioned labor proceedings	**14,330**	8,683
Provisioned labor proceedings (note 22)	**30,830**	5,787
Total judicial deposits	**600,340**	337,255

a) The tax proceedings related to these judicial deposits are mainly related to ICMS-ST, highlighted in note 20 (a) - contingent liabilities - possible risk of loss.

b) The tax proceedings related to these judicial deposits are mainly related to the sum of amounts disclosed in explanatory note 21, item (a) and the amounts provisioned pursuant to explanatory note 20.

Find below the movements in the balances of judicial deposits for the periods ended 30 June 2020 and 2019:

	Consolidated
Balance on 31 December 2018	333,577
New deposits	1,367
Redemptions	(1,362)
Monetary adjustment	7,447
Write-offs for expenses	(3,569)
Balance on 30 June 2019	**337,460**
Balance on 31 December 2019	**337,255**
Control acquisition	**283,885**
New deposits	**7,911**
Redemptions	**(21,186)**
Monetary adjustment	**6,216**
Payments	**(10,070)**
Write-offs for expenses	**(3,671)**
Balance on 30 June 2020	**600,340**

In addition to judicial deposits, the Company and its subsidiaries have contracted guarantee insurance policies for some proceedings. Details of these insurance policies are presented in explanatory note No. 3.2.

13. ASSETS AVAILABLE FOR SALE

Assets classified as available for sale were acquired by Avon (Note 4). The following table shows the changes in the balance for the period ended 30 June 2020:

	Consolidated
Acquisition by Avon on 3 January 2020	186,518
Transfer to property, plant and equipment[a]	(39,186)
Transfer from property, plant and equipment[b]	16,210
Sale	(22,287)
Exchange variation	54,302
Balance on 30 June 2020	**195,557**

a) Avon has identified new circumstances which arose which were previously considered as unlikely and, as a result, Avon decided not to carry on with the sale of two properties. As a result, the subsidiary reclassified the properties available for sale into property, plant and equipment. During the reclassification, a real depreciation, resulting in a non-property impact to the consolidated financial statements, was recorded.

b) Decision to sell one more property, which was previously classified as property, plant and equipment.

On 30 June 2020, the assets available for sale include two Avon properties at the sum of R$ 195,557.

14. OTHER CURRENT AND NON-CURRENT ASSETS

	Consolidated	
	06/2020	12/2019
Marketing and advertising advances	**99,545**	28,669
Supplier advances	**224,335**	102,225
Employee advances	**79,882**	13,983
Rent advances and guarantee deposit [a]	**133,448**	96,202
Advance insurance expenses	**170,277**	29,647
Overfunded pension plan[b]	**711,526**	-
Customs broker advances - Import taxes	**38,592**	34,932
Subleasing receivables [c]	**395,605**	-
Carbon credit	**3,799**	3,508
Others	**543,806**	39,868
	2,400,815	349,034
Current	**799,222**	265,198
Non-Current	**1,601,593**	83,836

a) This substantially refers to (i) advance payments for rental agreements that were not included in the initial measurement of lease liabilities/right-of-use of the subsidiary The Body Shop International Limited, in accordance with the exceptions permitted under CPC 06(R2) / IFRS 16; and (ii) guarantees for renting properties of certain stores of subsidiaries The Body Shop International Limited and Emeis Holdings Pty Ltd., which will be returned by the lessor at the end of the rental agreements.

b) Pension plan arising from the Avon's acquisition on 3 January 2020 (Note 4)

c) This pertains to the sublease receivables from the office Avon had in New York.

15. INVESTMENTS

	Controlling Company	
	06/2020	12/2019
Investments in subsidiaries, net of losses	**10,713,042**	3,392,677
Goodwill Avon (Note 4)	**10,973,473**	-
Total	**21,686,515**	3,392,677

Information and movements of balances for the period ended 30 June 2020 and for the fiscal year ended 31 December 2019:

	Natura Cosméticos S.A. (1)	Avon Products, Inc.	Natura &Co International S.à r.l.	Total
Percentage Interest	100.00%	100.00%	100.00%	
Shareholders' equity of the subsidiaries	5,740,749	(4,911,624)	(214)	828,91,
Shareholders' equity interest	5,740,749	(4,911,624)	(214)	828,911
Fair value adjustment of acquired assets and liabilities	-	9,884,131	-	9,884,131
Goodwill	-	10,973,473	-	10,973,473
Total	5,740,749	15,945,980	(214)	21,686,515
Net Profit/(Losses) for the period of the subsidiaries	182,712	(1,319,077)	(287)	(1,136,652)
Balances on 31 December 2019	3,392,677	-	-	3,392,677
Equity in subsidiaries	182,712	(1,319,077)	(287)	(1,136,652)
Exchange variation and other adjustments in the conversion of investments of the subsidiaries abroad	1,646,060	3,980,018	16	5,626,094
Effect of Hyperinflationary economy adjustment	30,470	10,145	-	40,615
Contribution by the controlling company for stock option plans granted to executive officers of the subsidiaries and other reserves net of tax effects	35,713	-	-	35,713
Hedge accounting, net of tax effects	153,117	-	-	153,117
Capital increase	300,000	-	-	300,000
Acquisition price	-	13,274,894	57	13,274,951
Balances on 30 June 2020	5,740,749	15,945,980	(214)	21,686,515

(1) The investment balance in the direct subsidiary Natura Cosméticos S.A. includes goodwill arising from the acquisitions of indirect subsidiaries TBS (R$ 1,832,248) and Aesop (R$ 133,601).

16. PROPERTY, PLANT AND EQUIPMENT

Information pertaining to the Company's property, plant and equipment was presented in the 2019 annual financial statements in Note 15.

	Consolidated								
	Useful life range (years)	12/2019	Control acquisition	Additions	Write-offs	*Impairment*	Transfers	Exchange variation	06/2020
Cost value:									
Vehicles	2 to 5	45,578	25,789	128	(4,519)	-	2,171	12,042	81,189
Templates	3	192,556	-	8	(19,713)	-	4,690	8,065	185,606
Tools and accessories	3 to 20	11,974	52,410	4,362	(158)	-	(876)	12,721	80,433
Facilities	3 to 60	309,772	1,431	23	(3,428)	-	3,298	10,922	322,018
Machinery and accessories	3 to 15	866,451	746,734	7,352	(925)	-	45,638	171,314	1,836,564
Improvements in third-party real properties (a)	2 to 20	615,103	58,548	11,653	(1,177)	(8,650)	5,618	177,970	859,065
Buildings	14 to 60	386,957	1,168,837	3,484	1,590	324	20,246	293,891	1,875,329
Furniture and utensils	2 to 25	397,727	32,566	10,622	(1,012)	(8,883)	7,545	95,387	533,952
Lands	-	35,157	568,470	-	73	-	4,060	191,749	799,509
IT equipment	3 to 15	297,228	112,369	4,691	(494)	-	12,550	85,224	511,568
Other assets	-	-	40,090	-	-	-	-	14,086	54,176
Projects in progress	-	156,011	78,965	104,602	(526)	-	(89,486)	11,155	260,721
Total cost		**3,314,514**	**2,886,209**	146,925	(30,289)	(17,209)	15,454	1,084,526	7,400,130
Depreciation value:									
Vehicles		(16,924)	-	(12,932)	2,174	-	(2,093)	(3,524)	(33,299)
Templates		(175,938)	-	(4,824)	19,684	-	-	(172)	(161,250)
Tools and accessories		(3,255)	-	(20,769)	-	-	10	(2,451)	(26,465)
Facilities		(167,362)	-	(11,582)	282	-	900	(3,269)	(181,031)
Machinery and accessories		(416,736)	-	(95,836)	157	-	(1,072)	(16,382)	(529,869)
Improvement in third-party property		(267,371)	-	(60,425)	450	-	25	(68,175)	(395,496)
Buildings		(101,785)	-	(51,515)	-	-	-	(4,847)	(158,147)
Furniture and utensils		(193,973)	-	(44,342)	612	-	(26)	(43,546)	(281,275)
IT equipment		(197,281)	-	(47,588)	37	-	-	(30,091)	(274,923)
Other assets		-	-	(6,841)	-	-	-	(769)	(7,610)
Total depreciation		**(1,540,625)**	**-**	(356,654)	23,396	-	(2,256)	(173,226)	(2,049,365)
Overall Total		**1,773,889**	**2,886,209**	**(209,729)**	**(6,893)**	**(17,209)**	**13,198**	**911,300**	**5,350,765**

17. INTANGIBLE ASSETS

Information pertaining to the Company's intangible assets was presented in the 2019 annual financial statements in Note 16.

	Consolidated								
	Useful life range (years)	12/2019	Control acquisition	Additions	Write-offs	Reversal (provision) of impairment	Transfers	Exchange variation	06/2020
Cost value:									
Software	2.5 to 10	1,313,090	291,239	65,382	(1,492)	-	112,649	153,649	1,934,517
Trademarks and patents (Defined useful life)	24 to 25	116,805	517,592	-	-	-	-	220,524	854,921
Trademarks and patents (Indefinite useful life)	-	2,171,585	1,893,224	-	-	-	-	1,255,816	5,320,625
Goodwill Avon (Note 4)	-	-	10,973,474	-	-	-	-	3,855,691	14,829,165
Goodwill Emeis Brazil Pty Ltd.	-	100,237	-	-	-	-	-	33,364	133,601
Goodwill The Body Shop International Limited	-	1,434,369	-	8,039	-	-	-	388,384	1,830,792
Goodwill acquisition of The Body Shop stores	-	1,456	-	-					1,456
Relationship with retail clients	10	1,987	-	-	-	-	-	656	2,643
Goodwill (Indefinite useful life)	-	17,801	-	-	-	-	6,996	2,697	27,494
Goodwill (Defined useful life)	3 to 18	12,447	-	-	-	1,065	(3,414)	(1,043)	9,055
Relationship with franchisees and sub franchisees	14 to 15	602,958	1,876,169	-	-	-	-	822,215	3,301,342
Developed technology (by acquired subsidiary)	-	-	1,131,573	-	-	-	-	397,595	1,529,168
Other intangible assets	2 to 10	110,288	-	41,452	-	-	(100,153)	18,071	69,658
Total cost		**5,883,023**	**16,683,271**	114,873	(1,492)	1,065	16,078	7,147,619	29,844,437
Amortization value:									
Software		(649,347)	-	(179,508)	43	-	(3,634)	(39,399)	(871,845)
Trademarks and patents		(44,108)	-	(18,303)	-	-	-	(12,810)	(75,221)
Goodwill		(2,197)	-	(242)	-	-	(4,634)	1,213	(5,860)
Relationship with retail clients		(1,939)	-	(114)	-	-	-	(531)	(2,584)
Relationship with franchisees and sub franchisees		(95,772)	-	(147,980)	-	-	-	(41,555)	(285,307)
Developed technology (by acquired subsidiary)		-	-	(137,361)	-	-	-	(15,419)	(152,780)
Other intangible assets		(13,159)		(1,042)	-	-	-	(5,390)	(19,591)
Total accrued amortization		**(806,522)**	-	(484,550)	43	-	(8,268)	(113,891)	(1,413,188)
Net total		**5,076,501**	**16,683,271**	(369,677)	(1,449)	1,065	7,810	7,033,728	28,431,249

18. RIGHT OF USE AND LEASE

Information pertaining to the Company's right of use and lease is presented in the 2019 annual financial statements in Note 17.

a) Right of use

	Consolidated							
	Useful life range (years) (i)	12/2019	Control acquisition	Additions	Write-offs	Transfers (a)	Exchange variation	06/2020
Cost value:								
Vehicles	3	40,018	42,467	46,577	(219)	-	11,435	140,278
Machinery and equipment	3 to 10	15,578	14,034	610	-	-	8,958	39,180
Buildings	3 to 10	784,900	489,739	90,560	(4,380)	-	211,050	1,571,869
IT equipment	10	283	18,429	1,447	-	-	5,751	25,910
Retail stores	3 to 10	2,350,377	-	180,059	(8,309)	(3,582)	767,063	3,285,608
Tools and accessories	3	2,803	-	-	-	-	761	3,564
Total cost		3,193,959	564,669	319,253	(12,908)	(3,582)	1,005,018	5,066,409
		-	-	-	-		-	-
Depreciation value:								
Vehicles		(8,109)	-	(25,316)	150	-	(2,236)	(35,511)
Machinery and equipment		(4,317)	-	(7,142)	-	-	(2,036)	(13,495)
Buildings		(97,190)	-	(144,715)	2,852	-	(27,349)	(266,402)
IT equipment		(214)	-	(10,320)	-	-	(1,100)	(11,634)
Retail stores		(463,332)	-	(300,558)	4,016	4,634	(172,458)	(927,698)
Tools and accessories		(936)		(462)	-	-	(298)	(1,696)
Total accrued depreciation		(574,098)	-	(488,513)	7,018	4,634	(205,477)	(1,256,436)
Net total		2,619,861	564,669	(169,260)	(5,890)	1,052	799,541	3,809,973

a) Regarding the goodwill paid in store rentals, this transferred to intangible assets when a new commercial agreement with the lessor is signed.

	Consolidated	
	06/2020	06/2019
Values recognized in the income statement during the periods ended 30 June 2020 and 30 June 2019		
Financial expense on lease	119,398	64,137
Amortization of right of use	488,513	271,591
Appropriation in the result of variable lease installments not included in the measurement of lease liabilities	15,013	14,023
Sublease revenue	(16,033)	(1,331)
Short-term lease expenses and low-value assets	38,274	78,774
Advantages granted by lessor related to Covid-19	(12,685)	-
Other expenses related to leases	17,497	9,933
Total	649,977	437,127
Values recognized in the financing cash flow statement		
Payment of lease (principal amount)	426,154	273,681
Values recognized in the operating cash flow statement		
Payment of lease (interest)	88,443	75,259
Variable lease payments not included in the measurement of lease liabilities	4,448	8,100
Short-term lease payments and low-value assets	30,699	978
Other lease-related payments	20,174	15,985
Total	569,918	374,003

b) Lease

	Consolidated	
	06/2020	12/2019
Current	1,081,059	542,088
Non-Current	3,026,116	1,975,477
Total	4,107,175	2,517,565

The following table shows the changes in the balance of lease for the period ended 30 June 2020:

	Consolidated
Balance on 31 December 2019	2,517,565
New agreements	324,878
Control acquisition	777,200
Payments - principal amount	(380,902)
Payments - interest	(133,695)
Financial charges appropriated	119,398
Write-offs (i)	(3,863)
Exchange variation	886,594
Balance on 30 June 2020	4,107,175

i) Mainly related to termination of agreements related to lease of stores.

The maturities of the balance of non-current lease liabilities are shown below:

	Consolidated	
	06/2020	12/2019
2021	441,760	374,746
2022	428,033	361,688
2023	422,877	358,274
2024 onwards	1,733,446	880,769
Total	**3,026,116**	**1,975,477**

19. BORROWINGS, FINANCING AND DEBENTURES

Information pertaining to the Company's borrowings, financing and debentures was presented in the 2019 annual financial statements in Note 18.

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
Local Currency				
Financing Agency for Studies and Projects (FINEP)	-	-	87,617	101,988
Debentures	-	-	4,171,432	4.251,231
BNDES	-	-	17,451	35,390
BNDES – FINAME	-	-	46	183
Promissory Notes	1,073,162	2,883,382	1,322,889	2,883,382
Working capital – Operation Mexico	-	-	24,219	31,802
Working capital – Operation Peru	-	-	23,271	
Working capital – Operation Aesop	-	-	98,559	100,438
Working capital - Operation The Body Shop	-	-	477,770	-
Working capital – Operation Avon	-	-	154,198	-
Notes - Avon (1)	-	-	9,720,254	-
Total in local currency	1,073,162	2,883,382	16,097,706	7,404,414
Foreign Currency				
BNDES	-	-	**4,721**	8,029
Export Credit note (NCE)	-	-	**110,148**	81,210
Notes (1)	-	-	**4.179,182**	3,090,490
Resolution No. 4131/62	-	-	**274,342**	202,231
Total in foreign currency	-	-	**4,568,393**	3,381,960
Overall total	**1,073,162**	2,883,382	**20,666,099**	10,786,374
Current	**1,073,162**	2,883,382	**2,631,068**	3,354,355
Non-Current	-	-	**18,035,031**	7,432,019
(a) Debentures				
Current	-	-	**164,555**	246,017
Non-Current	-	-	**4,006,877**	4,005,214

(1) Balances recorded for their estimated fair value resulting from business combination with Avon (Note 4).

Changes in the balances of borrowings, financing and debentures for the periods ended 30 June 2020 and 2019 are presented below:

	Controlling Company	Consolidated
Balance on 31 December 2018	-	7,994,145
Funding	-	294,842
Amortizations		(594,912)
Financial charges appropriated	-	253,304
Payment of financial charges	-	(260,098)
Exchange variation (unrealized)	-	(86,954)
Exchange variation (realized)	-	2,814
Effects of the conversion (other comprehensive income)	-	583
Balance on 30 June 2019	**-**	**7,603,724**
Balance on 31 December 2019	2,883,382	10,786,374
Control acquisition	-	7,250,735
Funding	500,000	1,341,538
Amortizations	(2,326,905)	(2.485,231)

Financial charges appropriated	38,363	557,122
Payment of financial charges	(21,678)	(535,568)
Exchange variation (unrealized)	-	1,101,306
Exchange variation (realized)	-	3,889
Effects of the conversion (other comprehensive income)	-	2,645,934
Balance on 30 June 2020	**1,073,162**	**20,666,099**

Maturities of the registered installment of non-current borrowings, financing and debentures liabilities are as follows:

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
2021	-	-	2,253,221	-
2022	-	-	5,450,177	2,279,759
2023	-	-	6,644,547	527,596
2024 onwards	-	-	3,687,086	4,624,664
Total	**-**	**-**	**18,035,031**	**7,432,019**

A description of the main bank borrowings and financing agreements in the period ended 30 June 2020 is as follows:

19.1 Description of the main movements of bank borrowings and financing

i) Promissory notes

On 14 January 2020, there was a partial optional early redemption of the Commercial Notes related to the first series in the amount of R$ 1,830 million.

On 29 April 2020, there was the 2nd issue of Commercial Promissory Notes by Natura Holding, in a single series in the amount of R$ 500 million, and the 4th issue of Commercial Promissory Notes, in a single series in the amount of R$ 250 million. The Commercial Notes were publicly distributed with restricted placement efforts, pursuant to CVM Ruling No. 476 of 16 January 2009. The allocation of funds went to the reinforcement of cash and liquidity.

On 29 June 2020, there was the total optional early redemption of the 1st issue of Commercial Notes by Natura Holding of the first series in the amount of R$ 370 million and the partial optional early redemption of the 1st issue of Commercial Notes of the second series in the amount of R$ 140 million.

The appropriation of costs related to the issuance of promissory notes during the period ended 30 June 2020 was R$ 19,461 (R$ 11,135 as of 31 December 2019), recorded monthly in the financial expenses, in accordance with the effective interest rate method. Issuance costs to appropriate totaled R$ 7,866 as of 30 June 2020 (R$ 20,962 as of 31 December 2019).

ii) Working capital – The Body Shop

As presented in the note of financial liquidity risk management (5.2.e), The Body Shop had, on 31 December 2019, a credit facility of up to seventy million pounds sterling (GBP 70 million), with no guarantee, that could be withdrawn in installments to meet short-term financing needs of The Body Shop International Limited. This facility was used by the indirect subsidiary during the second quarter of 2020, to reinforce working capital and liquidity, with annual interest payment of Libor + 2%.

iii) Working capital – Operation Peru

On 5 June 2020, the Company's subsidiary raised, for reinforcement of working capital and liquidity, an amount of Peruvian soles 15 million, approximately R$ 22 million, with annual interest rate of 4.24% and maturity on 2 December 2020.

iv) Notes - Avon

Avon has issued the following notes:

Notes – Avon	Principal (USD)	Principal (R$)	Annual interest rate	Maturity
No guarantee	461,883	2,529,271	5.00%	15 March 2023
No guarantee	243,847	1,335,306	6.95%	15 March 2043
With guarantee	500,000	2,738,000	7.88%	15 August 2022
With guarantee	400,000	2,190,400	6.50%	15 August 2022

To the Notes issued by Avon, add the effects of allocation of fair values from the business combination (Note 4), which amounted to R$ 779,497 as of 30 June 2020.

19.2 Restriction clauses of agreements

The contractual restriction clauses establish financial indexes arising from the quotient of the net treasury debt division by the earnings before interest, taxes, depreciation and amortization ("EBITDA") of the last 12 months, which should be equal to or lower than what was established. The Company and its subsidiaries comply with such clauses as of the base date.

20. TRADE PAYABLES AND REVERSE FACTORING OPERATIONS

Information pertaining to the Company's trade payables and reverse factoring operations was presented in the 2019 annual financial statements in Note 19.

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
Domestic trade payables	1,875	-	4,593,288	1,581,759
Foreign trade payables	11,924	-	861,849	105,073
	13,799	-	**5,455,137**	**1,686,832**
Reverse factoring operations	-	-	254,832	142,924
	13,799	-	**5,709,969**	**1,829,756**

21. TAX OBLIGATIONS

	Controlling Company		Consolidated	
	06/2020	12/2019	06/2020	12/2019
Ordinary ICMS		-	**120,393**	120,300
ICMS-ST (a)		-	**61,926**	72,423
Taxes on sales result – subsidiaries abroad		-	**296,430**	145,992
Social Security Tax (INSS) - suspension of the enforceability		-	**-**	50,147
Taxes withheld at the source	**403**	987	**110,084**	48,593
Other taxes - subsidiaries abroad		-	**2,987**	1,180
Income Tax (IR)	**101**	63	**101**	1,207
INSS and ISS		-	**54,371**	3,218
Others		-	**77,355**	399
	504	1,050	**723,647**	443,459
Judicial deposits		-	**(54,909)**	(62,356)
Current	**504**	1,050	**614,839**	320,890
Non-Current	**-**	-	**108,808**	122,569

(a) The Company's subsidiaries have been discussing the illegality of changes in the state legislation for the payment of ICMS - ST. Part of the unpaid amount has been discussed in court by the Company and, in certain cases, the amounts have been deposited with the courts, as mentioned in explanatory note 12.

22. PROVISION FOR TAX, CIVIL AND LABOR RISKS

Information pertaining to provision for the Company's tax, civil and labor risks was presented in the Company's 2019 annual financial statements in Note 21.

This provision is broken down as follows:

	Consolidated	
	06/2020	12/2019
Tax	**876,036**	127,842
Civil	**180,491**	30,653
Labor	**257,241**	61,571
Total	**1,313,768**	220,066
Judicial deposits	**(228,002)**	(60,272)
Current	**127,825**	18,650
Non-Current	**1,185,943**	201,416

22.1 Contingencies with probable losses

The movement of the provision for tax, civil and labor risks and contingent liabilities is presented below:

	Consolidated					
	Tax		Civil		Labor	
	Provision	Deposits	Provision	Deposits	Provision	Deposits
Balance at beginning of year	127,842	(54,059)	30,653	(426)	61,571	(5,787)
Control acquisition [(1)]	657,647	(155,219)	51,263	(4,898)	164,091	(27,329)
Additions	78,727	(198)	99,774	(2,648)	21,388	(5,362)
Reversals	(29,946)	10,208	(24,371)	1,022	1,105	2,546
Payments	(52,412)	-	(10,703)	3,549	(21,470)	5,244
Monetary adjustment	2,274	(2,516)	2,802	(10)	3,553	(92)
Exchange variation	92,145	2,533	31,103	344	26,166	263
Other movements	(241)	4,584	(30)	562	837	(313)
Balance on 30 June 2020	876,036	(194,667)	180,491	(2,505)	257,241	(30,830)

[(1)] Balances recorded for their estimated fair value resulting from business combination with Avon (Note 4).

22.2 Contingencies with possible losses

The Company and its subsidiaries have contingencies of a labor and social security, civil and tax nature, which expectation of loss assessed by the Management and supported by the legal advisers is classified as possible and, therefore, no provision has been constituted. The total sum under discussion rated as possible, due to the nature of the claims, is evidenced below:

	Consolidated	
	06/2020	12/2019
Tax	**8,715,657**	3,503,392
Civil	**144,151**	61,532
Labor	**208,062**	77,295
Total contingent liabilities	**9,067,870**	3,642,219
Judicial deposits	**(242,817)**	**(136,258)**

The main tax cases are the following:

(i) Infraction notices in which the Brazilian Federal Revenue Office collects IPI tax debts for the supposed lack of compliance with the minimum calculation basis set forth in the legislation, upon the sales transactions directed to interdependent wholesale establishments. Currently, judgment of the proceedings is awaited at the administrative level. On 30 June 2020, the total amount under discussion classified as possible loss is of R$1,951,431.

(ii) Court decisions which discuss the equivalence to industrial set forth in Decree No. 8,393/2015, which started requiring IPI in exit operations carried out by interdependent wholesale establishments of the products mentioned in said legal provision. On 30 June 2020, the amount under discussion is R$ 1,533,078 (R$ 389,017 as of 31 December 2019).

(iii) Administrative and court proceedings discussing the illegality of changes in the state legislation for the payment of ICMS and ICMS - ST. On 30 June 2020, the total amount under discussion is R$ 1,458,918 (R$ 406,002 as of 31 December 2019).

(iv) Infraction notices where the Brazilian Federal Revenue Office collects IRPJ and CSLL tax debts, in order to question the tax deductibility of goodwill amortization in the context of a corporate reorganization among related parties. Currently, there is discussion in the Judiciary Branch regarding the lawfulness of administrative decisions which rejected the motion to clarify, submitted to question the dismissed special appeals. On 30 June 2020, the total amount under discussion classified as possible loss is R$ 1,390,597 (R$ 1,379,189 as of 31 December 2019).

(v) Infraction Notice in which the State of São Paulo Treasury Office enforces the ICMS-ST collection, fully paid by the destination of the goods, the distributing establishment. Judgment of the proceedings is awaited at the administrative level. On 30 June 2020, the total amount under discussion classified as possible loss is R$ 526,933 (R$ 521,903 as of 31 December 2019).

(vi) Infraction notices in which the Brazilian Federal Revenue Service collects IPI tax debts due to disagreement with the tax classification adopted for some products. Judgment of the proceedings is awaited at the administrative level. On 30 June 2020, the total amount under discussion is R$ 296,898 (R$ 218,204 as of 31 December 2019).

The main civil cases are the following:

i) Avon was named defendant in several proceedings for personal damages filed in US courts, claiming that certain powder products that Avon sold in the past were contaminated with asbestos. Many such actions involve several co-defendants from a range of different industries, including cosmetics manufacturers and manufacturers of other products that, unlike the Company's products, were designed to include asbestos. On 30 June 2020, there were 139 individual proceedings pending against the subsidiary. During the six-month period ended 30 June 2020, 11 new proceedings were shelved and 20 others were shelved, settled or otherwise concluded. The amount of our records in this area so far has not been significant, whether individually or jointly. Similar additional cases deriving from the use of the subsidiary's powder products are reasonably predicted.

We believe that the claims against us in such cases have no grounds. We are defending ourselves against these claims and to date, the subsidiary has not been sued in any case filed against it and there have been no findings of enforceable liability against the subsidiary. However, the results of testing throughout the country in similar cases filed against other manufacturers of cosmetic powder products vary from direct employment terminations to very large jury-led indemnifications for compensatory and punitive damages. Due to the uncertainties inherent to litigation, we cannot predict the results of all individual cases pending against the subsidiary, and we may only make a reasonable estimate for a small number of individual cases that have progressed to the later stages of court proceedings. For the remaining cases, we supply an aggregate and continuous exposure estimate, which considers the historic results of all cases we have settled so far. Any additions currently recorded in the subsidiary's balance sheet in relation to these cases are not relevant. Other than those, currently, we may not estimate our reasonably possible or probable losses. However, any adverse results, whether in an individual case or jointly, may be relevant. The future costs to litigate such cases, which we fund when incurred, are unknown, but may be significant, although some costs are covered by insurance.

ii) On 14 February 2019, an alleged class action complaint of the shareholder (Bevinal v. Avon Products, Inc., et al., No. 19-cv-1420) was filed in the Southern District of New York against the Company and some of its former officers. On 3 June 2019, the court appointed a main plaintiff and a class attorney. The complaint was subsequently changed on 28 June 2019, retitled "In re Avon Products, Inc. Litigation over Securities" on 8 July 2019. On 24 July 2019, the plaintiffs presented a new changed complaint. The changed complaint was submitted on behalf of a new class, supposedly comprised of all purchasers or acquirers of Avon common shares between 21 January 2016 and 1 November 2017, including the latter date. The charge claims violations of Sections 10 (b) and 20 (a) of the 1934 Securities Exchange Act, based on supposedly fake or misleading statements and supposed market manipulation with relation to, among other things, changes made in Avon's credit terms for Brazilian Representatives. On 26 July 2019, Avon and the individual defendants submitted a motion to dismiss. On 18 November 2019, the court denied this motion. Subsequently, on 16 December 2019, Avon and the individual defendants submitted an answer to the changed complaint. On 14 February 2020, the plaintiffs submitted a motion for class certification. The parties reached a settlement on the solution of this class action. The terms of the settlement include releases from class members of the complaints against the Company and the individual defendants and payment of USD 14.5 million (approximately R$ 79 million). Approximately USD 3 million (R$ 16 million), of the settlement shall be paid by the Company (that represents the remaining franchise under the applicable insurance policies of the Company) and the remainder of the settlement shall be paid by the Company's insurers. Some documents related to the settlement still have not been finalized and the settlement is subject to court approval. If the settlement is not approved by the court, that is, it is rescinded before it is finalized, the Company will not be able to predict the result of this case. In addition, in this case, it is reasonably possible that the Company will incur in a loss related to this matter, which the Company cannot reasonably estimate.

22.3 Contingent assets

The updated amounts involved in the restitution requests of the PIS and COFINS installments paid with the inclusion of ICMS in their tax bases, not registered until 30 June 2020, amount to R$ 132,653 (R$ 26,933 as of 31 December 2019).

23. OTHER LIABILITIES

Information pertaining to other liabilities was presented in the Company's 2019 annual financial statements in Note 22.

	Consolidated	
	06/2020	12/2019
Post-employment medical assistance plan [(a)]	777,228	98,792
Carbon credit	6,386	4,519
Exclusivity contract	4,200	5,400
Crer para Ver	52,427	51,543
Deferred revenue from performance obligations with customers	349,470	76,250
Provision for sundry expenses	275,147	156,895
Provision for rentals	40,363	26,568
Provision for apportionment of benefits and partnerships payable	5,426	7,860
Long-term incentive	286,595	3,022
Provision for restructuring	101,212	3,401
Provision for store renovation	85,469	15,997
Other provision	313,310	67,846
Discontinued operations [(b)]	94,840	-
Professional fees	95,782	-
Total	2,487,855	518,093
Current	1,322,558	396,391
Non-Current	1,165,297	121,702

(a) As of 30 June 2020, there is R$674.514 related to pension plans assumed in the Avon's acquisition on 3 January 2020 and R$102.714 related to Natura's pension plan (R$98.792on 31 December 2019).

(b) On 17 December 2015, Avon entered into agreements resulting in the splitting of operations in the US, Canada and Puerto Rico. These transactions were terminated on 1 March 2016. From this date, the contingent liabilities prior to this transaction and related to the operations in the US, Canada and Puerto Rico are treated as discontinued operations. During the period ended 30 June 2020, Avon registered R$ 48,723 in administrative expenses pertaining to this provision.

24. SHAREHOLDERS' EQUITY

Information pertaining to the shareholder's equity of the Company was presented in the 2019 annual financial statements in Note 23.

24.1 Capital stock

As of 30 June 2020, the Company's capital stock is R$ 6,917,037, composed of 1,251,239,759 registered common shares without par value.

The composition of this capital is set out in the table below:

Date	Description	Number of shares	Value in R$
31/12/2019	Total paid-up capital stock	865.659.942	1,485,436,464
03/01/2020	Capital increase	321,830,266	3,397,745,864
15/03/2020	Issue of new stock for stock option plans and restricted stock	780,808	21,936,005
05/05/2020 to 30/06/2020	Issue of new stock for stock option plans and restricted stock	621,653	16,811,439
01/06/2020 to 30/06/2020	Capital increase	62,347,090	1,995,106,880
30/06/2020	**Total paid-up capital stock**	**1,251,239,759**	**6,917,036,652**

On January 3, 2020, 321,830,266 common shares were issued at an average price of 32.24 totaling R$ 3,397,746. On June 30, 62,347,090 common shares were issued at an average price of R$32.00 totaling R $ 1,995,107.

The Extraordinary Shareholders Meeting held on September 17, 2019 unanimously approved an increase in the Company's capital by R$1,242,165, from R$468,973 to R$1,711,138, through a bonus share issue by capitalizing a portion of the balance in the earnings reserve, in accordance with article 169 of the Brazilian Corporations Law, with the issue of four hundred thirty-two million, five hundred seventy-one thousand, two hundred twenty-eight (432,571,228) book-entry, registered common shares with no par value, distributed to the shareholders of the Company as bonus shares in the proportion of one (1) new share for one (1) common share held. Thus, the number of shares increased from 432,571,228 to 865,142,456, all book-entry, registered common shares with no par value. This change in the proportion of Natura Cosméticos common shares changed the comparative information on earnings per share and share-based payments in this Company's interim financial information.

24.2 Treasury shares

On 30 June 2020, the item "Treasury shares" had the following composition:

	Number of shares	R$ (in thousands)	Average price per share - R$
Balance on 31 December 2019	-	-	-
Used	(740,697)	(40,981)	55.33
Acquisition	1,114,460	54,936	49.29
Balance on 30 June 2020	**373,763**	**13,955**	**37.34**

The minimum and maximum treasury share balance on 30 June 2020 is R$ 29.75 and R$ 49.71, respectively.

24.3 Capital reserve

Completion of the Avon acquisition resulted in the issue of Natura &Co shares for the total subscription price of R$ 13,274,894. Of this total, the amount of R$ 3,397,746 was allocated to the capital stock account and the rest, in the amount of R$ 9,877,148, was allocated to the Company's capital reserve. This share merger was approved at a meeting of the Board of Directors on 3 January 2020.

The capital reserve also decreased due to the allocation of the special reserve to the profit reserve (R$ 147,592), an increase of R$ 26,679, due to the effects of CPC 42/IAS 29 - Financial Reporting in Hyperinflationary Economies and decrease of R$ 22,063 regarding the movement of stock option and restricted stock plans.

The capital reserve amounts to R$ 11,037,162 as of 30 June 2020 (R$ 1,302,990 as of 31 December 2019).

24.4 Profit reserve

On 30 June 2020, the profit reserve increased R$ 151,384 due to: (i) the effects of "CPC 42/IAS 29 - Financial Reporting in Hyperinflationary Economies" applied to the balances up to 30 June 2020, and (ii) R$ 147,592 regarding the reclassification arising from the special reserve.

25. BUSINESS SEGMENT INFORMATION

The setup of the Company's operating segments is based on its Corporate Governance structure, which splits the business for the purposes of decision-making and management analysis.

Since 3 January 2020, as a result of acquiring Avon (Note 4), the Management has the following Corporate Governance structure:

- Operation Natura &Co Latam – all operations of Natura, Avon, Aesop and TBS located in Brazil and Latin America;
- Avon International – all Avon operations, except those located in Brazil and Latin America;
- TBS International – all The Body Shop operations, except those located in Brazil and Latin America; and
- Aesop International – all Aesop operations, except those located in Brazil and Latin America.

In addition to the analysis per segment, the Company's Management also assesses its revenues at several levels, mainly through sales channels: direct sales, operations in the retail market, e-commerce, B2B and franchises. However, segregation by this type of operation is not yet considered significant for disclosures by Management.

Net revenue by segment is as follows in the six-month period ended 30 June 2020:

- Natura &Co Latam – 56%
- Avon International – 26%
- TBS International – 13%
- Aesop International – 5%

The accounting practices for each segment are described in explanatory note 3 of these financial statements of the Company for the year ended 31 December 2019.

The tables below present summarized financial information for the segments and the geographic distribution of commercial operations of the Company as of 30 June 2020, 31 December 2019 and 30 June 2019. In addition, as described above, because of the Avon acquisition in 2020, the Company changed the corporate governance structure, and consequently the segment disclosures. Thus, the comparative figures originally disclosed in the 2019 financial statements are being presented to reflect the current corporate governance structure.

25.1 Operating segments

	06/2020						
	Reconciliation to net profit (loss) for the period						
	Net Income	Performance assessed by the Company	Depreciation and Amortization	Financial income	Financial Expenses	Income tax	Net Profit (Loss)
Natura &Co Latam	8,138,082	680,802	(458,872)	1,749,654	(1,932,291)	(207,473)	(168,179)
Avon International	3,771,535	40,361	(390,836)	356,290	(676,915)	(12,223)	(683,323)
TBS International	1,872,436	278,581	(356,197)	43,491	(75,346)	(57,290)	(166,761)
Aesop International	723,121	180,574	(123,813)	10,403	(28,729)	(10,018)	28,416
Corporate expenses	-	(431,830)	-	65,884	(8,577)	147,348	(227,175)
Consolidated	14,505,174	748,488	(1,329,718)	2,225,772	(2,721,858)	(139,656)	(1,217,022)

	06/2019						
	Reconciliation to net profit (loss) for the period						
	Net Income	Performance assessed by the Company	Depreciation and Amortization	Financial income	Financial Expenses	Income tax	Net Profit (Loss)
Natura &Co Latam	4,048,390	728,909	(167,260)	769,227	(1,102,304)	(79,148)	149,425
TBS International	1,717,823	286,527	(286,141)	18,140	(46,057)	12,983	(14,548)
Aesop International	552,646	118,183	(83,299)	4,792	(13,455)	(7,802)	18,419
Corporate expenses	-	(127,120)	-	-	-	43,221	(83,899)
Consolidated	6,318,859	1,006,499	(536,700)	792,159	(1,161,816)	(30,746)	69,397

	06/2020				12/2019			
	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Non-current assets	Total assets	Current liabilities	Non-current liabilities
Natura &Co Latam	9,204,837	17,876,818	5,937,239	10,281,619	4,574,087	9,328,858	3,116,454	8,235,679
Avon International	25,758,269	29,338,889	3,415,813	12,056,797	-	-	-	-
TBS International	7,726,417	9,828,551	1,989,604	1,885,255	6,146,960	7,369,250	1,065,447	1,477,148
Aesop International	1,338,875	1,954,858	418,223	730,817	1,033,408	1,435,830	255,616	590,917
Corporate balance	-	2,093,806	1,103,010	1,082	-	3,050,574	3,080,906	-
Consolidated	44,028,398	61,092,922	12,863,889	24,955,570	**11,754,455**	**21,184,512**	**7,518,423**	**10,303,744**

25.2 Net income and non-current assets by geographic region

	06/2020				06/2019		
Net income	Natura &Co Latam	Avon International	TBS International	Aesop International	Natura &Co Latam	TBS International	Aesop International
Asia	-	653,102	101,024	356,245	-	137,196	225,245
North America	1,650,053	-	269,200	113,706	**345,507**	**305,852**	**88,129**
Mexico	1,328,100				343,888	-	-
Other	321,953		269,200	113,706	1,619	**305,852**	**88,129**
South America	6,485,785	-	-	-	**3,700,224**	**-**	**-**
Brazil	4,533,315	-	-	-	2,776,153	-	-
Argentina	690,221				355,098	-	-
Others	1,262,249	-	-	-	568,973	-	-
Europe, Middle East and Africa (EMEA)	2,244	3,118,433	1,351,971	154,393	**2,659**	**1,157,888**	**100,838**
United Kingdom	-	371,923	1,083,032	82,005	-	881,543	48,801
Others	2,244	2,746,510	268,939	72,388	2,659	276,345	52,037
Oceania	-	-	150,241	98,777	**-**	**116,887**	**138,434**
Consolidated	8,138,082	3,771,535	1,872,436	723,121	4,048,390	1,717,823	552,646

	06/2020				12/2019		
Non-current assets	Natura &Co Latam	Avon International	TBS International	Aesop International	Natura &Co Latam	TBS International	Aesop International
Asia	-	245,854	170,999	298,185	-	140,760	227,670
North America	699,318	-	626,188	365,465	185,646	523,351	272,676
Mexico	602,043				183,250		
Others	97,275		626,188	365,465	2,396	523,351	272,676
South America	8,495,351	-	-	-	4,378,676	-	-
Brazil	6,985,784	-	-	-	4,197,259	-	-
Argentina	355,420				63,050		
Others	1,154,147	-	-	-	118,367	-	-
EMEA	10,168	25,512,415	6,452,367	234,424	9,765	5,105,903	190,442
United Kingdom	-	23,781,822	5,780,380	97,827	-	4,602,066	76,073

Others	10,168	1,730,593	671,987	136,597	9,765	503,837	114,369
Oceania	-	-	476,863	440,801	-	376,946	342,620
Consolidated	**9,204,837**	**25,758,269**	**7,726,417**	**1,338,875**	**4,574,087**	**6,146,960**	**1,033,408**

No individual or aggregate customer (economic group) represents more than 10% of the Company's net income.

25.3 Reconciliation for recast segments

Because of the new segment information as a result of the Avon acquisition in 2020, described above, the changes in the recast segment information previously disclosed is according to the following:

Presented in the financial statement for the year ended 31 December 2019				
31 December 2019	Non-current assets	Total assets	Current liabilities	Non-current liabilities
Natura Brasil [(a)]	4,181,261	7,618,551	2,207,944	8,119,890
Natura LATAM [(a)]	349,698	1,592,912	774,521	105,423
Natura others [(a)]	12,161	18,126	8,591	1,558
Aesop [(b)]	1,035,432	1,442,214	274,539	592,531
The Body Shop [(c)]	6,175,903	7,462,135	1,171,922	1,484,342
Corporate	-	3,050,574	3,080,906	-
Consolidated	**11,754,455**	**21,184,512**	**7,518,423**	**10,303,744**

(a) Amounts included in the new segment information Natura &Co Latam.

(b) Amounts related to the Aesop's operations located in Brazil and Latins America, representing non-current asset (R$ 2.024), total assets (R$ 6.384), current liabilities (R$ 18.923) and non current liabilities (R$1.614) included in the recast segment Natura &Co Latam.

(c) Amount related to The Body Shop's operations located in Brazil and Latins America, representing non-current asset (R$ 28.943), total assets (R$92.885), current liabilities (R$106.475) and non current liabilities (R$7.193) included in the recast segment Natura &Co Latam.

Presented in the financial statement for the period ended 30 June 2019							
30 June 2019	Net revenue	Performance assessed by the Company	Depreciation and amortization	Financial income	Financial expenses	Income tax	Net income (loss)
Natura Brasil [(a)]	2,750,169	588,399	(130,112)	749,538	(1,071,733)	(54,149)	81,943
Natura LATAM [(a)]	1,253,535	162,932	(28,027)	19,689	(27,504)	(24,900)	102,190
Natura outros [(a)]	4,292	(15,780)	(1,093)	-	(121)	-	(16,994)
Aesop [(b)]	554,090	117,590	(83,761)	4,792	(13,520)	(7,802)	17,299
The Body Shop [(c)]	1,756,773	280,479	(293,707)	18,140	(48,938)	12,884	(31,142)
Corporate	-	(127,120)	-	-	-	43,221	(83,899)
Consolidated	**6,318,859**	**1,006,500**	**(536,700)**	**792,159**	**(1,161,816)**	**(30,746)**	**69,397**

(a) Amounts included in the new segment information Natura &Co Latam.

(b) Amounts related to the Aesop's operations located in Brazil and Latins America, representing net revenue (R$ 1.444), performance assessed by Company (R$ 593), depreciation and amortization (R$ 462), financial expense (R$65), and net income (loss) (R$1.120) included in the recast segment Natura &Co Latam.

(c) Amount related to The Body Shop's operations located in Brazil and Latins America, representing net revenue (R$ 38.950), performance assessed by Company (R$ 6.048), depreciation and amortization (R$ 7.566), financial expense (R$2.881), income tax (R$99) and net income (loss) (R$16.594) included in the recast segment Natura &Co Latam.

26. NET REVENUE

	Consolidated	
Gross income:	06/2020	06/2019
Domestic market	6,317,607	3,927,472
Foreign market	12,274,126	4,616,740
Other sales	242,336	26,306
	18,834,069	8,570,518
Returns and cancellations (a)	(270,994)	(31,947)
Commercial discounts and rebates (a)	(409,895)	(507,871)
Taxes on sales (a)	(3,648,006)	(1,711,841)
	(4,328,895)	(2,251,659)
Net revenue	14,505,174	6,318,859

Substantially, the income from brands Natura and Avon refers to direct sales, whereas the income from the brands The Body Shop and Aesop refers to retail sales.

(a) The comparative amounts for the period ended 30 June 2019, presented in the interim financial statement 30 June 2020, previously issued in 13 August 2020, were reclassified to ensure consistency with the information originally disclosed in the interim financial statement of 30 June 2019. The reclassifications were made between lines with no modification in the subtotals and totals.

27. OPERATING EXPENSES AND COST OF PRODUCTS SOLD

Breakdown by function	Controlling Company		Consolidated	
	06/2020	06/2019	06/2020	06/2019
Cost of products sold		-	5,254,229	1,773,727
Expenses with sales, marketing and logistics		-	6,448,997	2,875,375
Administrative, R&D, IT and Project Expenses	23,970	-	2,603,635	1,104,252
Total	23,970	-	14,306,861	5,753,354

Breakdown by nature	Controlling Company		Consolidated	
	06/2020	06/2019	06/2020	06/2019
Cost of products sold		-	5,254,229	1,773,727
Raw material/packaging material/resale		-	4,365,991	1,485,379
Personnel expenses (explanatory note 28)		-	285,508	145,572
Depreciation and amortization		-	98,639	28,028
Others		-	504,091	114,748
Expenses with sales, marketing and logistics		-	6,448,997	2,875,375
Logistics costs		-	1,063,015	344,782
Personnel expenses (explanatory note 28)		-	1,839,299	805,518
Marketing, sales force and other sale expenses		-	2,884,442	1,367,657
Depreciation and amortization		-	662,241	357,418
Administrative, R&D, IT and Project Expenses	23,970	-	2,603,635	1,104,252
Expenses in innovation		-	115,977	33,277

Personnel expenses (explanatory note 28)	20,908	-	1,031,894	585,142
Other administrative expenses	3,062	-	886,926	334,579
Depreciation and amortization		-	568,838	151,254
Total	23,970	-	14,306,861	5,753,354

28. EMPLOYEE BENEFITS

Information pertaining to employee benefits was presented in the Company's 2019 annual financial statements in Note 27.

	Controlling Company		Consolidated	
	06/2020	06/2019	06/2020	06/2019
Payroll, profit sharing and bonuses	11,629	-	2,312,050	1,146,868
Supplementary Pension Plan	-	-	89,581	43,605
Share-based payments (note 32.3)	4,131	-	76,387	26,903
Charges on restricted stock (note 32.1)	2,381	-	11,475	15,670
Medical care, food, and other benefits	-	-	291,956	120,311
Charges, taxes and social contributions	74	-	284,248	98,699
INSS - Brazilian Social Security Institute	2,693	-	91,004	84,176
Total	20,908	-	3,156,701	1,536,232

28.1 Share-based payments

Options granted in 2020

On 27 March 2020, the Company's Board of Directors approved the new long-term stock-based incentive plans of the Company named the "Co-investment Plan" and "Long-term Incentive Plan" for 2020.

The "Co-Investment Plan" consists of the grant of common shares of the Company to a group of employees that may invest part of their profit participation (up to 50%) in the purchase of shares so that the Company will assign the same number of shares for the amount invested by the beneficiary. The rights of the participants regarding the "Co-Investment Plan" shall only be fully acquired, to the extent that the participant remains continuously linked as an employee of the Company and its subsidiaries up to the third anniversary of the date of the grant.

The "Long-Term Incentive Plan" consists of granting common shares of the Company to a group of employees and, unless otherwise determined by the Company's Board of Directors, participants' rights regarding the Performance Shares shall only be fully acquired, to the extent that: (i) the participant remains an employee of the Company and its subsidiaries until the 3rd anniversary of the grant date; and (ii) certain performance conditions are met. For certain participants, there is a special condition for item (i) above, in which 50% of the Performance Shares granted will be acquired on the 3rd anniversary of the grant date and the remaining 50% on the 4th anniversary of the grant date.

The variations in the number of outstanding stock options and their related weighted-average prices, as well as variations in the number of restricted stock, are as follows:

Stock Option Plan and Strategy Acceleration Plan		
	Average exercise price per option - R$	Options (thousands)
Balance on 31 December 2019	16.51	17,568
Related to Avon subsidiary – Business Combination (Note 4)	0.01	1,994
Expired	21.35	(72)
Exercised	26.35	(727)
Balance on 30 June 2020	16.29	18,763

	Restricted stock (thousands)	Performance shares (thousands)
Balance on 31 December 2019	3,092	688
Granted	862	-
Cancelled	(22)	-
Exercised	(1,046)	(40)
Balance on 30 June 2020	2,886	648

Out of the 18,763 thousand options existing as of 30 June 2020 (17,568 thousand options as of 31 December 2019) 2,312 thousand options (604 thousand options as of 31 December 2019) can be exercised.

The expense related to the fair value of the options and restricted stock, including the charges related to restricted shares, recognized in the six-month period ended 30 June 2020, according to the period elapsed for the acquisition of the right to exercise of options and restricted shares, was R$ 81,350 in the consolidated.

The options to purchase outstanding stock and restricted stock at the end of the period have the following maturity dates and exercise prices:

As of 30 June 2020 - Stock option plan

Grant date	Conditions for acquisition of a right as from the grant date	Exercise price (R$)	Fair value (R$)	Existing options (thousands)[1]	Remaining contractual life (years)	Exercisable options (thousands)
18 March 2013	4 years of service	37.60	6.05	386	0.2	386
17 March 2014	4 years of service	25.16	4.27	102	1.7	102
16 March 2015	2 to 4 years of service	13.60	4.85 to 5.29	210	2.7	210
28 July 2015 (Strategy acceleration)	4 to 5 years of service	12.90	6.20 to 6.23	1,296	3.1	196
15 March 2016	2 to 4 years of service	12.84	7.16 to 7.43	286	3.8	284
11 July 2016 (Strategy acceleration)	4 to 5 years of service	11.41	6.84 to 6.89	2,640	4.1	-
10 March 2017	2 to 4 years of service	12.59	6.65 to 6.68	696	4.8	372
10 March 2017 (Strategy acceleration)	4 to 5 years of service	12.59	6.87 to 6.89	2,210	4.8	-
12 March 2018	2 to 4 years of service	16.96	7.96 to 8.21	1,998	5.8	642
12 March 2018 (Strategy acceleration)	3 to 5 years of service	12.16 to 16.96	8.21 to 9.67	3,800	5.8	-
12 April 2019	3 to 4 years of service	23.54	11.71 to 11.82	1,636	6.8	-
12 April 2019 (Strategy acceleration)	4 to 5 years of service	23.54	11.51 to 11.71	1,900	6.8	-
From 31 December 2020 to 9 May 2017	1 year of service	0.01	19.80	65	-	65
From 14 March 2018 to 17 December 2018	1 to 3 years of service	0.01	19.70	334	1.2	55
From 13 March 2019 to 16 December 2019	1 to 3 years of service	0.01	19.58	1,204	0.4 a 2.2	-
				18,763		**2,312**

As of 30 June 2020 - Restricted stock

Grant date	Conditions for acquisition of a right as from the grant date	Existing shares (thousands) [2]	Fair value (R$)	Remaining contractual life (years)
10 March 2017	2 to 4 years of service	206	11.69 to 12.51	0.7
12 March 2018 – Plan I	2 to 4 years of service	470	15.18 to 15.9	0.7
12 March 2018 – Plan II	0.4 to 2.4 years of service	90	15.76 to 16.49	0.1
12 March 2018 – Plan III	1 to 3 years of service	74	15.54 to 16.27	0.8
12 March 2018 – Extraordinary Plan I	1 to 3 years of service	4	15.54 to 16.28	0.7
13 August 2018 – Extraordinary Plan VI	1.6 to 3.6 years of service	50	12.24 to 13.13	0.7 to 1.7
12 April 2019 – Plan I	2 to 4 years of service	814	21.62 to 22.53	0.7 to 2.8
12 April 2019 – Plan II	1 to 3 years of service	312	22.14 to 22.85	0.7 to 1.7
27 March 2020 - Co-Investment Plan	1 to 3 years of service	866	29.00	3
		2,886		

As of 30 June 2020 – Performance shares

Grant date	Right acquisition conditions	Existing shares (thousands)	Fair value (R$)	Remaining contractual life (years)	Shares not delivered (thousands)
21 May 2019	From 3 to 4 years of service as from the grant date and if the performance conditions are met	648	23.10 to 45.70	3.0 to 4.0	-
		648			-

As of 30 June 2020, the market price was R$ 39.90 (R$ 38.67 as of 31 December 2019) per share.

29. FINANCIAL INCOME (EXPENSES)

	Controlling Company		Consolidated	
	06/2020	06/2019	**06/2020**	06/2019
FINANCIAL INCOME:				
Interest on financial applications	**13,450**	-	**74,306**	37,445
Earnings on monetary and exchange rate variations [(a)]	**-**	-	**394,807**	410,393
Earnings on swap and forward transactions [(c)]	**-**	-	**1,634,968**	318,873
Earnings on market value adjustment of swap and forward derivatives	**-**	-	**3,020**	1,003
Reversal of the monetary adjustment of the provision for tax risks and tax obligations	**-**	-	**42,378**	-
Debt structuring revenues for acquisition of Avon	**52,434**	-	**52,434**	-
Other financial income	**-**	-	**23,809**	24,445
	65,884	-	**2,225,722**	792,159
FINANCIAL EXPENSES:				
Interest on financing	**(4,757)**	-	**(539,671)**	(257,764)
Interest on lease	**-**	-	**(119,398)**	(64,137)
Losses on monetary and exchange rate variations [(b)]	**-**	-	**(1,529,458)**	(311,015)
Losses on swap and forward transactions [(d)]	**-**	-	**(431,567)**	(455,352)
Losses on market value adjustment of swap and forward derivatives	**-**	-	**(5,170)**	(786)
Adjustment of provision for tax, civil and labor risks and tax liabilities	**-**	-	**(6,410)**	(8,080)

Appropriation of funding costs (Debentures/Notes)	-	-	(5,653)	(6,452)
Pension plan interest	-	-	(15,512)	-
Adjustment for hyperinflationary economy (Argentina)	-	-	(5,556)	(5,864)
Debt structuring expenses for acquisition of Avon				(29,360)
Other financial expenses	(3,821)	-	(63,463)	(23,006)
	(8,578)	-	(2,721,858)	(1,161,816)
Net financial income (expenses)	57,306	-	(496,136)	(369,657)

The objective of the breakdowns below is to explain more clearly the foreign exchange hedging transactions contracted by the Company and the related balancing items in the income statement shown in the previous table:

	Controlling Company		Consolidated	
	06/2020	06/2019	06/2020	06/2019
(a) Earnings on monetary and exchange rate variations	-	-	394,807	410,393
Earnings on exchange rate variation on borrowings	-	-	(393)	313,365
Exchange rate variation on imports	-	-	15,746	6,541
Exchange rate variation on export receivables	-	-	46,580	7,322
Exchange rate variation on accounts payable to subsidiaries abroad	-	-	183,468	83,165
Exchange variations of bank accounts in foreign currency	-	-	149,406	-
(b) Losses on monetary and exchange rate variations	-	-	(1,529,458)	(311,015)
Losses on exchange rate variation on borrowings		-	(1,089,680)	(228,287)
Exchange rate variation on imports		-	(43,774)	(9,791)
Exchange rate variation on export receivables		-	(7,901)	(8,483)
Exchange rate variation on accounts payable to subsidiaries abroad		-	(192,414)	(64,220)
Monetary variations on financing		-	(195,689)	(234)
(c) Earnings on swap and forward transactions		-	1,634,968	318,873
Income from swap exchange coupons		-	112,090	86,811
Earnings from exchange variations on swap instruments		-	1,522,878	232,062
(d) Losses on swap and forward transactions		-	(431.567)	(455,352)
Losses on exchange rate variation on swap instruments		-	(5,892)	(314,136)
Financial costs of swap instruments		-	(425,585)	(141,216)

30. OTHER OPERATING INCOME (EXPENSES), NET

Information pertaining to other operating income (expenses) was presented in the Company's 2019 annual financial statements in Note 29.

	Controlling Company		Consolidated	
	06/2020	06/2019	06/2020	06/2019
Other operating income, net				
Result of write-off of property, plant and equipment	-	-	8,620	142
ICMS-ST	-	-	14,345	39,722
Income from the sale of clients' portfolio	-	-	-	10,125
Tax credits	-	-	101,473	96,062
Other operating income	-	-	7,764	-
Total other operating income	-	-	132,202	146,051
Other operating expenses, net				
Crer para Ver	-	-	(19,720)	(16,771)
Expenses from the sale of clients' portfolio	-	-	(2,967)	-
Expenses related to the acquisition of Avon[(a)]	(166,416)	-	(304,057)	(67,497)
Transformation Plan	-	-	(79,558)	(26,374)
Tax contingencies	-	-	(3,774)	(3,926)
Other operating expenses	(11,432)	-	-	(9,151)
Total other operating expenses	(177,848)	-	(410,076)	(123,719)
Other operating income (expenses), net	(177,848)	-	(277,874)	22,332

(a) Related to expenses associated with the Avon acquisition process, which include: financial structuring expenses (R$ 115,696), legal expenses (R$ 17,281), regulatory expenses (R$ 18,030) and executive plans (R$ 152,909).

31. TRANSACTIONS WITH RELATED PARTIES

Information pertaining to transactions with related parties was presented in the Company's 2019 annual financial statements in Note 31.

31.1 The balances receivable and payable per transaction with related parties are set out below:

	Controlling Company	
	06/2020	12/2019
Current Assets:		
Avon Products, Inc. [(a)]	501,074	-
Natura Cosméticos S.A. – Argentina [(b)]	1,798	-
Natura Cosméticos S.A. – Mexico [(b)]	527	-
Natura Cosméticos S.A. – Peru [(b)]	454	-
Natura Cosméticos Ltda. – Colombia [(b)]	338	-
Natura Cosméticos Ltda – Chile [(b)]	290	-
The Body Shop International	2,395	
Total Current Assets [(*)]	506,876	-
Current Liabilities:		
Natura Cosméticos S.A. – Brazil [(a)]	330	-
Total current liabilities	330	-

(a) Pertains to the allocation of expenses related to the merger process.
(b) Pertains to the allocation of expenses related to the stock option and restricted stock plans.

In the period ended 30 June 2020, Natura &Co reimbursed the amount of R$ 147,486 related to the transaction costs of the Avon acquisition paid by its controlled company Natura Cosméticos. This reimbursement impacted the result under "Other income (expenses)".

The Natura Institute holds shares in the Essential Investment Fund, and on 30 June 2020 its balance was R$ 3,395 (R$ 3,766 as of 31 December 2019).

On 5 June 2012, an agreement was entered between Indústria e Comércio de Cosméticos Natura Ltda. and Bres Itupeva Empreendimentos Imobiliários Ltda. ("Bres Itupeva"), for the construction and lease of processing, storage and distribution of merchandise (HUB) in the city of Itupeva/SP. In 2019, Bres Itupeva granted its credits to BRC Securitizadora S/A, to which Natura makes monthly payments. Mr. Antônio Luiz da Cunha Seabra, Mr. Guilherme Peirão Leal and Mr. Pedro Luiz Barreiros Passos, members of the group of controlling shareholders of Natura Cosméticos S.A., indirectly hold a controlling interest in Bres Itupeva. The amount involved in the registered transaction is recorded under "Right of Use" of Buildings in the amount of R$ 41,809 (R$ 44,244 under "Buildings" of Property, Plant and Equipment as of 31 December 2019).

In the period ended 30 June 2020, the Company and its subsidiaries transferred to the Natura Institute, in the form of a donation associated with maintenance, the amount of R$ 692 corresponding to 0.5% of net income for the prior fiscal year, and a donation associated with the net sales of products of the Natura Crer Para Ver line in the amount of R$ 21,000 (R$ 12,500 as of 30 June 2019).

31.2 Compensation of the Management's key personnel

The total compensation of the key personnel of the Company's Management is as follows:

	06/2020			06/2019		
	Compensation			Compensation		
	Fixed (a)	Variable (b)	Total	Fixed (a)	Variable (b)	Total
Board of Directors	**7,591**	**20,619**	**28,210**	10,230	15,782	26,012
Executive Office	**22,661**	**39,574**	**62,235**	19,963	30,153	50,116
	30,252	**60,193**	**90,445**	30,193	45,935	76,128

a) The item "Executive Office" includes the amount of R$ 510 pertaining to the amortization of the six-month period ended 30 June 2020 (R$ 29 in the six-month period ended 30 June 2019), of the Confidentiality and Non-Compete Agreement ("Agreement").

b) This refers to profit sharing, the Restricted Stock Plan and Strategy Acceleration Program, including charges, as applicable, to be determined in the period. The amounts include additions to and/or reversals of provisions made in the previous year, due to final assessment of the targets established for statutory and non-statutory board members and officers in relation to profit sharing.

31.2.1 Share-based payments

Breakdown of the compensation of the Company's executives:

	Grant of options					
	06/2020			06/2019		
	Balance of the Options (quantity)[1] (a)	Average fair value of the options[1] - R$	Average exercise price[1] - R$ (b)	Balance of the Options (quantity)[1] (a)	Average fair value of the options[1] - R$	Average exercise price[1] - R$ (b)
Executive Office	**13,723,236**	**8.39**	**16.29**	14,203,364	8.24	16.43

	Restricted stock			
	06/2020		06/2019	
	Balance of the shares (quantity)[2 (a)]	Average fair value[2] - R$	Balance of the shares (quantity)[2 (a)]	Average fair value[2] - R$
Executive Office	**1,564,143**	**25.15**	1,069,642	19.05

[1] The number of stock options granted, expired and exercised and their respective fair values is shown already considering the stock split approved at the Extraordinary Shareholders' Meeting held on 17 September 2019.

[2] The number of restricted stock and performance shares granted, expired and exercised is shown already considering the stock split approved at the Extraordinary Shareholders' Meeting held on 17 September 2019.

(a) This refers to the balance of the vested options and restricted stock and non-vested options and restricted stock, not exercised, at the balance sheet dates.

(b) This refers to the weighted average exercise price of the option at the time of the grant plans, adjusted for inflation based on the Extended Consumer Price Index (IPCA) until the balance sheet dates. The new Stock Option Program implemented in 2015 includes no monetary adjustment.

32. COMMITMENTS

32.1 Contracts related to supply of inputs

Subsidiary Indústria e Comércio de Cosméticos Natura Ltda. has commitments arising from electric power supply agreements, with effective physical delivery, for its manufacturing activities, as described below:

- Agreements that started in 2018 and are effective up to 2020, with the value of Megawatts/h between R$ 265 and R$ 363.
- Agreements that started in 2019 and are effective up to 2022, with the value of Megawatts/h between R$ 155 and R$ 305.
- Agreements that started in 2020 and are effective up to 2022, with the value of Megawatts/h between R$ 204 and R$ 238.

The amounts are shown based on electric power consumption estimates in accordance with the contractual period, the prices of which are based on volumes, also estimated, resulting from the subsidiary's continuous operations.

The total minimum supply payments, measured at nominal value, according to the contract, are:

	06/2020	12/2019
Up to one year	**10,206**	17,918
One to five years	**2,552,017**	13,160
Total	**2,562,223**	31,078

33.INSURANCE COVERAGE

The Company and its subsidiaries adopt an insurance policy that mainly considers risk concentration and its relevance, taking into consideration the nature of their activities and the opinion of their insurance advisors. As of 30 June 2020, insurance coverage is as follows:

Item	Type of coverage	Amount insured	
		06/2020	12/2019
Industrial complex and administrative sites	Any material damage to buildings, facilities, inventories, and machinery and equipment	**5,511,760**	2,322,801
Vehicles	Fire, theft and collision for 347 vehicles (818 in 2019)	**259,004**	212,027
Loss of profits	Loss of profits due to material damage to facilities, buildings and production machinery and equipment	**1,582,000**	1,582,000
Transport	Damage to products in transit.	**97,086**	32,309
Civil liability	Protection against errors or complaints in the exercise of professional activity that affect third parties	**1,392,756**	532,510
Environmental liability	Protection against environmental accidents that may result in environmental lawsuits	**30,000**	30,000

34. ADDITIONAL INFORMATION TO THE CASH FLOW STATEMENTS

The following table presents additional information on transactions related to the cash flow statement:

	Controlling Company		Consolidated	
	06/2020	06/2019	**06/2020**	06/2019
Non-cash items:				
Hedge accounting, net of tax effects		-	**153,114**	105,997
Net effect of the additions to the property, plant and equipment/intangible assets still not paid		-	**46,778**	31,638
Consideration per acquisition of the subsidiary*	13,366	-		-

*in millions of Reais

35. SUBSEQUENT EVENTS

Entity acquisition

At 30 June 2020 The Body Shop International Limited signed a purchase and sale agreement to acquire Aeon Forest Co., Ltd for the amount of R$133.275 (¥2,623,000). Until the date of this financial statement issuance, The Body Shop have not acquired control over the purchased entity, which will occur after the issuance of this financial statement.

Resource remittance to subsidiary

On 2 July 2020, the Company remitted to its subsidiary Natura &Co International S.à r.l. the amount of R$ 252,334 (USD47,000), aligned with the purpose of the subsidiary, which is raise and borrow funds by the Company to other consolidated companies (Note 2.3).

36. APPROVAL FOR ISSUE OF THE INTERIM ACCOUNTING INFORMATION

The Company's interim accounting information was approved for disclosure by the Board of Directors at the meeting held on 30 September 2020.

São Paulo, September 30, 2020

Amidst Covid-19 global impact, Natura &Co outperforms CFT market in Q2[1,2], demonstrating resilience of purpose-driven and omnichannel Group with a strong surge in digital and e-commerce

Natura &Co also advanced the Avon integration, launched our ambitious 2030 Sustainability Vision and successfully raised R$ 2 billion in a private capitalization, with strong deleveraging in the quarter, to accelerate IT/digital transformation with an estimated investment of R$400 million over the coming 6 months.

- **Natura &Co's consolidated net revenue** reached R$7.0 billion in Q2, down 12.7% in BRL (-23.5% at constant currency "CC") vs the same quarter last year, outperforming the global CFT market[1]. Growth of the Natura brand, with a remarkable 7.9% increase in Brazil, strong performance by The Body Shop and Aesop, geographic diversification, and a record increase in digital sales across all brands allowed us to significantly offset impacts from Covid-19 and the previously announced cyber incident at Avon. Excluding the phasing effect of the cyber incident on sales, of approximately R$450 million already captured in Q3, net revenue in Q2 would have been -7.0% vs Q2 19 (-18.6% at CC).

  In H1-20, net sales reached R$14.5 billion, down 5.7% in BRL, or -15.1% at constant currency vs. H1-19. The Natura brand grew 9.0% in BRL (+6.9% at CC), driven by strong growth in Brazil of 8.7% and Hispanic Latam of 9.6% (+3.6% at CC) and strong performance by The Body Shop and Aesop.

  - **Natura &Co Latam**'s[2] net revenue declined by 16.5% in BRL (-19.8% at CC). The Natura brand's net revenue increased by 4.4% in BRL (+2.6% at CC), supported by a remarkable performance in Brazil (+7.9%), outperforming the CFT market[3], driven by the strength of its digital relationship selling model. Mother's Day and Valentine's Day campaigns performed better than expected and productivity per consultant grew for the 15th consecutive quarter (+6.9%). The brand in Brazil showed impressive progression throughout the quarter, with April down 23.5%, May up 23.6% and June up 29.4%. In Hispanic Latam, the Natura brand's net revenue was down 3.6% in BRL (-10.2% at CC) due to lockdowns restrictions, with growth resuming in June. The Avon brand's net revenue declined by 35.2% in BRL (-40.2% at CC), due to lower representative activity related to Covid-19 and the cyber incident later in the quarter, which shifted approximately R$390 million of sales to Q3. Excluding the phasing effect of the cyber incident on sales already captured in Q3, the Avon brand's net revenue in Q2 would have been -19.5% vs Q2 19 (-26.0% at CC) and Natura &Co Latam's net revenue would have been -8.4% vs Q2 19 (-12.4% at CC). H1-20 net revenues at Natura &Co Latam decreased by 7.8% in BRL (-11.3% at CC).

  - **Avon International**'s[2] net revenue declined 21.6% in BRL in Q2 (-38.9% at CC), with lower representative activity due to Covid-19 and the cyber incident, which shifted approximately R$60 million of sales to Q3. Excluding the phasing effect of the cyber incident on sales already captured in Q3, net revenue in Q2 would have been -18.8% vs Q2 19 (-36.7% at CC). In the quarter, representatives were equipped with new digital capabilities, enabling faster order fulfilment and additional rollout of direct-to-consumer shipping, which will accelerate the pace of digitalization going forward. In the UK, we saw a recent doubling of new Representatives vs last year and representative adoption of digital assets reached nearly 70% in Q2. In H1-20, net revenue declined by 11.9% in BRL (-26.6% at CC).

  - **The Body Shop**'s[2] net revenue increased 15.5% in BRL in Q2 (-13.2% at CC). Covid-19 lockdown impacted retail performance in the quarter, with 87% of retail stores closed at the end of April. Stores primarily reopened in June, ending the quarter with 16% closed. Revenue progressively improved as stores reopened, from -33% in April, to -20% in May and a return to growth of +14% in June. Consumers continued to shift to e-commerce and At-Home (direct sales), with growth of more than 230% and 280%, respectively, significantly offsetting lost retail sales. H1-20 net revenue increased 9.0% in BRL (-11.8% at CC).

  - **Aesop**[2] posted net revenue growth of 34.8% in BRL (-0.6% at CC) with exponential growth in online sales of more than 430% vs. Q2-19, largely offsetting the closure of up to 90% of stores at the beginning of the quarter. The company successfully replicated its unique in-store customer experience in its online channel and revenue progressively returned to growth, from -14% in April to -6% in May and +20% in June. In H1, net revenue grew by 30.8% (+4.9% at CC).

- **Natura &Co experienced record acceleration in digital social selling and e-commerce**, with total group e-commerce sales growing almost 225% in the quarter vs prior year. At Natura and Avon combined, e-commerce grew nearly 150% through consultants sharing their online stores. Sales via representatives sharing e-brochures more than doubled at Avon globally in Q2 vs Q1, and in the UK e-brochure sales were up more than 600% vs Q2-19. The number of consumers accessing the e-brochure increased nearly 60% in Q2 vs Q1. At Natura, while more than 90% of consultants already use digital platforms, content sharing grew by more than 70%, and the number of orders tripled vs. last year through the almost 900,000 consultant online stores (+200,000 since Q1-20).

[1] Cosmetics, Fragrance and Toiletries market performance: Company estimate based on global peers' Q2 net revenue vs prior year of -21% (in reported FX), as reported by the companies or estimates published on Bloomberg for those who have not yet reported.
[2] For comparison purposes, Q2-20 and Q2-19 results and analyses include: i) Q2-19 aggregated figures including Avon Products, Inc. results in IFRS; ii) Natura &Co's results in Latin America, which includes the operations of Avon, Natura, The Body Shop and Aesop brands in the region; iii) the results of Avon International, The Body Shop and Aesop brands, except in Latin America; iv) Q2-20 results and analyses including the effects of the fair market value assessment as a result of the business combination with Avon as per the Purchase Price Allocation – PPA.
[3] Source: Kantar of approximately -4% and ABIHPEC of approximately -6%.

- **Adjusted[4] EBITDA for Natura &Co was R$615.2 million** (margin of 8.8%), excluding out-of-period positive tax effects at Natura &Co Latam and transformation costs, supported by improved gross margin and cost discipline across all businesses, which mitigated the impact of lower revenue. **Reported EBITDA for Natura &Co was R$651.9 million** (margin of 9.3%).

  - **Natura &Co Latam's** adjusted EBITDA margin was 9.4% (-320 bps). The Natura brand reported a 760bps increase in adjusted margin, supported by higher margins at both Natura Brazil and Hispanic Latam, driven by growth in revenues and measures implemented to reduce discretionary spend, notably in Q2 to mitigate Covid-19's impacts. This was offset by a decline at the Avon brand, mainly from lower revenues, causing significant deleverage of fixed expenses, particularly in Hispanic Latam. On a reported basis, EBITDA margin was 11.2%, including out-of-period positive tax effects. H1-20 adjusted EBITDA margin was 8.1% (-160 bps).

  - **Avon International's** adjusted EBITDA margin stood at 4.4% (-950 bps), primarily due to the impact of lower revenue and the cyber incident, causing operational deleverage. H1-20 adjusted EBITDA margin was 4.7% (vs. 13.1% in H1-19).

  - **The Body Shop's** adjusted EBITDA margin was 14.8% (-90 bps), due to lower revenue from store closures, particularly at the start of the quarter, partially offset by improved discounts, reduced discretionary spending and Covid-19-related government support. H1-20 adjusted EBITDA margin was 14.9%, down 280 bps.

  - **Aesop's** EBITDA margin reached an impressive 26.8% (+650 bps), driven by targeted cost reduction, favorable channel mix and utilization of government support, particularly in Q2 to mitigate Covid-19's impacts on revenue. In H1, EBITDA margin stood at 25.0% (+360 bps).

- **Cost synergies from the Avon integration of US$25 million in Q2** are ahead of estimates for the quarter, on track for the year and in line with the plan announced in Q1. The synergies achieved this quarter primarily relate to procurement, incurring a lower than planned US$1.9 million in costs to achieve.

- **Successful R$2 billion private capital raise, contributing to a strong cash position.** This allowed us to build on the momentum in digital and accelerate our investment in IT infrastructure, digital and social selling, committing up to R$400 million over the coming 6 months. The investments are in line with our capex budget, with a heightened priority on digital to upgrade Avon platforms, accelerate the Latam integration and further boost our social selling and e-commerce go-to-market.

- **Very strong cash position of R$7.4 billion at quarter-end**, in line with projections and well above our minimum thresholds. Further deleveraging at Natura Cosméticos: Net debt-to-EBITDA ratio reduced to 2.04x in Q2-20, from 2.83x in Q2-19. At Natura &Co Holding, consolidated net debt-to-EBITDA stood at 3.6x.

1. Management commentary:

Roberto Marques, Executive Chairman, and CEO of Natura &Co, commented:

"Our continued efforts to accelerate the digital transformation of our businesses enabled us to largely offset store closures, ensure business continuity, and deliver resilient numbers during a period in which much of the world faced continued lockdown measures. Every brand and business in the Group became truly omnichannel during the second quarter and — given the circumstances — helped deliver a robust and competitive overall performance, both in terms of sales and EBITDA, and positive trends are continuing in July.

We saw remarkable growth by the Natura brand in Brazil, with a strong increase in sales and profitability, while The Body Shop and Aesop's rapid pivot to online channels allowed them to post robust sales and profitability, even with most of their stores closed for much of the quarter. While the Avon brand in Latin America and Avon International felt the impact of lockdowns and the previously disclosed cyber incident, we have seen a positive sales phasing effect at the start of the third quarter.

Despite the challenges of Covid-19, we remain on track to deliver the planned synergies of the Avon integration. Against the backdrop of the pandemic, our four companies are accelerating their ways of working together and their integration. This has included quickly implementing and leveraging cross-company manufacturing and procurement opportunities.

With the executive team at Avon now in place, we will roll out significant transformational initiatives in the second half of the year, including a high impact brand relaunch online and in digital channels, coming in Q3, a new commercial model that will capitalize on learnings from Natura, and a simplified go-to-market strategy. We also recently announced two strategic partnerships, one with Vayner Media, a global powerhouse in social media, which will include digital support for the Avon relaunch, and another with Singu, a leading Brazilian digital platform for at-home beauty services. Natura and Singu are working together in order to provide thousands of beauty professional consultants with the opportunity to drive higher income, and will evaluate additional synergies in the future. Aligned also with our strategic framework, Natura &Co strengthened its geographic footprint in key markets with The Body Shop's acquisition of its business in Japan from a head franchisee, to close on October 1, and the recent entry of The Body Shop's At-Home direct sales channel in the United States. We are looking forward to driving growth in these important markets through company owned businesses.

In the quarter, we also strengthened our capital structure with a private capital raise of 2 billion Reais, subscribed by our controlling shareholders, investors and existing shareholders. The proceeds will allow us to build on our digital momentum

[4] Excluding effects that are not considered recurring nor comparable between the periods under analysis.

and we plan to invest 400 million Reais over the coming six months, in line with our capex budget, to further step up our IT infrastructure, digital and social selling.

In June 2020, Natura &Co unveiled its Commitment to Life[5], a comprehensive sustainability plan which steps up its actions to tackle some of the world's most pressing issues, including the climate crisis and protecting the Amazon, the defense of human rights, ensuring equality and inclusion throughout its network, and embracing circularity and regeneration by 2030.

In these extraordinary times, our people have gone above and beyond to meet the challenges the pandemic presented to us, showing resilience, determination, passion, purpose-driven actions and results. We are immensely grateful and proud of all associates and our incredible network."

2. Synergies

As disclosed on May 7, Natura &Co raised its estimated synergy gains from the business combination with Avon Products, Inc by another US$100 million, bringing total expected synergies to between US$300 million and US$400 million on a recurring annual basis, including new revenue synergies at Natura &Co Latam and cost synergies at Avon International. These amounts are calculated using the exchange rate of US$1/R$5. The earlier calculation was made at US$1/R$3.87 and would be equivalent to between US$390 million and US$520 million, up from between US$200 million to US$300 million. These synergies are expected to be captured in full by 2024. The estimated one-time costs to achieve synergies over this period will be US$190 million, up from US$125 million.

In Q2-20, we captured US$25 million in cost synergies, ahead of estimates for the quarter, on track for the year and in line with the plan announced in Q1. The synergies achieved this quarter primarily relate to procurement, incurring a lower than planned US$1.9 million in costs to achieve.

3. Covid-19 update

The Company is closely monitoring the evolution of the Covid-19 pandemic worldwide. A Crisis Committee was created, with the participation of key personnel in the organization, working on several fronts to monitor, analyze and act to minimize impacts, ensure continuity of operations, protect cash, improve liquidity, and promote the health and safety of all.

Key impacts on the business

- **Lockdown restrictions and store closures**: The adoption of enhanced tools and features, enabled by the acceleration of digital, allowed consultants and representatives to continue their activity despite lockdown restrictions. The Group has own stores and franchised stores distributed across its different brands and geographies that were also impacted by lockdowns throughout the quarter. At The Body Shop, lockdown restrictions led to the closure of 87% of retail stores at the end of April, improving to 16% of stores closed at the end of June. We were able to offset 83% of the Covid-19 impact on sales through significant growth in online and At-Home channels and the gradual reopening of stores. At Aesop, during most of Q2, up to 90% of stores were closed across most markets. We offset 86% of Covid-19's impact on sales with remarkable growth in digital sales and progressive reopening of stores. At Avon International, we offset 78% of the Covid-19 impact on sales, helped by an acceleration in the adoption of digital assets. At Natura, all shopping mall stores were closed during most of the quarter; by end-June, approximately 60% of all retail stores, including franchisee stores, were reopened, mostly with restrictions. Through impressive digital social-selling, e-commerce and the reopening of stores, Natura &Co Latam was able to offset 82% of the Covid-19 impact on sales.

- **Production**: At the beginning of the quarter, Natura &Co quickly retooled operations across brands to step up by 30% our production capacity for essential items such as soap and hand sanitizer, optimizing available capacity at Avon plants.

- **Cash and liquidity**: The Group took steps to address liquidity concerns. R$2 billion were raised successfully in a private placement, subscribed to by Natura's controlling shareholders, selected investors and existing shareholders. Also, R$750 million in new financing was obtained, with maturity in May 2021, to increase liquidity with no impact on net debt. Strict cost discipline was adopted, including over capex and discretionary spending, and government subsidies were used in various geographies. The Group ended the quarter with a very strong cash position of R$7.4 billion, resulting in further deleveraging and ensuring compliance with our financial covenants.

[5] For further details, see section 6 of this report.

4. Results analysis

For comparison purposes, Q2-20 and Q2-19 results and analysis include the following:

- The effects of IFRS16 in both periods
- Q2-19 aggregated and adjusted (unaudited) results include Avon in IFRS and Latin America operations of The Body Shop and Aesop in the Natura &Co Latam segment
- The new Group segmentation composed of:
  - Natura &Co Latam, which comprises all the brands in Latin America: Natura, Avon, The Body Shop and Aesop
  - Avon international, which includes all markets, excluding Latin America
  - The Body Shop ex-Latin America, and
  - Aesop ex-Latin America

In addition, Q2-20 results and analysis include the effects of the fair market value assessment as a result of the business combination with Avon as per the Purchase Price Allocation – PPA.

R$ million	Consolidated [a]			Profit and Loss by Business – Natura &Co Latam [b]			Avon International			The Body Shop			Aesop		
	Q2-20 [c]	Q2-19 [d]	Ch. %	Q2-20 [c]	Q2-19 [d]	Ch. %	Q2-20 [c]	Q2-19 [d]	Ch. %	Q2-20	Q2-19	Ch. %	Q2-20	Q2-19	Ch. %
Gross Revenue	9,115.7	10,503.6	(13.2)	5,420.7	6,410.1	(15.4)	1,995.7	2,599.0	(23.2)	1,272.5	1,190.7	6.9	426.9	303.9	40.5
Net Revenue	**6,987.2**	**8,000.9**	(12.7)	**3,975.7**	**4,764.0**	(16.5)	**1,650.0**	**2,105.9**	(21.6)	**979.2**	**847.6**	15.5	**382.2**	**283.5**	34.8
COGS	(2,375.5)	(2,852.4)	(16.7)	(1,508.5)	(1,812.1)	(16.8)	(632.5)	(816.3)	(22.5)	(199.0)	(197.7)	0.7	(35.5)	(26.2)	35.3
Gross Profit	**4,611.7**	**5,148.6**	(10.4)	**2,467.2**	**2,951.9**	(16.4)	**1,017.5**	**1,289.5**	(21.1)	**780.2**	**649.9**	20.0	**346.8**	**257.2**	34.8
Selling, Marketing and Logistics Expenses	(3,378.1)	(3,342.8)	1.1	(1,722.9)	(1,846.5)	(6.7)	(790.7)	(838.4)	(5.7)	(650.2)	(509.2)	27.7	(214.3)	(148.8)	44.1
Administrative, R&D, IT and Projects Expenses	(1,266.2)	(1,130.0)	12.1	(621.5)	(705.3)	(11.9)	(361.9)	(179.5)	101.6	(180.0)	(151.2)	19.1	(102.5)	(94.1)	9.0
Corporate Expenses [e]	(78.1)	(51.8)	50.8	-	(19.1)	-	-	(16.1)	-	-	-	-	-	-	-
Other Operating Income/ (Expenses), Net	119.1	189.7	(37.2)	110.4	175.0	(36.9)	0.7	13.0	(94.9)	3.5	1.9	86.5	4.6	(0.1)	-
Acquisition Related Expenses [f]	(5.6)	(113.8)	(95.1)	-	-	-	(0.0)	(41.8)	(100.0)	-	-	-	-	-	-
Transformation/Integration costs	(54.6)	(198.7)	(72.5)	(24.3)	(96.9)	(74.9)	(18.9)	(82.3)	(77.0)	-	(19.5)	-	-	-	-
Depreciation	703.9	372.9	88.8	237.0	138.3	71.4	206.9	50.0	313.8	191.8	141.4	35.7	68.1	43.2	57.7
EBITDA	**651.9**	**873.9**	(25.4)	**445.9**	**597.4**	(25.4)	**53.6**	**194.3**	(72.4)	**145.2**	**113.2**	28.3	**102.6**	**57.5**	78.5
Depreciation	(703.9)	(372.9)	88.8												
Financial Income/(Expenses), Net	(268.5)	(325.9)	(17.6)												
Earnings Before Taxes	**(320.5)**	**175.2**	-												
Income Tax and Social Contribution	(44.9)	(120.9)	(62.9)												
Discontinued operations [g]	(26.7)	-	-												
Consolidated Net Income	**(392.1)**	**54.3**	-												
Non-controlling Interest	3.6	-	-												
Net Income Attributable to controlling shareholders	**(388.5)**	**54.3**	-												
Gross Margin	66.0%	64.3%	170 bps	62.1%	62.0%	10 bps	61.7%	61.2%	50 bps	79.7%	76.7%	300 bps	90.7%	90.8%	-10 bps
Selling, Marketing and Logistics Exp./Net Revenue	48.3%	41.8%	650 bps	43.3%	38.8%	450 bps	47.9%	39.8%	810 bps	66.4%	60.1%	630 bps	56.1%	52.5%	360 bps
Admin., R&D, IT, and Projects Exp./Net Revenue	18.1%	14.1%	400 bps	15.6%	14.8%	80 bps	21.9%	8.5%	1340 bps	18.4%	17.8%	60 bps	26.8%	33.2%	-640 bps
EBITDA Margin	9.3%	10.9%	-160 bps	11.2%	12.5%	-130 bps	3.3%	9.2%	-590 bps	14.8%	13.4%	140 bps	26.8%	20.3%	650 bps
Net Margin	(5.6)%	0.7%	-630 bps	-	-	-	-	-	-	-	-	-	-	-	-

[a] Consolidated results include Natura &Co Latam, Avon International, The Body Shop and Aesop, as well as the Natura subsidiaries in the U.S., France and the Netherlands.
[b] Natura &Co Latam: includes Natura, Avon, TBS Brazil and Hispanic Latam and Aesop Brazil
[c] Q2-20: Includes PPA – Purchase Price Allocation effects
[d] Q2-19: Does not include PPA effects
[e] Expenses related to the management and integration of the Natura &Co Group
[f] Avon-acquisition-related expenses
[g] Related to business separation at Avon North America

R$ million	Consolidated [a]			Profit and Loss by Business – Natura &Co Latam [b]			Avon International			The Body Shop			Aesop		
	H1-20 [c]	H1-19 [d]	Ch. %	H1-20 [c]	H1-19 [d]	Ch. %	H1-20 [c]	H1-19 [d]	Ch. %	H1-20	H1-19	Ch. %	H1-20	H1-19	Ch. %
Gross Revenue	18,834.8	20,160.7	(6.6)	11,013.9	11,873.4	(7.2)	4,527.0	5,289.5	(14.4)	2,485.9	2,383.3	4.3	808.0	614.6	31.5
Net Revenue	**14,505.2**	**15,376.4**	(5.7)	**8,138.1**	**8,827.3**	(7.8)	**3,771.5**	**4,278.6**	(11.9)	**1,872.4**	**1,717.8**	9.0	**723.1**	**552.6**	30.8
COGS	(5,254.2)	(5,535.4)	(5.1)	(3,226.6)	(3,399.8)	(5.1)	(1,559.7)	(1,684.7)	(7.4)	(400.3)	(401.1)	(0.2)	(67.6)	(49.9)	35.6
Gross Profit	**9,250.9**	**9,841.0**	(6.0)	**4,911.5**	**5,427.5**	(9.5)	**2,211.8**	**2,593.9**	(14.7)	**1,472.2**	**1,316.8**	11.8	**655.5**	**502.8**	30.4
Selling, Marketing and Logistics Expenses	(6,901.0)	(6,446.5)	7.0	(3,575.0)	(3,505.7)	2.0	(1,726.0)	(1,649.0)	4.7	(1,190.4)	(1,000.7)	19.0	(409.5)	(291.1)	40.7
Administrative, R&D, IT and Projects Expenses	(2,495.6)	(2,201.9)	13.3	(1,193.7)	(1,284.6)	(7.1)	(750.5)	(443.9)	69.1	(357.0)	(297.1)	20.2	(194.1)	(176.3)	10.1
Corporate Expenses [e]	(108.5)	(124.2)	(12.7)	-	(36.4)	-	-	(32.6)	-	-	-	-	-	-	-
Other Operating Income/ (Expenses), Net	105.2	178.7	(41.1)	114.0	119.8	(4.8)	(11.4)	60.8	-	(2.4)	(1.5)	61.6	4.9	(0.5)	-
Acquisition Related Expenses [f]	(303.9)	(113.8)	167.0	-	-	-	(0.0)	(41.8)	(100.0)	-	-	-	-	-	-
Transformation/Integration costs	(79.7)	(401.2)	(80.1)	(34.9)	(173.0)	(79.8)	(33.4)	(201.8)	(83.4)	-	(26.4)	-	-	-	-
Depreciation	1,329.7	735.5	80.8	458.9	268.4	70.9	390.8	97.6	300.3	356.2	286.1	24.5	123.8	83.3	48.6
EBITDA	**797.2**	**1,467.5**	(45.7)	**680.8**	**816.1**	(16.6)	**81.4**	**383.1**	(78.8)	**278.6**	**277.3**	0.5	**180.6**	**118.2**	52.8
Depreciation	(1,329.7)	(735.5)	80.8												
Financial Income/(Expenses), Net	(496.1)	(554.0)	(10.4)												
Earnings Before Taxes	**(1,028.6)**	**178.0**	-												
Income Tax and Social Contribution	(139.7)	(205.7)	(32.1)												
Discontinued operations [g]	(48.7)	-	-												
Consolidated net income	**(1,217.0)**	**(27.7)**	4,288.8												
Non-controlling Interest	7.7	-	-												
Net income attributable to controlling shareholders	**(1,209.3)**	**(27.7)**	4,261.0												
Gross Margin	63.8%	64.0%	-20 bps	60.4%	61.5%	-110 bps	58.6%	60.6%	-200 bps	78.6%	76.7%	190 bps	90.6%	91.0%	-40 bps
Selling, Marketing and Logistics Exp./Net Revenue	47.6%	41.9%	570 bps	43.9%	39.7%	420 bps	45.8%	38.5%	730 bps	63.6%	58.3%	530 bps	56.6%	52.7%	390 bps
Admin., R&D, IT, and Projects Exp./Net Revenue	17.2%	14.3%	290 bps	14.7%	14.6%	10 bps	19.9%	10.4%	950 bps	19.1%	17.3%	180 bps	26.8%	31.9%	-510 bps
EBITDA Margin	5.5%	9.5%	-400 bps	8.4%	9.2%	-80 bps	2.2%	9.0%	-680 bps	14.9%	16.1%	-120 bps	25.0%	21.4%	360 bps
Net Margin	(8.4)%	(0.2)%	-820 bps	-	-	-	-	-	-	-	-	-	-	-	-

[a] Consolidated results include Natura &Co Latam, Avon International, The Body Shop and Aesop, as well as the Natura subsidiaries in the U.S., France and the Netherlands.
[b] Natura &Co Latam: includes Natura, Avon, TBS Brazil and Hispanic Latam and Aesop Brazil
[c] H1-20: Includes PPA – Purchase Price Allocation effects
[d] H1-19: Does not include PPA effects
[e] Expenses related to the management and integration of the Natura &Co Group
[f] Avon-acquisition-related expenses
[g] Related to business separation at Avon North America

Consolidated net revenue growth in Q2-20 and H1-20

Q2-20 consolidated net revenue in BRL declined by 12.7% year-on-year (-23.5% at CC). The Natura brand, The Body Shop and Aesop reported growth in the quarter, offset by declines in the Avon brand. In H1-20, net revenue declined by 5.7% in BRL (-15.1% at CC).

- **Natura &Co Latam (Natura, Avon, The Body Shop and Aesop Brazil):** Net revenue declined by 16.5% in BRL (-19.8% at CC).
- **Avon International:** Net revenue declined 21.6% in BRL in Q2 (-38.9% at CC).
- **The Body Shop:** Net revenue increased 15.5% in BRL in Q2 (-13.2% at CC).
- **Aesop:** Strong double-digit net revenue growth of 34.8% in BRL in Q2 (-0.6% at CC).

Gross margin

Including PPA effects in Q2-20 at Natura &Co Latam and Avon International

R$ million	Consolidated			Natura &Co Latam			Avon International			The Body Shop			Aesop		
	Q2-20 [a]	Q2-19 [b]	*Ch. %*	Q2-20 [a]	Q2-19	Ch. %	Q2-20 [a]	Q2-19	Ch. %	Q2-20	Q2-19	Ch. %	Q2-20	Q2-19	Ch. %
Net Revenue	**6,987.2**	**8,000.9**	*(12.7)*	**3,975.7**	**4,764.0**	*(16.5)*	**1,650.0**	**2,105.9**	*(21.6)*	**979.2**	**847.6**	*15.5*	**382.2**	**283.5**	*34.8*
COGS	(2,375.5)	(2,852.4)	*(16.7)*	(1,508.5)	(1,812.1)	*(16.8)*	(632.5)	(816.3)	*(22.5)*	(199.0)	(197.7)	*0.7*	(35.5)	(26.2)	*35.3*
Gross Profit	**4,611.7**	**5,148.6**	*(10.4)*	**2,467.2**	**2,951.9**	*(16.4)*	**1,017.5**	**1,289.5**	*(21.1)*	**780.2**	**649.9**	*20.0*	**346.8**	**257.2**	*34.8*
Gross Margin	66.0%	64.3%	*170 bps*	62.1%	62.0%	*10 bps*	61.7%	61.2%	*50 bps*	79.7%	76.7%	*300 bps*	90.7%	90.8%	*-10 bps*

[a] Q2-20 includes PPA – Purchase Price Allocation effects
[b] Q2-19 does not include PPA – Purchase Price Allocation effects

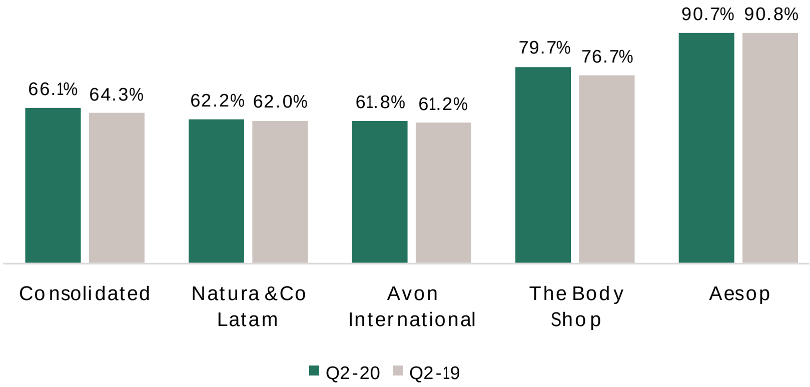
Increased consolidated gross margin in Q2 of 66.0% (+170 bps). Excluding PPA effects on COGS of R$9.2 million (R$7.3 million at Natura &Co Latam; R$1.9 million at Avon International), adjusted consolidated gross margin reached 66.1% in Q2-20 (+180 bps), as shown below:

Without PPA effects in both periods

R$ million	Consolidated			Natura &Co Latam			Avon International			The Body Shop			Aesop		
	Q2-20	Q2-19	*Ch. %*	Q2-20	Q2-19	Ch. %	Q2-20	Q2-19	Ch. %	Q2-20	Q2-19	Ch. %	Q2-20	Q2-19	Ch. %
Net Revenue	**6,987.2**	**8,000.9**	*(12.7)*	**3,975.7**	**4,764.0**	*(16.5)*	**1,650.0**	**2,105.9**	*(21.6)*	**979.2**	**847.6**	*15.5*	**382.2**	**283.5**	*34.8*
COGS	(2,366.3)	(2,852.4)	*(17.0)*	(1,501.2)	(1,812.1)	*(17.2)*	(630.7)	(816.3)	*(22.7)*	(199.0)	(197.7)	*0.7*	(35.5)	(26.2)	*35.3*
Gross Profit	**4,620.8**	**5,148.6**	*(10.2)*	**2,474.5**	**2,951.9**	*(16.2)*	**1,019.4**	**1,289.5**	*(21.0)*	**780.2**	**649.9**	*20.0*	**346.8**	**257.2**	*34.8*
Gross Margin	66.1%	64.3%	*180 bps*	62.2%	62.0%	*20 bps*	61.8%	61.2%	*60 bps*	79.7%	76.7%	*300 bps*	90.7%	90.8%	*-10 bps*

- **Natura &Co Latam**'s adjusted gross margin was 62.2% in Q2-20 (+20 bps), helped by lower discounts and a favorable category mix and price effect at the Natura brand in Brazil and Hispanic Latam, which offset the unfavorable impact of lower production volumes on supply chain costs at Avon.
- **Avon International**'s adjusted gross margin improved to 61.8% in Q2-20 (+60 bps), as the positive impact of price and category mix offset the unfavorable impact of lower production volumes on supply chain costs.
- **The Body Shop**'s gross margin increased to 79.7% in Q2-20 (+300 bps), thanks to significant discount improvement and higher volume in e-commerce and At-Home.
- **Aesop**'s gross margin was nearly stable in Q2-20, standing at 90.7% in Q2-20 (-10 bps), also favored by higher volume in e-commerce.

Adjusted gross margin[a]



a) Excludes PPA effects

Consolidated EBITDA

Reported EBITDA was R$651.9 million with margin of 9.3% (-160 bps), supported by improved gross margin and cost discipline across all businesses, resulting in strong operational leverage, offsetting the impact of lower revenue. Adjusted EBITDA was R$615.2 million, with an adjusted margin of 8.8% (-450 bps), excluding out-of-period tax credits and provision reversals at Natura &Co Latam of R$97.0 million, transformation costs at Natura &Co Latam and Avon International of R$54.6 million and Avon-related acquisition costs of R$5.6 million. In H1-20, reported EBITDA was R$797.2 million, with margin of 9.3% (-160 bps), and adjusted EBITDA was R$1,186.7 million, with margin of 8.2% (-340 bps). See reconciliation below:

	Consolidated EBITDA					
R$ million	Q2-20	Q2-19	*Ch. %*	H1-20	H1-19	*Ch. %*
Consolidated EBITDA	**651.9**	**873.9**	*(25.4)*	**797.2**	**1,467.5**	*(45.7)*
Avon acquisition-related expenses (1)	5.6	113.8	*(95.1)*	303.9	113.8	*167.0*
Transformation costs (2)	54.6	198.7	*(72.5)*	79.7	401.2	*(80.1)*
Tax credits, recoveries and provision reversal (3)	(97.0)	(96.0)	*1.0*	(97.0)	(130.5)	*(25.7)*
Asset sale at Avon International (4)	-	(51.9)	-	-	(90.7)	-
Impairment loss on assets and other items (5)	-	25.5	-	-	25.5	-
Non-recurring PPA impacts on EBITDA (6)	-	-	-	102.9	-	-
Adjusted EBITDA	**615.2**	**1,064.1**	*(42.2)*	**1,186.7**	**1,786.8**	*(33.6)*
Adjusted EBITDA Margin	*8.8%*	*13.3%*	*-450 bps*	*8.2%*	*11.6%*	*-340 bps*

(1) Avon acquisition-related expenses: Non-recurring costs associated with Avon acquisition, mainly related to professional fees and planning costs

(2) Transformation costs: Include Transformation costs at Natura &Co Latam, and Avon's Open-Up and Grow costs at Avon International both in Q2-20 and Q2-19, and The Body Shop in Q2-19

(3) Tax credits, recoveries and provision reversal: Non-recurring social charges provision reversal at Natura, and Pis and Cofins tax credits at Avon in Latin America in Q2-20. The effects in Q2-19 refer to tax credits from previous years, tax recoveries related to ICMS taxes applied on the base of Pis and Cofins.

(4) Asset sale at Avon International: Refers to the sales of office building and other assets as part of Avon's transformation plan.

(5) Impairment loss on assets and other items: Impairment loss on assets at Avon International.

(6) Non-cash, non-recurring inventory PPA impact, resulting from a step up in inventory value (in the cost of goods sold), at both Natura &Co Latam and Avon International

- **Natura &Co Latam's** adjusted EBITDA margin was 9.4% (-320 bps).
- **Avon International's** adjusted EBITDA margin stood at 4.4% (-950 bps).
- **The Body Shop's** adjusted EBITDA margin was 14.8% (-90 bps).
- **Aesop's** EBITDA margin reached 26.8% (+650 bps).

Financial income and expenses

Net financial expenses were R$268.5 million in Q2-20, a reduction of 17.6% vs. Q2-19, favorably impacted by the lower CDI interest rate in Brazil, which offset higher interest expenses from debt at Avon.

The following table details the main changes in our financial income and expenses:

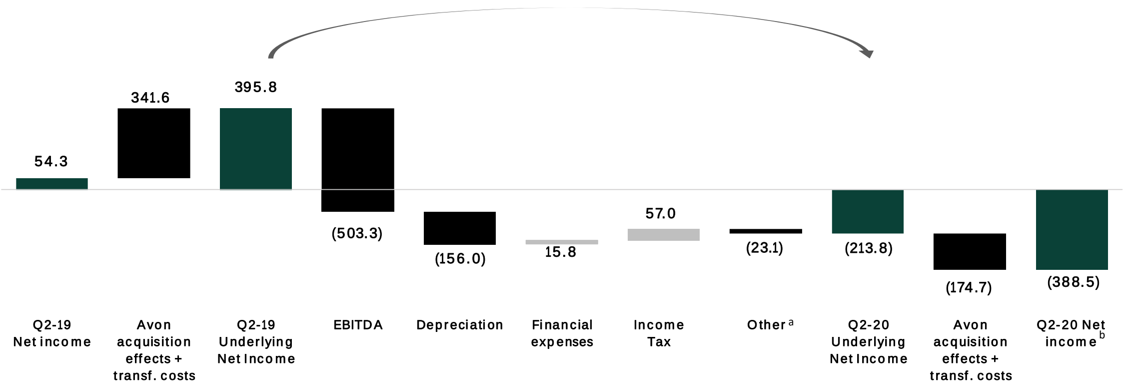
R$ million	Q2-20	Q2-19	*Ch. %*	H1-20	H1-19	*Ch. %*
Financial Income and Expenses, Net	**(268.5)**	**(325.9)**	***(17.6)***	**(496.1)**	**(554.0)**	***(10.4)***
1. Borrowings/Financing (B/F) and Short-Term Investments (STI) and Operational FX Gains/Losses	(209.6)	(230.2)	*(8.9)*	(398.8)	(395.5)	*0.8*
2. Judicial Contingencies	(2.7)	(3.8)	*(30.7)*	36.0	(8.1)	-
3. Other Financial Income and Expenses	(56.2)	(91.8)	*(38.7)*	(133.3)	(150.3)	*(11.3)*
Lease Interest Expenses	(65.0)	(48.8)	*33.3*	-119.4	-94.4	*26.5*
Other	8.8	(43.0)	-	-13.9	-55.9	*(75.1)*

Underlying Net Income (UNI)

Underlying Net Income was (R$213.8) million in Q2, before Avon-related effects of (R$174.7) million, which include: i) transformation costs of (R$54.6) million; ii) PPA amortization of (R$175.0) million; iii) PPA effects in financial expenses and income tax of R$60.5 million, and iv) acquisition expenses of (R$5.6) million. Reported net loss was R$388.5 million, mainly impacted by lower EBITDA and higher depreciation of R$156.0 million, partially offset by lower income tax expense of R$57.0

million vs. Q2-19. The lower tax expense was driven by tax offsets against Avon's loss carry-forwards in the UK. In H1-20, underlying net income was (R$498.6) million, vs. R$516.3 million in H1-19.

Q2-20 Underlying Net Income - UNI (R$ million)



a) Net income attributable to controlling shareholders

b) Non-controlling interests and discontinued operations

Free cash flow and cash position

We ended the quarter with a very strong cash position of R$7.4 billion (R$4.8 billion in cash, and R$2.6 billion in short-term deposits), in line with projections and well above our minimum thresholds.

Cash outflow in Q2-20 was R$96.1 million, as expected, impacted by Covid-19 effects and the cyber incident at Avon. On an estimated and non-audited basis, aggregated Q2-19 figures would have seen a cash inflow of R$63.6 million. Consumption in Q2-20 includes Avon and is mainly related to Covid-19 impacts on sales and FX effects due to the depreciation of the BRL in working capital for Avon International, The Body Shop and Aesop. Working capital was also impacted by extended payment terms granted to consultants and representatives at Natura and Avon, partially offset by extended payables.

R$ million	Q2-20	Q2-19	Ch. %	H1-20	H1-19	Ch. %
Net Income (Loss) Reported [a]	**(388.5)**	**54.3**	-	**(1,209.3)**	**(27.7)**	*4,261.0*
Depreciation and Amortization	703.9	372.9	*88.8*	1,329.7	735.5	*80.8*
Non-Cash/Others [b]	(35.1)	(127.8)	*(72.6)*	(288.1)	(384.3)	*(25.1)*
Internal Cash Generation	**280.3**	**299.3**	*(6.3)*	**(167.6)**	**323.4**	-
Working Capital (Increase)/Decrease	(225.7)	(162.5)	*38.9*	(1,353.3)	(1,008.9)	*34.1*
Cash Generation (Use) Before Capex	**54.6**	**136.8**	*(60.1)*	**(1,520.9)**	**(685.6)**	*121.9*
Capex	(150.8)	(192.7)	*(21.8)*	(271.1)	(341.4)	*(20.6)*
Sale of Assets	-	119.6	-	-	296.0	-
Free Cash Flow	**(96.1)**	**63.7**	-	**(1,792.0)**	**(731.0)**	*145.1*

[a] *Attributable to the owners of the Company*

[b] *Includes the effects of deferred income tax, fixed and intangible assets write-offs, FX on translation of working capital, fixed assets, etc.*

Capital structure and liquidity

The Group concluded a successful private capital increase of R$2 billion, announced on May 7, subscribed by the controlling shareholders, selected investors and existing shareholders. This contributed to a strong cash position that allows us to build on the momentum in digital and accelerate our investment in IT infrastructure, digital and social selling. We are committing up to R$400 million over the coming 6 months, in line with our capex budget, and continuing significant investments over the coming years. This will help upgrade Avon platforms, accelerate the Latam integration and advance digital transformation across all of our businesses.

In the quarter we also prepaid R$510.0 million in promissory notes at Natura &Co Holding, reducing the balance to just under R$1 billion, due in December 2020.

Strong deleveraging at Natura Cosméticos: Net debt-to-EBITDA of 2.04x in Q2-20, from 2.83x in Q2-19 and 3.30x in Q2-18

The Company continues to work towards the target of reducing Natura Cosméticos S.A.'s leverage to the pre-The Body Shop acquisition level of 1.4 times by 2021. This measure is comparable to previous periods.

At Natura &Co Holding, consolidated net debt-to-EBITDA ratio stood as 3.63x in Q2-20, down from 3.93x in Q1-20, including IFRS 16 effects (excluding IFRS 16: 4.83x in Q2-20 vs. 4.91x in Q1-20).

	Natura Cosméticos S.A.		Natura &Co Holding S.A.	
R$ million	Q2-20	Q2-19	Q2-20	Q2-19
Short-Term	1,178.5	815.4	2,631.1	2,489.5
Long-Term	8,540.0	6,788.3	17,255.5	11,368.1
Gross Debt [a]	**9,718.5**	**7,603.7**	**19,886.6**	**13,857.7**
Foreign currency hedging (Swaps) [b]	(1,874.5)	(473.7)	(1,874.5)	(473.7)
Total Gross Debt	**7,844.0**	**7,130.1**	**18,012.1**	**13,384.0**
(-) Cash, Cash Equivalents and Short-Term Investment	(3,684.5)	(1,600.5)	(7,390.3)	(3,213.8)
(=) Net Debt	**4,159.4**	**5,529.6**	**10,621.8**	**10,170.2**
Indebtedness ration excluding IFRS 16 effects				
Net Debt/EBITDA	2.04x	2.83x	4.83x	n.a
Total Debt/EBITDA	3.84x	3.65x	8.19x	n.a
Indebtedness ratio including IFRS 16 effects				
Net Debt/EBITDA	1.52x	2.51x	3.63x	n.a
Total Debt/EBITDA	2.86x	3.24x	6.15x	n.a

[a] *Gross debt excludes PPA impacts and excludes lease agreements*

[b] *Foreign currency debt hedging instruments, excluding mark-to-market effects*

As of June 30, 2020, 87.2% of the company's debt was long-term, with an average maturity of 3.8 years.

5. Performance by segment

Natura &Co Latam: Strong performance by the Natura brand in Brazil helping to offset challenges in other markets and brands

As a reminder, Natura &Co Latam is comprised of the Latin American operations of all the Group's brands: Natura, Avon, The Body Shop and Aesop. For comparison purposes, 2019 results include aggregated and adjusted (unaudited) information in IFRS to reflect this new segment.

Our extensive portfolio of essential products and secured supply ensured the continuity of our manufacturing, distribution and sales in a quarter that was marked by strict lockdowns due to Covid-19 in the Latam region, notably Hispanic Latam (Central America, Argentina, Peru, Colombia and Ecuador). The strength of our digital social selling model was proven by the performance of the Natura brand, particularly in Brazil, while the digital transformation in the region continues to advance. The Avon integration in Latam is on track, with progress on procurement, cross-manufacturing opportunities, including all Avon Latam plants manufacturing products for Natura, and transferring good field management practices to reignite representatives' engagement and loyalty. In Brazil, the loyalty and satisfaction indices of our consultants and representatives were up at Natura and, for the first time in six years, at Avon as well, despite the challenging pandemic backdrop.

Net revenue in Natura &Co Latam declined by 16.5% in Q2-20 in BRL (-19.8% at CC), driven by growth of 4.4% at the Natura brand (+7.9% Brazil, -3.6% Latam), while the Avon brand was down 35.2% (-31.1% in Brazil, -37.8% in Hispanic Latam).

The Natura brand in Brazil posted a remarkably strong quarter, gaining brand preference and market share despite the very challenging environment resulting from the pandemic. Net revenue grew 7.9% in Q2-20, with impressive progression throughout the quarter with April at -23.5%, May up +23.6% and June up +29.4%. Volume increased, driven by growth in fragrances, body care and hair categories. Productivity per consultant grew for the 15th consecutive quarter, by +6.9% in Q2-20.

The average consultant base was relatively stable vs. Q2-19, reaching 1.03 million consultants, and the consultant base at quarter-end was 5.6% higher than in the prior year. We saw continued progression toward the top tier segments (Silver, Gold and Diamond).

Successful and innovative Mother's Day and Valentine's Day campaigns, utilizing digital assets, performed better than expected. In digital, the Natura brand in Brazil further streamlined the onboarding of consultants, peer training and the adoption of new features. 70% of consultants are now onboarding through digital channels and the average consultant app-time increased six-fold, driven by the expansion of peer training on digital assets and content sharing. The Avon brand's net revenue in Brazil declined 31.1% in Q2-20. The brand was progressing well before the cyber incident, which will have a favorable phasing effect on Q3 sales in Brazil of approximately R$180 million. The average number of representatives decreased 5.1%.

The brands in Hispanic LATAM were impacted throughout the quarter by Covid-19 and Avon was further impacted by the brand's cyber incident. Lockdowns in many Hispanic LATAM markets were more severe than in other regions. Despite a difficult quarter, good progress was made in digitalization.

The Natura brand in Hispanic LATAM posted revenue decline of 3.6% in Q2-20 in BRL (-10.2% at CC), due mainly to Covid-19, which severely hit markets such as Argentina, Peru and Colombia in April and May. However, in June, the region resumed growth. The average number of consultants increased by 9.8% vs. Q2-19, to 714,000.

The Avon brand in the Hispanic Latam countries posted revenue decline of 37.8% in Q2-20 in BRL (-46.2% at CC), due to a 21.5% reduction in average number of representatives The Avon brand cyber incident created a phasing effect of approximately R$210 million benefitting Q3 sales in Hispanic Latam as well.

In the retail channel, all brands across the region were impacted by lockdown restrictions. By mid-July, approximately 70% of our retail stores were reopened, mostly with restrictions. In June, Natura launched its first store through its franchisee in Kuala Lumpur, Malaysia.

The number of Natura consultants trained on digital tools has tripled in relation to pre-Covid-19, and, as a result, there has been a continuous increase in usage and penetration. Over 90% of consultants use digital platforms (app+web). As of the end of Q2, there were 889,000 Natura consultant online stores, 65% more than in Q2-19, and orders through these stores have nearly tripled in Q2 year over year. The implementation of new features, such as the interactive e-brochure, has allowed us to significantly grow sales through our digital platforms.

Natura has taken another decisive step forward in its already successful digital journey and has signed three new strategic partnerships that bring additional competencies and accelerate the construction of our beauty business platform. Natura has invested in *Singu*, a leading Brazilian digital platform for at-home beauty services, with the right to acquire 100% of the company. Natura and Singu are discussing the possibility of providing thousands of Natura beauty professional consultants with the opportunity to drive higher income. Natura believes that this strategic partnership enhances its digital acceleration process as well as enables Singu to rapidly expand its business. Going forward, Natura and Singu will evaluate additional synergies such as the possibility of offering additional services, brands and products in Singu's platform. To accelerate our technological capabilities, we have joined with *Salesforce* to undertake innovation projects focused on customized experiences and we will be the sole Latin American representative on their Commerce Cloud Customer Advisory Board. Through our partnership with *Thoughtworks*, a leading global digital developer, we will accelerate the launch of digital products and services.

Product launches in the period included the relaunch of Natura's fragrance *Essencial* and special winter bodycare fragrances, *Cereja/Avelã* and *Tâmara/Canela*. Avon launched important colour products such as Real Matte Lipstick in Brazil and Power Stay 24 Hour Foundation in Hispanic LATAM. Avon care product sales in Brazil, particularly Encanto soaps, benefitted from Covid-19 response campaigns and the launch of hair colour products.

Natura &Co Latam: Financial analysis

Reported EBITDA was R$445.9 million with margin of 11.2% (-130 bps), supported by improved gross margin and cost discipline across all businesses, notably in Q2 to mitigate the impacts of Covid-19. This resulted in strong operational leverage, offsetting the impact in revenue. Adjusted EBITDA was R$373.2 million, excluding out-of-period tax credits and provision reversals of R$97.0 million and transformation costs of R$24.3 million. Adjusted EBITDA margin was 9.4% (-320 bps). In H1-20, EBITDA was R$680.8 million and EBITDA margin was 8.4% (-80 bps). Adjusted EBITDA was R$660.9 million and adjusted EBITDA margin was 8.1% (-160 bps).

A reconciliation between EBITDA and adjusted EBITDA is presented below:

R$ million	Q2-20	Q2-19	*Ch. %*	H1-20	H1-19	*Ch. %*
EBITDA	**445.9**	**597.4**	*(25.4)*	**680.8**	**816.1**	*(16.6)*
Tax credits, recoveries and provision reversal	(97.0)	(96.0)	*1.0*	(97.0)	(130.5)	*(25.7)*
Transformation costs	24.3	96.9	*(74.9)*	34.9	173.0	*(79.8)*
Non-recurring PPA impact on EBITDA	-	-	-	42.3	-	-
Adjusted EBITDA	**373.2**	**598.3**	*(37.6)*	**660.9**	**858.5**	*(23.0)*
Adjusted EBITDA Margin	*9.4%*	*12.6%*	*-320 bps*	*8.1%*	*9.7%*	*-160 bps*

Excluding PPA effects, selling, marketing & logistics expenses represented 42.4% of net revenue (+360 bps), largely due to the decline in net revenue, despite efforts to reduce expenses in light of Covid-19 and the implementation of commercial measures such as extended payment terms for consultants and higher online sales commissions.

Excluding PPA effects, administrative, R&D, IT and project expenses reached 15.3% of net revenue (+50 bps) in the quarter, also due to the decline in net revenue, despite cost-control initiatives adopted by both Natura and Avon to offset Covid-19 impacts. These included freezes in hiring, pay raises, promotions and travel, as well as a reduction in executive remuneration and discretionary spending.

R$ million	Natura &Co Latam					Natura &Co Latam				
	Q2-20	PPA impacts	Q2-20 ex-PPA	Q2-19	Ch. % ex-PPA	H1-20	PPA impacts	H1-20 ex-PPA	H1-19	Ch. % ex-PPA
Selling, Marketing and Logistics Expenses	(1,722.9)	(38.6)	(1,684.3)	(1,846.5)	*(8.8)*	(3,575.0)	(70.6)	(3,504.4)	(3,505.7)	*(0.0)*
Administrative, R&D, IT and Projects Expenses	(621.5)	(12.6)	(608.9)	(705.3)	*(13.7)*	(1,193.7)	(23.0)	(1,170.7)	(1,284.6)	*(8.9)*
SG&A Expenses	**(2,344.4)**	**(51.2)**	**(2,293.2)**	**(2,551.8)**	*(10.1)*	**(4,768.7)**	**(93.6)**	**(4,675.2)**	**(4,790.4)**	*(2.4)*
Selling, Marketing and Logistics Exp./ Net Revenue	*43.3%*	-	*42.4%*	*38.8%*	*360 bps*	*43.9%*	-	*43.1%*	*39.7%*	*340 bps*
Admin., R&D, IT, and Projects Exp./ Net Revenue	*15.6%*	-	*15.3%*	*14.8%*	*50 bps*	*14.7%*	-	*14.4%*	*14.6%*	*-20 bps*

Avon International: Progress on integration and improved digital capabilities

In the six months since completing the acquisition of Avon, there has been a continued focus on integration. Avon's manufacturing capabilities and footprint were quickly leveraged by the group's other companies to produce essential items during Covid-19, with plants in Russia and Poland more than doubling their production capacity for hand sanitizers, and advances in procurement opportunities continued. Avon's executive team is in place and preparing to implement the Open Up & Grow strategy, a growth-enabling model that will generate savings to fuel investments in the brand and channel, beginning in Q3 with a significant relaunch of the brand in online and digital channels. We will also roll out during the second half the new commercial model, capitalizing on learnings from Natura, and a simplified go-to-market strategy with fewer campaign cycles and an optimized portfolio, notably in Fashion & Home.

Net revenue declined 21.6% in Q2-20 (-38.9% at CC), mainly impacted by a 36% reduction in active representatives related to Covid-19, as lockdown restrictions significantly impacted the ability of representatives to sell, as well as the cyber incident later in the quarter. The cyber incident created a phasing effect of approximately R$60 million that will benefit Q3 sales. Units sold declined 34%.

The increased digitalization of the representative base continued throughout the second quarter. Representatives were equipped with new digital capabilities, including an enhancement allowing them to more quickly and easily accept digital brochure orders and giving them the ability to ship direct to consumers at the representative's discretion. This delivery feature gained importance during Covid-19 as it allowed representatives to fulfil orders they would normally have delivered in person. Adoption of digital assets in the UK reached nearly 70% in the quarter. Q2-20 Avon International sales via the digital brochure are more than triple those in Q2-19. Avon International also remained focused on driving e-commerce, where sales more than doubled in Q2-20 vs Q1-20 and vs Q2-19.

Important launches in the quarter included Powerstay Mascara, Liner and Shadow in Colour and Cannabis products and Anew Reset Plumping Shots in Skincare. In the UK, one Plumping Shot was sold every 30 seconds at launch. Hand care showed strong growth in the quarter as the category was in high demand given the pandemic.

Net revenue of the Avon brand, including Latin America and Avon International, declined 29.0% in Q2.

Avon International: Financial analysis

Avon International's EBITDA was R$53.6 million in Q2-20 and adjusted EBITDA was R$72.6 million. EBITDA margin was 3.3% and adjusted EBITDA margin was 4.4% (-950 bps), impacted by lower revenues due to Covid-19 and foreign exchange effects, resulting in operational deleverage.

In H1-20, EBITDA was R$81.4 million and EBITDA margin was 2.2%. Adjusted EBITDA was R$175.4 million and adjusted EBITDA margin was 4.7% (-840 bps).

A reconciliation between EBITDA and adjusted EBITDA is presented below:

R$ million	Q2-20	Q2-19	*Ch. %*	H1-20	H1-19	*Ch. %*
EBITDA	**53.6**	**194.3**	*(72.4)*	**81.4**	**383.1**	*(78.8)*
Transformation costs	18.9	82.3	*(77.0)*	33.4	201.8	*(83.4)*
Asset sale	-	(51.9)	-	-	(90.7)	-
Non-recurring PPA impact on COGS	-	-	-	60.6	-	-
Impairment loss on assets and other items	-	25.5	-	-	25.5	-
Acquisition related expenses	-	41.8	-	-	41.8	-
Adjusted EBITDA	**72.6**	**292.1**	*(75.2)*	**175.4**	**561.6**	*(68.8)*
Adjusted EBITDA Margin	*4.4%*	*13.9%*	*-950 bps*	*4.7%*	*13.1%*	*-840 bps*

Excluding PPA effects, selling, marketing & logistics expenses reached 45.6% of net revenue (+580 bps), largely due to the impact of revenue reduction causing deleverage of fixed expenses.

Excluding PPA effects, administrative, R&D, IT and project expenses reached 17.3% of net revenue (+880 bps) in the quarter, largely related to revenue reduction.

R$ million	Avon International					Avon International				
	Q2-20	PPA impacts	Q2-20 ex-PPA	Q2-19	Ch. % ex-PPA	H1-20	PPA impacts	H1-20 ex-PPA	H1-19	Ch. % ex-PPA
Selling, Marketing and Logistics Expenses	(790.7)	(38.3)	(752.4)	(838.4)	*(10.3)*	(1,726.0)	(69.9)	(1,656.1)	(1,649.0)	*0.4*
Administrative, R&D, IT and Projects Expenses	(361.9)	(76.4)	(285.5)	(179.5)	*59.0*	(750.5)	(139.6)	(610.9)	(443.9)	*37.6*
SG&A Expenses	**(1,152.5)**	**(114.7)**	**(1,037.9)**	**(1,017.9)**	*2.0*	**(2,476.5)**	**(209.5)**	**(2,267.0)**	**(2,093.0)**	*8.3*
Selling, Marketing and Logistics Exp./ Net Revenue	*47.9%*	-	*45.6%*	*39.8%*	*580 bps*	*45.8%*	-	*43.9%*	*38.5%*	*540 bps*
Admin., R&D, IT, and Projects Exp./ Net Revenue	*21.9%*	-	*17.3%*	*8.5%*	*880 bps*	*19.9%*	-	*16.2%*	*10.4%*	*580 bps*

The Body Shop: A quarter of agile execution, with solid results and important advances in the strategic plan

In Q2-20, The Body Shop posted net revenue of R$979.2 million, up by 15.5% in BRL (-13.2% at CC). The decline in constant currency was primarily due to lockdown restrictions, combined with the net closing of 25 own stores in the last fifteen months as part of the store footprint optimization plan. Covid-19 lockdown restrictions led to the closure of 87% of retail stores at the end of April, improving to 16% of stores closed at the end of June. Revenue progressively improved as stores reopened, reverting to strong growth in June. The consumer shift to e-commerce and At-Home (direct sales) that began in Q1 continued at a very fast pace, offsetting almost 90% of the Covid-19 impact. E-commerce sales grew by more than 230%, with the UK growing over 300%, while At-Home sales increased by more than 280%, both in the UK and Australia, supported by over 200% growth in the number of At-Home consultants compared to Q2-19. Growth in these channels was supported by a new distribution center in the UK that opened in record time in April to meet the demand surge in e-commerce and At-Home.

The first franchisee new concept store was launched in South Korea in the quarter, in addition to the three previously-launched own concept stores in London, Hong Kong and Toronto. The Company made important advances in its strategic plan in the period: The acquisition of the Japan business from a head franchisee, to close on October 1st, and the launch of its successful At-Home direct sales channel in the United States. These will contribute to long-term top line growth and geographic footprint expansion in strategic markets such as Asia and North America.

EBITDA in Q2-20 reached R$145.2 million, with EBITDA margin of 14.8% (+140 bps; adjusted: -90 bps). The adjusted margin decline was due to revenue reduction from store closures and lockdown measures, partially offset by lower discounts, overhead reductions resulting from cost measures taken in Q1 and benefits from Covid-19-related government subsidies.

SG&A expenses increased in BRL due to FX effects. At constant currency, these expenses decreased.

A reconciliation between EBITDA and adjusted EBITDA is presented below:

R$ million	Q2-20	Q2-19	*Ch. %*	H1-20	H1-19	*Ch. %*
EBITDA	145.2	113.2	*28.3*	278.6	277.3	*0.5*
Transformation/integration costs	-	19.5	-	-	26.4	-
Adjusted EBITDA	145.2	132.8	*9.4*	278.6	303.7	*(8.3)*
Adjusted EBITDA Margin	*14.8%*	*15.7%*	*-90 bps*	*14.9%*	*17.7%*	*-280 bps*

The quarter ended with 973 own stores and 1,724 franchise stores, with 40 net store closures (own and franchise) since Q2-19 and 8 since Q1-20. The chart below shows the store count evolution:

Store	The Body Shop store count				
	Q2-20	Q1-20	Q2-19	*Change vs. Q1-20*	*Change vs. Q2-19*
Own	973	977	991	*(4)*	*(18)*
Franchise	1,724	1,728	1,746	*(4)*	*(22)*
Total	**2,697**	**2,705**	**2,737**	*(8)*	*(40)*

<u>Aesop: Exceptional results sustained by strong digital sales growth, offsetting retail sales loss</u>

Aesop posted 34.8% net revenue growth in Q2-20 in BRL and -0.6% in constant currency, driven by outstanding growth in online sales as the company successfully replicated its unique customer experience in its online channel. During most of Q2, up to 90% of stores were closed across most markets and retail like-for-like sales were down 54.0%, offset by more than 430% growth in digital sales, which accounted for nearly 40% of revenue. Despite Covid-19, we saw strong double digit-growth in markets like Asia and Europe, mainly due a large-scale shift in customers to online shopping. Aesop took quick action to convert several stores into fulfilment centers to meet the increased e-commerce demand. Sales dropped in the Americas and Australia/New Zealand as these markets struggled with severe lockdowns and absence of tourism, partially offset by a sharp increase in online trading. In H1-20, net revenue was up by 30.8% in BRL (+4.9% at CC).

Q2-20 EBITDA stood at R$102.6 million, up 78.5%, with EBITDA margin of 26.8% (+650 bps), driven by targeted cost reduction, favorable channel mix and utilization of government subsidy programs, particularly in Q2 to mitigate the impacts of Covid-19. In H1-20, EBITDA margin stood at 25.0% (+360 bps).

Signature stores totalled 247 in the quarter, 11 more since Q2-19 and stable in the year as no new stores were launched. There were 92 department stores in Q2-20, 2 stores down since same quarter last year. A store count table is provided below:

Doors	Aesop door count				
	Q2-20	Q1-20	Q2-19	*Change vs. Q1-20*	*Change vs. Q2-19*
Signature stores	247	247	236	-	*11.0*
Department	92	91	94	*1.0*	*(2.0)*
Total	**339**	**338**	**330**	*1.0*	*9.0*

6. Social and environmental performance

<u>2030 Sustainability Vision - Commitment to Life</u>

On June 15th, Natura &Co unveiled its Commitment to Life, a comprehensive 2030 sustainability plan which will step up the group's actions to tackle some of the world's most pressing issues, including the climate crisis and protecting the Amazon, the defense of Human Rights and ensuring equality and inclusion throughout its network and embracing circularity and regeneration. Through three pillars, Natura &Co's Commitment to Life aims to:

Address climate change and protect the Amazon by: Achieving Net Zero carbon emissions by 2030 for its four brands; joining the Science-Based Alliance to set a new framework for the protection of nature, adhering to the UN Convention of Biological Diversity and expanding the practice by enforcing the Nagoya Protocol and payments of Access of Benefit Sharing; ensuring zero deforestation of the Amazon by stepping up its actions to protect it by building on Natura´s over 20 years' experience in the region.

Defend human rights and be human-kind by: Increasing diversity by 30%, taking into consideration racial or ethnic diversity, sexual diversity, and gender identity, the socio-economically disadvantaged, and the physically and mentally disabled; guaranteeing 50% women in leadership positions and gender parity and equal pay by 2023 among its entire workforce; ensuring that all its associates receive a living wage or above by 2023; increasing investments in key causes by 20% to US$600 million (mainly on communities, breast cancer awareness, domestic violence and education); upholding intolerance on human rights infringement in line with UN Guiding Principles by 2023 for its entire network, particularly for its supply chain. Also, regarding supply chains, Natura &Co will enforce full traceability and/or certification by 2025, especially for critical ingredients (palm oil, mica, alcohol, cotton, paper and soy).

Embrace circularity and regeneration by: Moving towards and beyond a circular economic model to create more than it uses, ensuring packaging circularity by 2030 and ensuring 100% of its packaging materials are either reusable, recyclable, or compostable; Increasing plastic recycled content to 50% and offsetting the equivalent amount of packaging where recycling infrastructure does not exist, to reach 100% responsible disposal of plastics. The group will also instil formula circularity, with the use of 95% renewable ingredients and 95% biodegradable formulas by 2030 across all four brands; establishing investment program to further develop regenerative solutions including fair trade communities, regenerative extraction systems, and waste-to-plastic solutions by 2030.

Natura – 2020 Ambition KPIs

In 2014, Natura launched its 2050 Sustainability Vision, a long-term social and environmental commitment. It guides the entire business to generate positive impact and contribution for the protection and regeneration of the ecosystem to which we belong. The first milestone of this plan is the 2020 Ambition, a set of targets that Natura aims to deliver by the end of this year.

Beyond the 2020 Ambition, Natura will combine its strengths with Avon, the Body Shop and Aesop to generate and share value, guided by the recent release of the 2030 Sustainability Vision, Commitment to Life. The current 2020 Ambition KPIs are presented in the table below, in line with the three pillars of the new Natura &Co 2030 Vision.

Natura &Co 2030 Vision	Scope	Indicator	Unit	2020 ambition	Results		
					Q1-20	Q2-20	Highlights
To address the Climate Crises and protect the Amazon	**Natura**: Brazil	**Accumulated Amazon business volume**[1]	R$ billion	1	1.86	1.93	The 2020 ambition has been exceeded. Q2-20, up by 4% in volumes vs Q1-20, mainly from Benefit Sharing payments and pandemic emergency support actions.
	Natura: Brazil	**Consumption of Amazon Inputs**	% (R$ Amazon Inputs /R$ total inputs purchased)	30	13.3	12.8	Results lower vs the previous quartes due to dollar exposure over total Natura inputs purchased, whose effect could not be offset by the growth of Amazon inputs. Achieving the 2020 ambition remains a big challenge, but we have been working to increase our positive impact in the region.
	Natura: Brazil + Latam	**Relative Carbon Emissions (Scopes 1, 2 and 3)**	kg CO_2e/kg billed products	2.15	3.31	3.09	Positive results due to the pandemic effect on reduction in absolute emissions and increased sales of basic hygiene products with lower carbon footprint. Despite positive achievements this quarter, the 2020 ambitions for both processes and products emissions remain challenging. We are looking at action plans for reductions in distribution, increasing our plant-based portfolio and implementation of our packaging strategy.
To defend Human Rights and be Human-Kind	**Natura**: Brazil	**Crer Para Ver revenues**	R$MM	-	8.7	19.2	Positive results, showing growth of this category and highlighting consultant engagement to promote the education cause.
	Natura: Latam			-	3.8	7.2	
	Natura: Brazil + Latam	**Women In Leadership Positions Index (Director Level and Above)**	%	50	43	43	Our strategy to guarantee gender equality of finalist candidates in recruiting processes has been effective, and results are fast approaching the target
To embrace Circularity and Regeneration	**Natura**: Brazil	**Eco-Efficient Packaging**[2]	% (eco-efficient packaging units billed/total units billed)	40	20	19	In line with previous quarter. Despite the ambitious goal, we seek packaging evolution, with Eco design Committee and prioritization of recycled and renewable materials and refill options.
	Natura: Brazil	**Packaging equivalent collected (Reverse Logistics)**	% (in ton eq. of generated packaging)	50	50	32	Result lower than Q1-20, because reverse logistics process was severely impacted due to pandemic effects on activities at cooperatives; some had partial or no activity. Considering these effects Natura donated personal care products and provided financial support to help them execute processes safely. As the activities are gradually picking up from June, we expect to reach our 2020 ambition.
	Natura: Latam			-	15	13	
All three pillars above	**Natura**: Brazil + Latam	**Sustainability Vision Index 2020**	%	100	71	70	In line with previous quarter. We highlight the improvement on performance in Relative Carbon Emissions, while performance in packaging equivalents collected was below target, due to the pandemic effect. We expect to continue managing our targets to achieve our 2020 ambition.

[1] Accumulated Amazon business volume since 2010

[2] Ecoefficient packagings are those with at least 50% less weight compared to the regular / similar packaging, or comprising 50% post-consumer recycled material and/or renewable non-cellulosic source material, that do not increase mass.

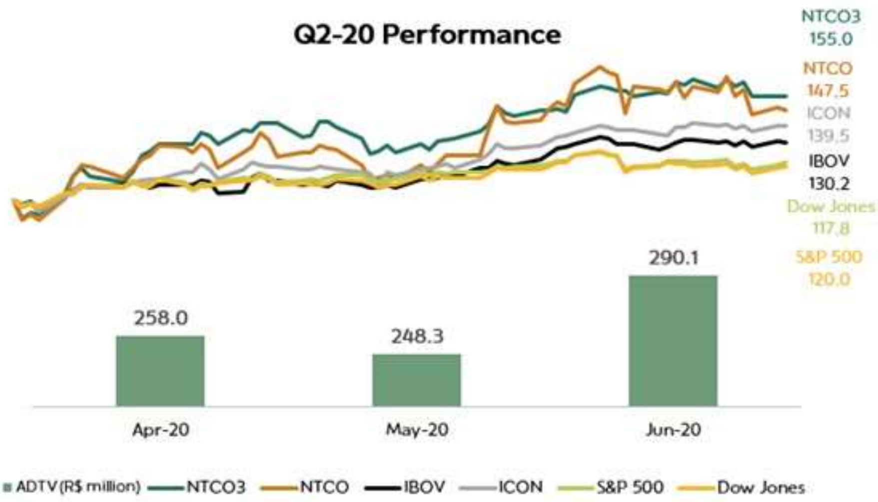
7. Stock Performance (NTCO3/NTCO)

On June 30, 2020, the Company successful concluded its private capital increase in the amount of R$2 billion, which resulted in the issuance of 62,500,000 common shares.

At the end of Q2-20, the Company's capital was comprised of 1,251,392,669 common shares (June 30, 2019: 431,964,355). NTCO3 shares traded at R$39.9 on the B3 stock exchange, an increase of 55.0% in the quarter. The Company's market capitalization on June 30 was R$49.9 billion, with Average Daily Trading Volume (ADTV) of R$265.9 million in the quarter (+75.5% vs. Q2-19).

NTCO traded at US$14.5 at the end of Q2-20 on NYSE, +47.5% vs. March 30, 2020.

Below is the performance of NTCO3 and NTCO in the quarter:



8. Appendices

Consolidated Balance Sheet – Including the effects of IFRS16

R$ million

ASSETS	Jun-20	Dec-19
CURRENT ASSETS		
Cash and cash equivalents	4,820.1	4,513.6
Securities	2,570.2	1,025.8
Trade receivables	2,644.6	1,685.8
Inventories	4,481.3	1,430.6
Recoverable taxes	1,045.2	395.6
Income tax and social contribution	329.0	113.5
Derivatives	179.3	-
Assets held for sale	195.6	-
Other current assets	799.2	265.2
Total current assets	**17,064.5**	**9,430.1**
NON CURRENT ASSETS		
Recoverable taxes	893.4	409.2
Income tax and social contribution	334.0	334.7
Deferred income tax and social contribution	975.9	374.4
Judicial deposits	600.3	337.3
Financial derivatives instruments	2,019.9	737.4
Securities	11.3	7.4
Other non-current assets	1,601.6	83.8
Total long term assets	**6,436.4**	**2,284.2**
Property, plant and equipment	5,350.8	1,773.9
Intangible assets	28,431.2	5,076.5
Right of Use	3,810.0	2,619.9
Total non-current assets	**44,028.4**	**11,754.5**
TOTAL ASSETS	61,092.9	21,184.5

LIABILITIES AND SHAREHOLDER'S EQUITY	Jun-20	Dec-19
CURRENT LIABILITIES		
Loans, financing and debentures	2,631.1	3,354.4
Leasing	1,081.1	542.1
Trade payables and forfait operations	5,710.0	1,829.8
Payroll, profit sharing and social changes	1,111.6	560.4
Tax liabilities	614.8	320.9
Income tax and social contribution	189.7	388.2
Dividends and interest on shareholders' equity payable	0.0	95.9
Derivative financial instruments	75.2	11.8
Provision for tax, civil and labor risks	127.8	18.7
Other current liabilities	1,322.6	396.4
Total current liabilities	**12,863.9**	**7,518.4**
NON CURRENT LIABILITIES		
Loans, financing and debentures	18,035.0	7,432.0
Leasing	3,026.1	1,975.5
Payroll, profit sharing and social changes	20.9	-
Tax liabilities	108.8	122.6
Deferred income tax and social contribution	1,413.5	450.6
Provision for tax, civil and labor risks	1,185.9	201.4
Other non-current liabilities	1,165.3	121.7
Total non-current liabilities	**24,955.6**	**10,303.7**
SHAREHOLDERS' EQUITY		
Capital stock	6,917.0	1,485.4
Treasury shares	(14.0)	0.0
Capital reserves	10,945.1	1,210.9
Retained earnings	2.4	(149.0)
Accumulated losses	(1,209.3)	-
Equity valuation adjustment	6,604.4	815.0
Equity attributable to owners of the Company	**23,245.6**	**3,362.3**
Non-controlling interest on subsidiaries' equity	**27.9**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	61,092.9	21,184.5

Consolidated Income Statement - Including the effects of IFRS16

R$ million	Q2-20	Q2-19	Ch. %	H1-20	H1-19	Ch. %
NET REVENUE	**6,987.2**	**3,403.7**	*105.3*	**14,505.2**	**6,318.9**	*129.6*
Cost of Products Sold	(2,375.5)	(964.6)	*146.3*	(5,254.2)	(1,773.7)	*196.2*
GROSS PROFIT	**4,611.7**	**2,439.2**	*89.1*	**9,250.9**	**4,545.1**	*103.5*
OPERATING (EXPENSES) INCOME			-			-
Selling, Marketing and Logistics Expenses	(3,171.8)	(1,552.3)	*104.3*	(6,449.0)	(2,875.4)	*124.3*
Administrative, R&D, IT and Project Expenses	(1,337.5)	(567.2)	*135.8*	(2,603.6)	(1,104.3)	*135.8*
Impairment losses on trade receivables	(229.0)	(42.6)	*437.4*	(452.9)	(118.0)	*283.7*
Other Operating Income (Expenses), Net	74.7	8.1	*823.4*	(277.9)	22.3	-
INCOME (LOSS) FROM OPERATIONS BEFORE FINANCIAL RESULT	**(52.0)**	**285.1**	-	**(532.5)**	**469.8**	-
Financial Income	665.5	414.1	*60.7*	2,225.7	792.2	*181.0*
Financial Expenses	(934.1)	(618.5)	*51.0*	(2,721.9)	(1,161.8)	*134.3*
INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	**(320.5)**	**80.7**	-	**(1,028.6)**	**100.1**	-
Income Tax and Social Contribution	(44.9)	(24.8)	*81.0*	(139.7)	(30.7)	*354.2*
INCOME (LOSS) FROM CONTINUED OPERATIONS	**(365.4)**	**55.9**	**-**	**(1,168.3)**	**69.4**	**-**
Income (Loss) from discontinued operations	(26.7)	0	-	(48.7)	0	-
NET INCOME (LOSS) FOR THE PERIOD	**(392.1)**	**55.9**	**-**	**(1,217.0)**	**69.4**	**-**
Attributable to controlling shareholders	(388.5)	55.9	-	(1,209.3)	69.4	-
Attributable to non-controlling shareholders	(3.6)	0	-	(7.7)	0	-

Consolidated Statements of Cash Flow – Including the effects of IFRS16

R$ million	H1-20	H1-19
CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	(367.7)	660.0
OTHER CASH FLOWS FROM OPERATING ACTIVITIES		
Recovery (payment) of income tax and social contribution	(411.8)	(224.7)
Accruals (payments) of judicial deposits	27.0	3.6
Payments related to tax, civil and labor lawsuits	(84.6)	(12.9)
Payments due to settlement of derivative operations	4.0	(33.3)
Interest paid on lease	(133.7)	(64.1)
Payment of interest on borrowings, financing and debentures	(531.7)	(257.3)
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES	**(1,498.3)**	**71.2**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash from merger of subsidiary	2,636.1	-
Additions of property, plant and equipment and intangible assets	(308.6)	(217.4)
Proceeds from sale of property, plant and equipment and intangible assets	54.0	8.5
Investment in securities	(5,972.3)	(3,547.7)
Redemption of securities	4,548.6	4,038.6
Redemption of interest on investments and securities	29.9	38.7
NET CASH GENERATED BY (USED IN) BY INVESTING ACTIVITIES	**987.7**	**320.6**
CASH FLOW FROM FINANCING ACTIVITIES		
Amortization of lease - principal	(380.9)	(284.8)
Amortization of loans, financing and debentures – principal	(2,485.2)	(594.9)
New loans, financing and debentures	1,341.5	294.8
Acquisition of treasury shares, net of option strike price received	(14.0)	(2.1)
Payment of dividends and interest on capital for the previous year	(133.9)	(153.0)
Receipts (payments) to settle derivative operations	82.2	1.9
Obligation of the acquiree incurred by the acquirer	(370.8)	-
Capital integralization	0.0	24.2
Capital increase	2,033.9	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**72.8**	**(713.9)**
Effect of exchange variation on cash and cash equivalents	744.3	(10.3)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	306.5	(332.4)
Opening balance of cash and cash equivalents	4,513.6	1,215.0
Closing balance of cash and cash equivalents	4,820.1	882.7
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	306.5	(332.4)

**The notes are an integral part of financial statements*

9. Conference call and webcast

Webcast link: ri.naturaeco.com

10. Glossary

Adjusted EBITDA: Excludes effects that are not considered usual, recurring or not-comparable between the periods under analysis

APAC: Asia and Pacific

ARS: Argentine Pesos

AUD: Australian Dollars

B3: Brazilian Stock Exchange

Benefit Sharing: In accordance with Natura's Policy for the Sustainable Use of Biodiversity and Associated Traditional Knowledge, benefits are shared whenever we perceive various forms of value in the access gained. Therefore, one of the practices that defines the way in which these resources are divided is to associate payments with the number of raw materials produced from each plant as well as the commercial success of the products in which these raw materials are used

BPS: Basis Points – one percentage point*100

BRL: Brazilian Reais

CDI: The overnight rate for interbank deposits

CFT: Cosmetics, Fragrances and Toiletries Market (CFT = Fragrances, Body Care and Oil Moisture, Make-up (without Nails), Face Care, Hair Care (without Colorants), Soaps, Deodorants, Men's Grooming (without Razors) and Sun Protection

COGS: Costs of Goods Sold

Constant currency or constant **exchange rates:** when exchange rates used to convert financial figures into a reporting currency are the same for the years under comparison, excluding fluctuation effects

EBITDA: Earnings Before Interests, Tax, Depreciation and Amortization

EMEA: Europe, Middle East and Africa

EP&L: Environmental Profit & Loss

Foreign currency translation: conversion of figures from a foreign currency into the currency of the reporting entity

GBP: Sterling Pounds

G&A: general and administrative expenses

GHG: Greenhouse gases

Hyperinflation: indications of when hyperinflation exists include a cumulative inflation rate over three years of approaching or exceeding 100%; when interest rates, prices and wages are linked to an index, among others

ICON: Consumer Stock Index of the B3 stock exchange, designed to track changes in the prices of the more actively traded and better representative cyclical and non-cyclical consumer stocks

Innovation Index: Share in the last 12 months of the sale of products launched in the last 24 months

IBOV: Ibovespa Index is the main performance indicator of the stocks traded in B3 and lists major companies in the Brazilian capital market

IFRS – International Financial Reporting Standards

Latam: often used to refer to the countries where Natura has operations: Argentina, Chile, Colômbia, México and Peru

LFL: Like-for-Like, applicable to measure comparable growth

Natura Consultant: Self-employed resellers who do not have a formal labor relationship with Natura.
Natura Crer Para Ver Program (CPV): Special line of non-cosmetic products whose profits are transferred to the Natura Institute, in Brazil, and invested by Natura in social initiatives in the other countries where we operate. Our consultants promote these sales to benefit society and do not obtain any gains.
Natura Institute: Is a nonprofit organization created in 2010 to strengthen and expand our Private Social Investment initiatives. The institute has enabled us to leverage our efforts and investments in actions that contribute to the quality of public education
NYSE: New York Stock Exchange
PCRC: Post-Consumer Recycled Content
P&L: Profit and loss
PPA: Purchase Price Allocation - effects of the fair market value assessment as a result of a business combination.
Profit Sharing: The share of profit allocated to employees under the profit-sharing program.
SG&A: Selling, general and administrative expenses
SM&L: Selling, marketing and logistics expenses
SSS: Same-Store-Sales
Supplier Communities: The communities of people involved in small–scale farming and extraction activities in a variety of locations in Brazil, especially in the Amazon Region, who extract the inputs used in our products from the social and biodiversity. We form production chains with these communities that are based on fair prices, the sharing of benefits gained from access to the genetic heritage and associated traditional knowledge and support for local sustainable development projects. This business model has proven effective in generating social, economic and environmental value for Natura and for the communities.
Sustainable Relations Network: Sales model adopted in Mexico that features eight stages in a Consultant's development: Natura Consultant, Entrepreneurial Natura Consultant, Natura Developer 1 and 2, Natura Transformer 1 and 2, Natura Inspirer and Natura Associate. To rise up through the various stages, consultants must fulfill certain based on sales volume, attracting new consultants and (unlike the models adopted in other countries) personal development and social and environmental relationships in the community.
Target Market: Refers to the market share data published by SIPATESP/ABIHPEC. Considers only the segments in which Natura operates. Excludes diapers, oral hygiene products, hair dyes, nail polish, feminine hygiene products as well as other products.
TBS: The Body Shop.
UOI: Underlying Operating Income.

11. Disclaimer

EBITDA is not a measure under BR GAAP and does not represent cash flow for the periods presented. EBITDA should not be considered an alternative to net income as an indicator of operating performance or an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and the definition of EBITDA used by Natura may not be comparable with that used by other companies. Although EBITDA does not provide under BR GAAP a measure of cash flow, Management has adopted its use to measure the Company's operating performance. Natura also believes that certain investors and financial analysts use EBITDA as an indicator of performance of its operations and/or its cash flow.

This report contains forward-looking statements. These forward-looking statements are not historical fact, but rather reflect the wishes and expectations of Natura's management. Words such as "anticipate," "wish," "expect," "foresee," "intend," "plan," "predict," "project," "desire" and similar terms identify statements that necessarily involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price and product competitiveness, the acceptance of products by the market, the transitions of the Company's products and those of its competitors, regulatory approval, currency fluctuations, supply and production difficulties and changes in product sales, among other risks. This report also contains certain pro forma data, which are prepared by the Company exclusively for informational and reference purposes and as such are unaudited. This report is updated up to the present date and Natura does not undertake to update it in the event of new information and/or future events.

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