

Natura &Co raises US\$1 billion in Sustainability-Linked Bond offer

With the transaction to enhance the Group's debt profile, Natura is committed to reducing relative greenhouse gas emissions and increasing the use of post-consumer recycled plastic packaging.

SÃO PAULO, May 12, 2021 /PRNewswire/ -- Natura &Co (NYSE – NTCO; B3 – NTCO3) recorded another quarter of double-digit revenue growth in the first quarter, again outperforming the global Cosmetics, Fragrance, and Toiletries market thanks to a strong increase in digital sales, while EBITDA was up more than four-fold.

Consolidated net revenue in Q1 stood at R\$9.5 billion, up 25.8% in Brazilian Reais and 8.1% at constant currency, driven by sales growth in BRL at all four of the Group's iconic brands. Reported EBITDA grew by 470.7% to R\$829.1 million, with margin up 690 basis points to 8.8%, and adjusted EBITDA, which excludes transformation costs and Avon-related acquisition effects, rose 68.5% to R\$963.2 million, with margin of 10.2%, up 260 basis points.

This strong Q1 performance was powered by further growth in digital social selling and e-commerce across all brands. Total group online sales were up a very strong 166%. At the Natura brand, digital sales were up by 253% and Avon globally also recorded triple-digit growth of 132%. Aēsop's total online sales grew 102% in the quarter, representing 29% of revenue. The Body Shop continued its pivot to e-commerce and direct selling channels, up respectively by 119% and 251%, to jointly represent 51% of total sales. Relationship selling using apps advanced vs. Q1-20, with Avon e-brochure sales up by 175% globally. Considering Natura brand in Latin America, the average number of consultants sharing content increased by more than 350%, and orders through the 1.3 million+ consultant online stores in the region grew by 80% vs. Q1-20.

Natura &Co also made further advances in its integration of Avon, with a new commercial model being rolled out. At its recent Investor Day in April, Natura &Co raised its synergies target for the Avon integration by US\$50 million to between US\$350 million and US\$450 million by 2024.

natura & co

Earlier this month, Natura &Co also successfully completed a US\$1 billion bond issue linked to sustainability goals. The issue was carried out by its subsidiary, Natura Cosméticos SA ("Natura"), with Natura & Co Holding S.A. acting as the guarantor. The transaction commits Natura to meet two material environmental performance indicators by end-2026: i) reduction of its relative greenhouse gas emissions intensity by another 13% across scopes 1, 2 and 3, and ii) reaching 25% of post-consumer recycled plastic in packaging. These goals are aligned with the Group's "Commitment to Life", its Sustainability Vision for 2030, and support Natura &Co's efforts to address the global climate crisis and move towards full circularity.

Roberto Marques, Executive Chairman and Group CEO, declared: "Natura &Co turned in another strong performance in the first quarter despite a persistently challenging environment, demonstrating again the strength of its direct-to-consumer, multichannel model. All of our brands and businesses posted growth in Brazilian Reais in the quarter, and our continued pivot to digital and online sales allowed us to once again outperform the global CFT market. The recent successful completion of our US\$1 billion bond issue with clear and advanced sustainability-linked targets shows the company's consistency in connecting financial and environmental targets."

Natura &Co Latam's net revenue increased by 24.6% in BRL in Q1. The Natura brand's net revenue rose by 29.6% in BRL, with strong growth both in Brazil (+12.6%), and Hispanic Latam (+60.4%). The Avon brand's net revenue increased by 20.0% in BRL, with strong growth of 35.1% in Hispanic Latam more than offsetting a 2.8% drop in Brazil. Adjusted EBITDA for Natura &Co Latam surged 119.2% to R\$630.3 million, with margin of 12.2%, up 690 bps. Natura &Co's clear CFT leadership in Latam was confirmed by Euromonitor, reaching market share of 12.5% in 2020, +70 basis points vs. the prior year, with a strong 17.0% in Brazil, 10 basis points vs. 2019.

Avon International posted Q1 net revenue growth of 11.4% in BRL, with market share gains in all eight of its top markets, including the UK. Adjusted EBITDA was R\$97.4 million, with 4.1% margin (-70 bps), reflecting the impact of the global pandemic in key categories, mainly in Europe, and strategic investments in areas such as digital and commercial to accelerate future growth.

The Body Shop posted another strong quarter, with net revenue increasing 47.7% in BRL. It succeeded in offsetting lost retail sales, notably in Europe, thanks to its

continued ramp-up in its direct sales channel and e-commerce. EBITDA in Q1 was R\$194.2 million, with margin of 14.7% (-30 bps).

Aesop posted another outstanding performance in Q1, with strong double-digit growth in both sales and profitability in Reais. Net sales grew 71.9% in Q1, with growth in all regions despite continued store closures in Europe, Canada and parts of Australia, with a remarkable performance in Asia and a strong increase in digital sales. EBITDA more than doubled to R\$156.6 million, with margin up 390 basis points to 26.7%.

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About Natura &Co:

Natura &Co is a global, purpose-driven, multi-channel and multi-brand cosmetics group which includes Avon, Natura, The Body Shop, and Aesop. Natura &Co posted net revenues of R\$14.4 billion in 2019 and R\$32.9 billion on a proforma basis, including Avon. The four companies that form the group are committed to generating positive economic, social, and environmental impact. For 130 years Avon has stood for women: providing innovative, quality beauty products which are primarily sold to women, through women. Founded in 1969, Natura is a Brazilian multinational in the cosmetics and personal care segment, leader in direct sales. Founded in 1976 in Brighton, England, by Anita Roddick, The Body Shop is a global beauty brand that seeks to make a positive difference in the world. The Australian beauty brand Aesop was established in 1987 with a quest to create a range of superlative products for skin, hair and the body.

Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements can be identified by the use of words such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "intends," "continue" or similar terminology. **These statements reflect only Natura &Co's current expectations and are not guarantees of future performance or results.** These statements are subject to risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. In particular, the COVID-19 pandemic, and extraordinary measures by governments to limit the spread of the virus, impact the global economy and consequently negatively affect Natura &Co's business, results of operations and cash flows and, as conditions are recent, uncertain and rapidly changing, it is difficult to predict the full extent of the impact the pandemic will have. Risks and uncertainties include, but are not limited to, the risk factors described in documents filed by the company with the United States Securities and Exchange Commission.

These forward-looking statements speak only as of the date on which the statements were made. Natura &Co undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.