Natura Cosméticos S.A.

Individual and Consolidated Financial Statements

For the year ended

December 31, 2023

Independent Auditors' Report

(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Stockholders
Natura Cosméticos S.A.

Opinion

We have audited the accompanying parent company financial statements of Natura Cosméticos S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2023 and the statements of income, comprehensive income, changes in shareholder's equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Natura Cosméticos S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of income, comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Natura Cosméticos S.A. and of Natura Cosméticos S.A. and its subsidiaries as at December 31, 2023, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) (currently described as "IFRS Accounting Standards" by the IFRS Foundation).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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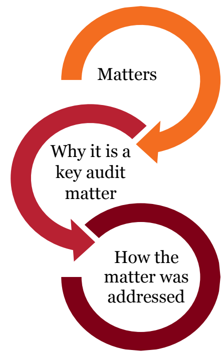
Natura Cosméticos S.A.

Key audit matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Fair value of accounts receivable: contingent consideration the - sale of subsidiary	
As described in Notes 1.2, 4.8 and 5.5 to the parent company and consolidated financial statements as of December 31, 2023, the balance of Accounts receivable - Sale of subsidiary, totaled R$829,497 thousand, out of which, R$486,429 thousand referred to contingent consideration, which realization is connected to the achievement, by the subsidiary sold, of certain performance targets. This amount was measured at fair value. For the purposes of measuring the fair value of the asset, the Company's management applied the discounted cash flow method. Considering the materiality of the balance and the subjectivity involved in defining assumptions and estimates used in measuring receivables at fair value, we consider this as a key audit matter.	Our audit procedures included, among others, test of controls related to the sale of the former subsidiary, including the accounting effects measurements. Additionally, with the involvement of specialists, we evaluated the data and assumptions used by management in measuring the estimated realizable amount of 'Accounts receivable - Sale of subsidiary. We tested the logical and arithmetic consistency of the models prepared by the Company. We also assessed the appropriateness of the disclosures made by the Company in the parent company and consolidated financial statements. Our audit procedures demonstrated that the data, assumptions and judgments made by management, as well as the disclosures in the notes to the financial statements, are consistent with the information obtained.

Other matters

Statements of Value Added

The parent company and consolidated statements of value added for the year ended December 31, 2023, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS Accounting Standards purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added ". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) (currently described as "IFRS Accounting Standards" by the IFRS Foundation), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the ability of the Company and its subsidiaries, as a whole, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries, as a whole, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries, as a whole, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries, as a whole, to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats to our independence or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 18, 2024

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Leandro Mauro Ardito
Accountant CRC 1SP188307/O-0

NATURA COSMÉTICOS S.A.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian reais - R$)

ASSETS	Explanatory note	Parent 12/2023	Parent 12/2022	Consolidated 12/2023	Consolidated 12/2022
CURRENT					
Cash and Cash equivalents	6	119.542	46.721	1.598.054	2.054.667
Short term investments	7	1.230.828	1.218.524	1.616.090	1.789.877
Trade accounts receivable	8	1.770.344	1.380.493	2.850.169	2.388.091
Accounts receivable - Sale of subsidiary	1.2	22.915	-	22.915	-
Trade accounts receivable - Related parties	30	4.249.620	874.386	4.342.678	890.395
Inventories	9	810.211	426.041	1.839.987	2.396.186
Recoverable taxes	10	187.240	126.352	358.707	482.197
Income tax and social contribution		-	-	72.681	75.312
Derivative financial instruments	5	-	11	7.307	30.563
Other current Assets	13	95.397	74.246	215.977	327.749
Total current assets		**8.486.097**	**4.146.774**	**12.924.564**	**10.435.037**
NON-CURRENT					
Accounts receivable - Sale of subsidiary	1.2	806.582	-	806.582	-
Recoverable taxes	10	293.160	155.481	1.139.530	503.080
Deferred Income tax and social contribution	11	348.142	1.211.854	881.584	1.971.354
Judicial deposits	12	383.182	303.233	408.030	335.540
Derivative financial instruments	5	89.453	773.251	89.453	773.251
Long term investments	7	36.698	35.235	36.698	35.235
Other non-current assets	13	4.049	14.823	6.602	138.592
		1.961.266	**2.493.877**	**3.368.479**	**3.757.052**
Investments	14	4.865.522	9.993.564	-	-
Property, plant and equipment	15	477.044	276.320	1.634.911	1.970.453
Intangible	16	721.208	679.620	921.931	5.814.235
Right of use	17	471.134	523.020	707.481	2.672.023
Total non-current assets		**8.496.174**	**13.966.401**	**6.632.802**	**14.213.763**
TOTAL ASSETS		**16.982.271**	**18.113.175**	**19.557.366**	**24.648.800**

LIABILITIES AND SHAREHOLDERS' EQUITY	Explanatory note	Parent 12/2023	Parent 12/2022	Consolidated 12/2023	Consolidated 12/2022
CURRENT					
Borrowings, financing and debentures	18	158.692	133.886	158.692	134.105
Lease	17	77.487	88.677	134.808	706.437
Trade accounts payable	19	1.057.213	766.093	3.437.162	3.220.661
Trade accounts payable - Related parties	30	1.102.950	562.848	116.940	114.283
Dividends and interest on shareholders' equity payable		81.795	-	81.795	-
Payroll, profit sharing and social charges		344.176	261.431	591.344	680.918
Tax liabilities	20	258.162	213.656	410.134	502.771
Income tax and social contribution		756.152	-	862.545	41.419
Derivative financial instruments	5	43.012	1.348.290	82.556	1.370.036
Provision for tax, civil and labor risks	21	-	-	-	3.666
Other current liabilities	22	302.932	237.717	412.181	621.767
Total current liabilities		**4.182.571**	**3.612.598**	**6.288.157**	**7.396.063**
NON-CURRENT					
Borrowings, financing and debentures	18	2.353.610	7.488.087	2.353.610	7.488.087
Lease	17	323.334	368.695	546.489	2.028.097
Payroll, profit sharing and social charges		10.508	4.209	11.839	20.124
Tax liabilities	20	58.188	58.188	59.977	58.188
Deferred income tax and social contribution	11	-	-	39.615	790.337
Income tax and social contribution	0	117.407	79.981	212.103	192.182
Provision for losses on investments in subsidiaries	14	-	4.461	-	-
Derivative financial instruments	5	-	191.274	-	191.274
Provision for tax, civil and labor risks	21	352.871	171.115	408.438	206.309
Other non-current liabilities	22	210.779	142.558	264.135	285.586
Total non-current liabilities		**3.426.697**	**8.508.568**	**3.896.206**	**11.260.184**
SHAREHOLDERS' EQUITY	23				
Capital stock		2.000.000	2.000.000	2.000.000	2.000.000
Capital reserves		463.920	406.909	463.920	406.909
Profit reserves		6.753.676	2.264.413	6.753.676	2.264.413
Equity appraisal adjustment		155.407	1.320.687	155.407	1.320.687
Total shareholders' equity		**9.373.003**	**5.992.009**	**9.373.003**	**5.992.009**
Non-controlling interest in shareholders' equity of subsidiaries		-	-	-	544
Total shareholders' equity		**9.373.003**	**5.992.009**	**9.373.003**	**5.992.553**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16.982.271**	**18.113.175**	**19.557.366**	**24.648.800**

*The accompanying notes are an integral part of the Financial Statements

NATURA COSMÉTICOS S.A.

STATEMENT OF INCOME

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In thousands of Brazilian reais - R$, except for earnings per share)

	Explanatory notes	Parent		Consolidated	
		2023	2022	2023	2022
NET REVENUE	24	10.211.698	8.350.636	14.928.231	13.063.619
Cost of Sales	25	(4.043.970)	(3.283.464)	(5.037.744)	(4.529.151)
GROSS PROFIT		6.167.728	5.067.172	9.890.487	8.534.468
OPERATING (EXPENSES) INCOME					
Selling, Marketing and Logistics expenses	25	(3.109.596)	(2.388.926)	(5.658.082)	(4.735.022)
Administrative, R&D, IT and Project expenses	25	(1.664.248)	(1.539.408)	(1.762.584)	(1.741.272)
Impairment loss on trade receivables	8	(303.662)	(129.774)	(428.175)	(237.880)
Share of profits (losses) from subsidiaries	14	218.336	135.339	-	-
Other operating expenses, net	28	(95.785)	(63.670)	(61.261)	(160.843)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL RESULT		1.212.773	1.080.733	1.980.385	1.659.451
Financial result	27	(1.877.004)	(1.235.945)	(2.113.133)	(1.379.181)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(664.231)	(155.212)	(132.747)	280.270
Income tax and social contribution	11	818.050	278.929	588.234	60.686
PROFIT (LOSS) FROM CONTINUING OPERATIONS		153.819	123.717	455.487	340.956
DISCONTINUED OPERATIONS					
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	34	6.286.129	-	5.984.461	(217.239)
NET INCOME (LOSS) FOR THE YEAR		6.439.948	123.717,00	6.439.948	123.717
EARNINGS PER SHARE IN THE YEAR -R$		-	-	-	-
Basic		6,9984	0,1344	6,9984	0,1344
Diluted		6,9984	0,1344	6,9984	0,1344

*The accompanying notes are an integral part of the Financial Statements

NATURA COSMÉTICOS S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian reais - R$)

	Explanatory notes	Parent		Consolidated	
		2023	2022	2023	2022
NET (LOSS) INCOME FOR THE YEAR		6.439.948	123.717	6.439.948	123.717
Other comprehensive income to be reclassified to income statement in subsequent years:					
Conversion of financial statements of controlled companies abroad	14	(2.203.337)	(1.782.349)	(2.203.337)	(1.782.349)
Exchange rate effect on the conversion from hyperinflationary economy	14	273.153	269.620	273.153	269.620
Earnings (losses) from cash flow hedge operations	5.1	763.197	(798.363)	745.630	(793.291)
Tax effects on earnings (losses) from cash flow hedge operations	11	(259.486)	271.443	(251.608)	269.681
Equity in earnings (losses) from cash flow hedge operations	5.1	(17.567)	5.072	-	-
Equity in tax effects on earnings (losses) from cash flow hedge operations	11	7.878	(1.762)	-	-
Other comprehensive income not reclassified for the income of the year in subsequent years:					
Actuarial earnings (losses)	22	(39.165)	(10.590)	(26.082)	2.962
Tax effects on (losses) earnings from actuarial		13.316	3.601	13.376	(1.171)
Equity on actuarial earnings (losses)		13.083	13.552	-	-
Equity on tax effects on actuarial earnings (losses)		60	(4.772)	-	-
Comprehensive income (loss) for the year, net of tax effects		4.991.080	(1.910.831)	4.991.080	(1.910.831)

*The accompanying notes are an integral part of the Financial Statements

NATURA COSMÉTICOS S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian reais - R$)

	Explanatory notes	Capital stock	Capital reserves		Profit reserves				Retained earnings	Equity appraisal adjustment		Total shareholders' equity	Non-controlling shareholders	Total shareholders' equity
			Surplus on issue/sale of shares	Additional paid-in capital	Legal	Tax incentives	Unrealized profit reserve	Retained earnings		Capital transactions	Other comprehensive income			
BALANCES AS OF JANUARY 1, 2022		**2.000.000**	**192.870**	**222.305**	**18.650**	**427.730**	**52.402**	**1.639.770**	**-**	**(92.066)**	**3.355.235**	**7.816.896**	**500**	**7.817.396**
Loss for the year		-	-	-	-	-	-	-	123.717	-	-	123.717	-	123.717
Exchange rate effect on the conversion from hyperinflationary economy		-	-	-	-	-	-	-	-	-	269.620	269.620	-	269.620
Other comprehensive income		-	-	-	-	-	-	-	-	-	(2.304.168)	(2.304.168)	-	(2.304.168)
Total comprehensive income for the periods		-	-	-	-	-	-	-	123.717	-	(2.034.548)	(1.910.831)	-	(1.910.831)
Transactions in stock and restricted shares option plans:														
Provision for stock and restricted shares option plans	23	-	-	81.433	-	-	-	-	-	-	-	81.433	-	81.433
Exercise of stock and restricted shares option plans	23	-	12.406	(10.039)	-	-	-	2.144	-	-	-	4.511	-	4.511
Non-controlling interest in shareholders' equity of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	44	44
Constitution of the tax incentive reserve		-	-	-	-	181.093	-	(57.376)	(123.717)	-	-	-	-	-
BALANCES AS OF DECEMBER 31, 2022		**2.000.000**	**205.276**	**293.699**	**18.650**	**608.823**	**52.402**	**1.584.538**	**-**	**(92.066)**	**1.320.687**	**5.992.009**	**544**	**5.992.553**
BALANCES AS OF DECEMBER 31, 2022		**2.000.000**	**205.276**	**293.699**	**18.650**	**608.823**	**52.402**	**1.584.538**	**-**	**(92.066)**	**1.320.687**	**5.992.009**	**544**	**5.992.553**
Net loss for the year		-	-	-	-	-	-	-	6.439.949	-	-	6.439.949	-	6.439.949
Exchange rate effect on the conversion from hyperinflationary economy		-	-	-	-	-	-	-	-	-	273.153	273.153	-	273.153
Other comprehensive income		-	-	-	-	-	-	-	-	-	(1.722.023)	(1.722.023)	-	(1.722.023)
Total comprehensive income for the periods		-	-	-	-	-	-	-	6.439.949	-	(1.448.870)	4.991.079	-	4.991.079
Transactions in stock and restricted shares option plans:														
Provision for stock and restricted shares option plans	23	-	-	53.918	-	-	-	-	-	-	-	53.918	-	53.918
Exercise of stock and restricted shares option plans		-	(38.431)	(50.542)	-	-	-	-	-	-	-	(88.973)	-	(88.973)
Loss on acquisition of subsidiaries		-	-	-	-	-	-	-	-	375.656	-	375.656	-	375.656
Distribution of dividends to profit reserve accounts		-	-	-	-	-	(52.402)	(98.166)	-	-	-	(150.568)	-	(150.568)
Distribution of dividends and interest on equity (advance)		-	-	-	-	-	-	-	(1.800.118)	-	-	(1.800.118)	-	(1.800.118)
Non-controlling interest in shareholders' equity of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	102	102
Constitution of the tax incentive reserve		-	-	-	-	542.724	-	-	(542.724)	-	-	-	-	-
Profit retention reserve		-	-	-	-	-	-	4.097.107	(4.097.107)	-	-	-	-	-
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(646)	(646)
BALANCES AS OF DECEMBER 31, 2023		**2.000.000**	**166.845**	**297.075**	**18.650**	**1.151.547**	**-**	**5.583.479**	**-**	**283.590**	**(128.183)**	**9.373.003**	**-**	**9.373.003**

*The accompanying notes are an integral part of the Financial Statements

NATURA COSMÉTICOS S.A.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian reais - R$)

	Explanatory notes	Parent		Consolidated	
		12/2023	12/2022	12/2023	12/2022
CASH FLOW FROM OPERATING ACTIVITIES					
Net income for the year		6.439.948	123.717	6.439.948	273.828
Adjustments to reconciliate net (loss) income for the year with net cash (used in) generated by operating activities:					
Depreciation and amortization	15, 16 e 17	349.511	294.995	559.950	504.422
Interest and exchange variation on short-term investments	27	(118.720)	(91.252)	(715.659)	(427.279)
Loss from swap and forward derivative contracts	5	1.678.640	982.047	1.735.074	972.134
Provision for tax, civil and labor risks	21	180.123	57.553	58.148	62.585
Monetary adjustment of judicial deposits	12	(23.047)	(20.677)	(24.398)	(22.639)
Monetary adjustment of provision for tax, civil and labor risks	21	41.979	23.419	45.371	27.042
Income tax and social contribution		(818.050)	(278.929)	(588.234)	(60.686)
Income from sale and write-off of property, plant and equipment and intagible		5.272	2.336	(105.970)	15.780
Share of profits (losses) from subsidiaries	14	(218.336)	(135.339)	-	-
Interest and exchange rate variation on leases	27	41.263	43.732	136.433	66.275
Interest and exchange rate variation on borrowings, financing and debentures, net of acquisition costs	18	174.498	111.722	161.512	112.930
Inflation adjustment and exchange rate variation on other assets and liabilities		153.180	10.223	-	2.757
Reversal of provision of Impairment	28	-	-	(31.076)	7.713
Provision (reversal) for stock option plans		(116.600)	81.433	(38.431)	81.433
Provision for losses with trade accounts receivables, net of reversals	8	303.662	129.774	428.175	239.027
Provision for inventory losses, net of reversals	9	25.581	14.881	276.673	152.569
Provision for carbon credits		(12.459)	(17.948)	(12.459)	(17.948)
Effect from hyperinflationary economy		-	-	269.058	332.570
Other adjustments to reconcile net (loss) profit		(13.885)	(8.780)	-	-
Subtotal		8.072.560	1.322.907	8.594.115	2.322.513
(INCREASE) DECREASE IN ASSETS					
Trade accounts receivable and related parties		(692.898)	(365.784)	(1.252.644)	(710.696)
Accounts receivable - Sale of subsidiary		627.788	(600.991)	634.991	(150.197)
Inventories		(403.686)	96.597	(654.250)	231.802
Recoverable taxes		126.430	41.270	(107.921)	31.797
Other assets		(90.594)	(129.751)	(610.628)	(465.353)
Subtotal		(432.960)	(958.659)	(1.990.452)	(1.062.647)
INCREASE (DECREASE) IN LIABILITIES					
Domestic and foreign trade accounts payable and related parties		85.804	617.133	(244.809)	300.259
Payroll, profit sharing and social charges, net		89.070	53.583	158.535	52.721
Tax liabilities		38.309	11.284	3.910	48.633
Other liabilities		(1.731.097)	124.005	(1.529.803)	393.436
Subtotal		(1.517.914)	806.005	(1.612.167)	795.049
CASH GENERATED BY OPERATING ACTIVITIES		**6.121.686**	**1.170.253**	**4.991.496**	**2.054.915**
OTHER CASH FLOWS FROM OPERATING ACTIVITIES					
Payment of income tax and social contribution		(37.059)	(6.983)	(166.417)	(350.427)
Release of judicial deposits	12	7.412	(14.285)	19.005	(14.228)
Payments related to tax, civil and labor lawsuits	12 e 21	(10.815)	(30.160)	(17.860)	(37.697)
(Payments) Proceeds due to settlement of derivative transactions	5	(1.391.849)	(538.094)	(1.428.635)	(532.019)
Payment of interest on lease	17	(41.263)	(43.733)	(76.753)	(95.816)
Payment of interest on borrowings, financing and debentures	18	(397.332)	(471.094)	(383.663)	(471.094)
Operational activities - Discontinued operations		(6.306.381)	-	(6.111.493)	791.120
NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES		**(2.055.601)**	**65.904**	**(3.174.320)**	**1.344.754**
CASH FLOW FROM INVESTING ACTIVITIES					
Cash from acquisition of subsidiaries	14	66.250	-	254.688	-
Additions of property, plant and equipment and intangible		(333.939)	(236.822)	(619.211)	(458.758)
Proceeds from sale of property, plant and equipment and intangible		103	124	298.021	14.794
Acquisition of short-term investments		(13.209.613)	(8.894.410)	(17.408.585)	(12.137.973)
Redemption of short-term investments		13.204.996	8.839.742	17.424.284	12.076.686
Redemption of interest on short-term investments		109.570	87.194	209.217	128.503
Receipt of dividends from subsidiaries	14	184.437	244.756	-	-
Investments in subsidiaries	14	(1.265.481)	(106.238)	-	-
Investment activities - Discontinued operations	34	8.695.376	-	8.553.427	(336.953)
NET CASH (USED IN) GENERATED BY INVESTING ACTIVITIES		**7.451.699**	**(65.654)**	**8.711.841**	**(713.701)**
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of lease - principal	17	(100.109)	(81.650)	(129.031)	(99.062)
Repayment of borrowings, financing and debentures - principal	18	(4.887.949)	(1.340.179)	(4.924.179)	(1.340.179)
Raising of borrowings, financing, and debentures	18	1.116	1.551.884	-	1.551.884
Payment of dividends and interest on equity in advance	5	-	(153.656)	-	(153.656)
Receipt (payment) of funds due to settlement of derivative transactions		(336.335)	57.477	(345.034)	57.225
Financing activities - Discontinued operations		-	-	(584.118)	(1.123.031)
CASH (USED IN) GENERATED BY FINANCING ACTIVITIES		**(5.323.277)**	**33.876**	**(5.982.362)**	**(1.106.819)**
Effect of exchange rate variation on cash and cash equivalents		-	-	(11.772)	(309.763)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**72.821**	**34.126**	**(456.613)**	**(785.529)**
Opening balance of cash and cash equivalents	6	46.721	12.595	2.054.667	2.840.196
Closing balance of cash and cash equivalents	6	119.542	46.721	1.598.054	2.054.667
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**72.821**	**34.126**	**(456.613)**	**(785.529)**

*The accompanying notes are an integral part of the Financial Statements

NATURA COSMÉTICOS S.A.

STATEMENT OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In thousands of Brazilian reais - R$)

	Explanatory notes	Parent		Consolidated	
		12/2023	12/2022	12/2023	12/2022
INCOME		12.701.223	10.598.420	19.144.951	16.925.488
Sale of goods, products and services		13.210.947	10.797.806	19.750.592	17.328.108
Provision for doubtful accounts, net of reversals		(303.662)	(129.774)	(428.175)	(240.174)
Other operating expenses, net		(206.062)	(69.612)	(177.466)	(162.446)
GOODS ACQUIRED FROM THIRD PARTIES		(8.919.195)	(7.092.827)	(12.515.350)	(11.118.571)
Cost of products sold and services rendered		(5.830.811)	(4.539.593)	(7.943.025)	(6.813.490)
Materials, electricity, outsourced services and othe		(3.088.384)	(2.553.234)	(4.572.325)	(4.305.081)
GROSS VALUE ADDED		3.782.028	3.505.593	6.629.601	5.806.917
RETENTIONS		(349.511)	(294.993)	(559.950)	(502.979)
Depreciation and amortization	15, 16 e 17	(349.511)	(294.993)	(559.950)	(502.979)
VALUE ADDED PRODUCED BY THE COMPANY		3.432.517	3.210.600	6.069.651	5.303.938
TRANSFERRED VALUE ADDED		718.846	3.469.425	1.039.556	750.520
Equity in subsidiaries	14	218.336	135.339	-	-
Financial income	27	500.510	3.334.086	1.039.556	750.520
TOTAL VALUE ADDED TO DISTRIBUTE		4.151.363	6.680.025	7.109.207	6.054.458
TOTAL VALUE ADDED TO DISTRIBUTE - DISCONTINUED OPERATIONS		6.286.130	-	5.984.461	-
TOTAL VALUE ADDED TO DISTRIBUTE		10.437.493	6.680.025	13.093.668	6.054.458
DISTRIBUTION OF VALUE ADDED		10.437.492	6.680.025	13.093.668	6.054.458
DISTRIBUTION OF VALUE ADDED - CONTINUED OPERATIONS		10.437.492	6.680.025	13.093.668	6.054.458
Payroll and social charges		1.165.026	910.141	2.376.165	2.041.325
Payroll and social charges		934.797	693.526	1.817.148	1.427.746
Benefits		153.501	160.515	345.181	356.644
FGTS		76.728	56.100	213.836	256.935
Taxes, fees and contributions		438.965	1.057.035	936.095	1.501.181
Federal		(1.376.326)	(531.578)	(2.013.716)	(628.424)
State		1.815.284	1.588.610	2.949.804	2.128.345
Municipal		7	3	7	1.260
Third-part capital remuneration		2.393.554	4.589.132	3.341.460	2.170.996
Financial expenses		2.377.514	4.570.031	3.291.084	2.129.701
Rentals		16.040	19.101	50.376	41.295
Equity remuneration		6.439.948	123.717	6.439.948	340.956
Distribution of dividends and interest on equity		1.800.118	-	1.800.118	-
Retained (losses) earnings		4.639.830	123.717	4.639.830	340.956

*The accompanying notes are an integral part of the Financial Statements

INDEX OF EXPLANATORY NOTES

1. GENERAL INFORMATION

Natura Cosméticos S.A. ("Natura Cosméticos") is a privately-held corporation headquartered in Brazil, in the city of São Paulo, State of São Paulo, at Avenida Alexandre Colares 1188, Vila Jaguará, CEP 05106-000. The Company is an operating entity that has affiliates and subsidiaries in Brazil and abroad, operating mainly in the cosmetics, fragrance and personal hygiene segments, through the development, manufacture, distribution and commercialization of its products. Natura Cosméticos and its subsidiaries are hereinafter referred to as the "Company".

The brands under the Company's management include "Natura", as well as "Avon" in Brazil, Peru and Colombia. In addition to using the retail market, e-commerce, business-to-business (B2B) and franchises as sales channels for the products, the Company highlights the performance of the direct sales channel carried out by the Consultants.

1.1. Sale of subsidiary Aesop

On August 30, 2023, the Company concluded the sale of the subsidiary Natura Brazil Pty Ltd. (hereinafter referred to as "Aesop") to Natura &Co Luxembourg S.a.r.l. for a total amount of R$12,396,226, after obtaining all regulatory approvals. The total gain obtained on the derecognition of the subsidiary's assets and liabilities and recognized as discontinued operations net of income tax and social contribution was R$7,377,768, which includes the reclassification of accumulated balance sheet conversion gains recognized in other comprehensive income amounting to R$115,168 and the write-off of goodwill in the amount of R$124,315.

Further details about this transaction, as well as the results of discontinued operations for the years ended December 31, 2023, and 2022, are presented in explanatory note no. 34.

1.2. Sale of subsidiary The Body Shop

On December 29, 2023, the Company concluded the sale of the subsidiary The Body Shop to Aurelius Investment Advisory Limited ("Aurelius") for a total amount of R$829,496, after obtaining all regulatory approvals. When the sale became probable in October 2023, a loss was recognized due to the impairment of the recoverable amount of net assets held for sale in the amount of R$4,007,744, due to the measurement to the lower of fair value fewer selling costs (recognized in the discontinued operations).

A gain was realized upon the derecognition of the subsidiary's assets and liabilities held for sale, substantially caused by the reclassification of accumulated balance sheet conversion gains recognized in other comprehensive income in the amount of R$1,622,436 and the write-off of goodwill in the amount of R$4,861,840 (recognized as part of discontinued operations).

The total consideration recognized as a result of discontinued operations considered: i) a fixed installment received on January 2, 2024, in the amount of R$22,915; ii) a fixed installment whose receipt is scheduled for December 29, 2028, in the amount of R$320,153; and iii) the fair value of two variable installments of contingent consideration ('earn-out'), in 2025 and 2026, tied to the achievement of certain performance targets, in the amount of R$486,429. The methodology used for calculating the fair value of these contingent considerations is presented in explanatory note no. 5.

Further details about this transaction, including the breakdown of contingent considerations to be received and the results of discontinued operations for the years ended December 31, 2023, and 2022, are presented in explanatory note no. 34.

2. MANAGEMENT STATEMENT AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The individual and consolidated financial statements (herein referred to as "financial statements") have been prepared and are being presented in accordance with accounting practices adopted in Brazil, which comprise the rules of the Brazilian Securities and Exchange Commission ("CVM") and the standards of the Brazilian Accounting Standards Committee ("CPC"), and in accordance with the International Financial Reporting Standards ("IFRS"), (entitled by IFRS Foundation as "IFRS accounting rules"), issued by the International Accounting Standards Board ("IASB"), and by the statements from the Brazilian Corporation Law.

The financial statements show all the relevant information specific to the financial statements, and only them, which are consistent with those used by the Management in its activities.

The Company's financial statements were approved by the Board of Directors and authorized for issuance on the meeting held on March 18, 2024.

The financial statements were prepared on a historical cost basis, except for items measured at fair value through profit or loss, which include (i) derivative instruments; (ii) contingent considerations arising from the disposal of the former subsidiary The Body Shop; (iii) other financial assets referred to in explanatory note no. 3.6.1; and (iv) financial liabilities designated as fair value hedging instruments (explanatory note no. 3.6.2).

The financial statements are expressed in thousands of Reais ("R$"), rounded to the nearest thousand, and the disclosures of amounts in other currencies, when necessary, were also made in thousands. The items disclosed in other currencies are duly identified, whenever applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are defined below. These practices have been applied consistently in all the years presented, except for the accounting policies adopted for the first time in 2023, as described in note no. 3.27).

3.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on the classification of current and non-current, according to the expectation for realization and/or expected consumption during the ordinary course of the operating cycle, as defined in CPC 26 (R2) - Presentation of Accounting Statements - (IAS 1).

Deferred tax assets and liabilities are classified as non-current assets and liabilities, as disclosed in note no. 3.17.

3.2. Foreign currency translation

3.2.1 Functional currency

The items included in the financial statements of the Company and each of the companies included in the consolidated financial statements are measured using the currency of the main economic environment in which each of the companies operates ("functional currency"). The financial statements are presented in the Company's functional and presentation currency, the Brazilian Real.

3.2.2 Transactions and balances in a currency other than the functional currency

Transactions in foreign currency, that is, any currency other than the functional currency, are translated into the functional currency of the entities included in these consolidated financial statements using the exchange rates prevailing on the dates of the transactions.

Balance sheet account balances are translated using the exchange rates prevailing on the dates of the reporting period. Gains and losses from exchange rate variation arising from the settlement of such transactions and the translation of monetary assets and monetary liabilities denominated in foreign currency are recognized in the income statement as "finance income" and "finance expenses".

3.2.3 Subsidiaries with different functional currency

In preparing the consolidated financial statements, the income statement and cash flow statement and all other changes of assets and liabilities of foreign subsidiaries, whose functional currency is not the Brazilian Real, are translated into Brazilian Reais at the monthly average exchange rates, which approximates the exchange rate in effect on the date of the transactions.

The balance sheet is translated into Brazilian Reais at the exchange rate prevailing at the reporting date. The effects of exchange rate variations resulting from these translations are presented under item Other Comprehensive Income ("OCI") in the statement of comprehensive income, and in shareholders' equity.

The translation calculation is different for Natura Cosméticos S.A. – Argentina ("Natura Argentina"), which became a hyperinflationary economy as of July 1, 2018.

3.2.1 Hyperinflationary economy

On July 2018, Argentina was considered a hyperinflationary economy considering the rise in the official price indices of the countries accumulated on that date (Consumer Price Index, or "IPC").

Accordingly, non-monetary assets and liabilities recorded at historical cost and equity items of Natura Argentina were restated based on indices mentioned above with the effects resulting from changes in general purchasing power being presented in the statement of income. The net effect of the inflation adjustment for the years ended December 31, 2023 and 2022 was presented in a specific account for the purpose of hyperinflation in the financial result (see note no. 27).

For the purpose of converting the accounting balances of the respective subsidiaries into the presentation currency (reais R$) used in the Company's individual and consolidated financial statements, the following procedures were adopted:

- Assets and liabilities were translated at the exchange rate prevailing at the reporting date (0,0059 and 0.02955 Argentine peso for each Brazilian Real on December 31, 2023 and 2022, respectively); and
- Revenues and expenses of the year were translated at the exchange rate prevailing at the reporting date (the same as indicated above), instead of the average exchange rate of the year, which is used to translate currencies in non-hyperinflationary economies.

The accumulated inflation for the year ended December 31, 2023 was 211.4% (94.8% as of December 31, 2022), as per IPC index.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

3.3. Consolidation

The following procedures are applied in the preparation of the financial statements:

a) Investments in subsidiaries

The Company controls an entity when it is exposed to, or is entitled to, the variable returns arising from its involvement with the entity and can affect those returns by exercising its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when the Company obtains control until the date when the control ceases to exist.

In the individual financial statements, the investments in subsidiaries are accounted for using the equity method. The financial statements of the subsidiaries are prepared at the same reporting date as the parent company. Whenever necessary, adjustments are made to suit subsidiaries' accounting policies to those of the Company.

In accordance with the equity method, the portion attributable to the Company on the net income or loss for the year regarding these investments is recorded in the statement of profit or loss of the parent company under the item "share of profit (loss) of equity investees". All intra-group balances, income and expenses and unrealized gains and losses arising from intra-group transactions are eliminated completely. The other comprehensive income ("OCI") of subsidiaries is recorded directly in the Company's shareholders' equity under the item "OCI".

Below is a list of the Company's subsidiaries as of December 31, 2023 and 2022:

	Ownership - %	
	2023	2022
Direct interest:		
Indústria e Comércio de Cosméticos Natura Ltda. – Brasil	100.00	100.00
Natura Comercial Ltda. – Brasil	100.00	100.00
Natura Biosphera Franqueado Ltda. - Brasil	100.00	100.00
Natura Cosméticos S.A. – Chile	99.99	99.99
Natura Cosméticos C.A. – Venezuela	99.99	99.99
Natura Cosméticos S.A. – Peru	100.00	99.99
Natura Cosméticos S.A. – Argentina	99.99	99.99
Natura Cosméticos y Servicios de México, S.A. de C.V.	99.99	99.99
Natura Cosméticos de México, S.A. de C.V.	99.99	99.99
Natura Distribuidora de México, S.A. de C.V.	99.99	99.99
Natura Cosméticos Ltda. – Holanda [(a)]	-	99.99
Natura Cosméticos Ltda. – Colômbia	100.00	99.99
Natura Cosméticos España S.L. – Espanha [(a)]	-	99.98
Natura (Brasil) International B.V. – Holanda [(a)]	-	100.00
Natura Brazil Pty Ltd. – Austrália [(a)]	-	100.00
Natura Cosmetics Asia Pacific Pte. Ltd. – Cingapura	100.00	100.00
Natura &Co Pay Serviços Financeiros e Tecnologia em Pagamentos Eletrônicos Ltda.	100.00	100.00
Natura &Co Pay Holding Financeira S.A.	100.00	90.00
Aesop Brasil Comércio de Cosméticos Ltda. [(a)]	-	99.99
Fundo de Investimento Essencial - Brasil	100.00	100.00
The Body Shop Brasil Indústria e Comércio de Cosméticos Ltda.	100.00	100.00
The Body Shop Brasil Franquias Ltda. - Brasil	100.00	100.00
Natura Europa SAS – França [(b)]	100.00	-
Natura Brasil, Inc.- EUA [(b)]	100.00	-
Natura International Inc. – EUA [(b)]	100.00	-
Avon Cosméticos Ltda. [(d)]	-	-
Avon Industrial Ltda. [(c)]	100.00	-

(a) Discontinued companies or whose shareholding was sold in 2023.
(b) Companies remaining from the sale process of The Body Shop.
(c) Companies acquired by the Company in 2023 (see explanatory note no. 14.2).
(d) Company acquired by the Company in 2023 and incorporated after its acquisition (see explanatory note no. 14.2).

The activities of the direct subsidiaries are described below:

- Indústria e Comércio de Cosméticos Natura Ltda.: Its activities are mainly focused on the industrialization and commercialization of Natura brand products for the Company.
- Natura Comercial Ltda. ("Natura Comercial"): Its activities include the sale of cosmetics, fragrances in general and personal hygiene products, through sales made in the retail market.
- Natura Biosphera Franqueadora Ltda.: Granting and management of business franchises, as well as other activities inherent to the status of franchisor.
- Natura Cosméticos S.A. Chile ("Natura Cosméticos - Chile"), Natura Cosméticos S.A. - Peru ("Natura Cosméticos – Peru"), Natura Cosméticos S.A. – Argentina ("Natura Cosméticos – Argentina"), Natura Cosméticos Ltda. Colombia ("Natura Cosméticos – Colômbia"), Natura Cosméticos Ltda – Holanda ("Natura Cosméticos – Holanda") and Natura Distribuidora de México, S.A. de C.V. ("Natura Distribuidora de México"): Their activities are similar to those carried out by the parent company Natura Cosméticos S.A. in Brazil.
- Natura Cosméticos C.A. – Venezuela ("Natura Cosméticos – Venezuela"): it is in the phase of corporate closure and there are no investments, transactions or collective material balances in its accounting records.
- Natura Cosméticos y Servicios de México, S.A. de C.V. ("Natura Cosmeticos e Serviços Mexico"): Its activities focus on providing administrative and logistical services to the companies Natura Cosméticos de México, S.A. de C.V. and Natura Distribuidora de México, S.A. de C.V.
- Natura Cosméticos de México, S.A. de C.V. ("Natura Cosmeticos Mexico"): Its activities focus on the import and implantation of cosmetics, fragrances in general and personal hygiene products for Natura Distribuidora de México, S.A. de C.V.
- Natura Cosméticos España S.L. ("Natura Cosmeticos Espanha"): Its activities are suspended. If the activity is resumed, it will be developed as the Company's activities.
- Natura Europa SAS - France, Natura Brasil Inc., Natura International Inc.: its activities focus on the import and sale of cosmetics, fragrances in general and personal hygiene products.
- Natura Cosmetics Asia Pacific Pte. Ltd - Singapore - company found in 2020, still without operations.
- Natura &Co Pay Serviços Financeiros e Tecnologia em Pagamentos Eletrônicos Ltda. ("Natura &CO Pay"): its activities consist of providing payment services.
- Natura &Co Pay Holding S.A. ("Natura &CO Pay Holding"): its activities consist of investing in institutions authorized to operate by the Central Bank of Brazil;
- Essential Investment Fund – Brazil: investment fund constituted in the form of a condominium, with the objective of investing resources in financial assets of different natures, risks, and characteristics, without commitment to concentration in any asset or risk factor.
- Avon Cosméticos Ltda.: its activities focused on the import and sale of cosmetics, fragrances in general and personal hygiene products, having been incorporated by the Company in 2023.
- Avon Industrial Ltda.: its activities are predominantly concentrated on the industrialization and commercialization of Avon brand products for the Company.

As of December 31, 2023, and 2022, there are no subsidiaries directly or indirectly controlled that have significant interests held by non-controlling shareholders.

3.4. Goodwill

Goodwill arising from a business combination is initially measured at cost, with the exceeding aggregate amount of: (i) the consideration transferred, measured at fair value; (ii) the amount of any non-controlling interest in the acquiree; and (iii) in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree at the acquisition date; over the net assets acquired (identifiable net assets acquired and assumed liabilities). When this aggregate amount is lower than the net amount of the identifiable assets acquired and the assumed liabilities, a gain on a bargain purchase is immediately recognized in the statement of profit or loss. Subsequently, goodwill is measured at cost less any accumulated impairment losses.

For impairment testing purposes, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group of Cash-Generating Units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units and annually tested, and whenever circumstances indicate that the carrying amount may present impairment losses.

3.5. Cash and cash equivalents

Cash and cash equivalents are maintained for the purpose of meeting short-term cash commitments, not for investment or other purposes. Cash and cash equivalents include cash, demand deposits and short-term investments realizable within 90 days of the original date of the security or considered to be highly liquid granted by the issuer or convertible into a known amount of cash and which are subject to an insignificant risk of changes in value. Instruments that are not eligible for the classification of cash and cash equivalents, due to their liquidity, maturity or even the risk of changes in value, are classified as short-term investments.

3.6. Financial instruments

3.6.1 Financial assets

Initial recognition and measurement

Upon initial recognition, a financial asset not measured at fair value through profit or loss, is measured at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequently, financial assets are measured at amortized cost, at fair value through other comprehensive income ("FVTOCI"), or at fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the business model of the Company for the management of these financial assets. The business model of the Company for managing financial assets refers to how the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are "non-derivative" financial assets held within a business model with the objective to hold financial assets to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of holding financial assets to collect contractual cash flows and selling them.

Subsequent measurement

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment analysis. Gains or losses are recognized in the statement of profit or loss when the asset is written off, modified, or impaired.

The main financial assets of the Company classified as amortized cost include balances of trade accounts receivable, other current assets and non-current assets balances (see note no. 5.5).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are presented in the balance sheet at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments and short-term investments which the Company had not irrevocably elected to classify according to the fair value through OCI.

The financial assets measured at fair value through profit or loss are investment funds, government securities, restricted cash, treasury bills, investment fund Dynamo Beauty Ventures Ltd. fund ("DBV Fund"), Certificate of Bank Deposits ("CDB"), repurchase operations, derivatives financial and operational instruments and contingent considerations arising from the disposal of the former subsidiary The Body Shop, as presented in note no. 5.5.

Derecognition (write-off) of financial instruments

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is written off when the rights to receive cash flows from the asset have expired, when the Company transfers its rights or risk to receive cash flows from the asset or when the Company has assumed an obligation to pay the full amount of received cash flows, without significant delay, to a third party under an on-lending agreement and either (i) the Company has transferred substantially all risks and benefits of the asset, or (ii) the Company has neither transferred nor retained substantially all risks and benefits of the asset, but transferred the asset control.

When the Company transfers its rights to receive cash flows of an asset or executes an on-lending agreement, it assesses whether, and at which extent, it has retained the risks and benefits of ownership. When the Company has neither transferred nor retained substantially all risks and benefits of the asset, nor transferred control over the asset, the Company continues to recognize the asset transferred to the extent of its continued involvement. In this case, the Company also recognizes an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted by an approximation of the original effective interest rate.

ECLs are recognized in two stages: (i) for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provisioned for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL); (ii) for credit exposures for which there has been a significant increase in credit risk since initial recognition, an allowance for losses is required for credit losses expected over the remaining life of the exposure (a lifetime ECL), irrespective of the timing of the default.

For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes an allowance for losses based on the ECL at each reporting date. The Company has recorded a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Further details are disclosed in note no. 5.5.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.6.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowing, financing and debentures, net of directly attributable transaction costs. The Company's main financial liabilities include borrowing in local and foreign currency, financing and debentures (note no. 18), derivative instruments (note no. 5), trade accounts payable and reverse factoring operations (note no. 19), trade accounts payable - related parties (note no. 30), lease liabilities (note no. 17), insurance payable (note no. 22) and dividends and interest on net equity payable (note no. 23).

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories: (i) financial liabilities at fair value through profit or loss; or (ii) financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities classified upon initial recognition at fair value through profit or loss. During the year, considering the fair value hedge structure established to protect against interest rate variability associated with the issuance of real estate receivable certificates ("CRI"), the respective liabilities presented in borrowing, financing and debentures were designated at fair value through the result.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the short term. This category also includes derivative instruments entered into by the Company that are not classified as hedging instruments in the hedge relationships defined by CPC 48 - Financial Instruments (IFRS 9). Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated on initial recognition at fair value through profit or loss are designated on the initial recognition date and only if the criteria of CPC 48 (IFRS 9) are met.

Financial liabilities at amortized cost

This is the most relevant category for the Company. After initial recognition, interest-bearing borrowings, financing and debentures are subsequently measured (except issuance of the aforementioned real estate receivables certificates) at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are written off as well as through the effective interest rate amortization process.

Any difference between raised and settled amounts is recognized in the statement of profit or loss, using the effective interest rate method during the year in which the borrowings, financing and debentures are outstanding.

Amortized cost is calculated by considering any premium or discount on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortization is included as finance expenses in the statement of profit or loss.

This category generally applies to trade accounts payable and reverse factoring operations (see explanatory note no. 19), interest-bearing borrowing, financing and debentures (see note no. 18) and lease liabilities (see note no. 17).

Derecognition

A financial liability is written off when the obligation under the liability is discharged, canceled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The offsetting of financial instruments is also applied to bank balances subject to the central treasury management system ("cash pooling") instituted with the financial institution, in which the current account positions of the Company (including overdraft balances) are offset since the Company has a legally enforceable right to settle at the net amount and intends to settle the positions on a net basis.

3.6.3 Derivative financial instruments

Derivative financial instruments transactions contracted by the Company consist of swaps and non-deliverable forwards ("NDF") intended exclusively to hedge against foreign exchange risks related to (i) exchange rate risks associated to balance sheet position, purchase of goods and property, plant and equipment, forecast exports in addition to and foreign-denominated cash flows for capital contributions in foreign subsidiaries; and (ii) variability in interest rates associated with contracted debt.

The derivative instruments are measured at fair value, and changes are recognized through profit or loss, except when they are designated as cash flow hedge accounting, in which changes in fair value are recorded in OCI.

The fair value of derivative instruments is measured by the treasury department of the Company based on information on each contracted transaction and related market inputs as of the reporting date of the financial statements, such as interest and exchange rates.

For the purpose of hedge accounting, hedges are classified as: (i) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; (ii) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and that may affect the result. The Company does not have a *hedge* of a net investment in a foreign operation on the years presented.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting, the risk management goal and strategy for hedging.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing and future basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Any imbalance between the hedge index of the object and the hedge instrument that is not in compliance with the hedge purpose is adjusted so that the index returns to the standards established in the protection strategy.

Fair value and cash flow hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below.

Fair value Hedge

It consists in providing protection against variation at fair value of assets or liabilities recognized or firm commitments not recognized, or a component of any such items, that is attributed to a specific risk and that may affect the result.

Any gain or loss arising from variations at fair value of the derivative instruments designated as hedge instruments and the hedged assets or liabilities are recognized in the financial result.

In the years ending on December 31, 2023 and 2022, the Company used derivative instruments, and the hedge accounting was used at fair value, as disclosed in note no. 5.3, to hedge against the variation in the interest rates agreed upon as part of the issue of the real estate receivable certificates ("CRI").

Cash flow hedge

It consists in providing a hedge against variation in cash flows attributable to a specific risk related to a known asset or liability or a highly probable forecast transaction and that may affect statement of profit or loss.

The effective portion of changes in fair value of derivative instruments that is designated and qualified as cash flow hedge is recognized in OCI and accumulated in the "gains (losses) from cash flow hedge operations" and "tax effect on gain (loss) from cash flow hedge operations". In a cash flow hedge, the effective portion of gain or loss from the hedge instrument is recognized directly in OCI, in shareholders' equity, while the ineffective portion of hedge is immediately recognized as finance income (expense).

For the years ended December 31, 2023 and 2022, the Company used derivative instruments, applying cash flow hedge accounting and, as disclosed in note no. 5.3, for hedge against the risk of change in exchange rates related to borrowings in foreign currency, purchase and sale transactions in foreign currency and intercompany borrowing operations that: (i) are highly related to the changes in the market value of the hedged item, both at the beginning as well as during contract term; (ii) have documentation of the transaction, hedged risk, risk management process and methodology used in assessing future effectiveness; and (iii) are considered effective in reducing the risk associated with the exposure to be hedged. It allows the application of the hedge accounting methodology, with the effect of the fair value measurement on the shareholders' equity and the realization on the statement of profit or loss in the item related to the hedged item.

Discontinuing Hedge accounting

Hedge accounting is discontinued when the Company terminates the hedge relationship, the hedge instrument matures or is sold, revoked, or executed, or no longer qualifies to hedge accounting. Any gains or losses recognized in OCI and accumulated in shareholders' equity up to that date remain in shareholders' equity related to cash flow hedge and are recognized when the forecast transaction is eventually recognized in the statement of profit or loss.

If a forecast transaction results in the subsequent recognition of a non-financial asset or liability, the cumulative gain or loss in OCI is recycled to profit or loss during the same year for which the non-financial asset acquired or non-financial liability assumed affects the profit or loss. For example, when the non-financial asset is depreciated or sold.

On the other hand, if a forecast transaction results in the subsequent recognition of a financial asset or liability, the cumulative gain or loss in OCI is recycled to profit or loss during the same period for which the financial asset acquired or financial liability assumed affects the profit or loss. For example, when financial income or expense is recognized.

When the forecast transaction is no longer expected, cumulative gains or losses and deferred in the statement of changes in shareholders' equity are immediately recognized in the statement of profit or loss.

The Company assesses, on a prospective basis, throughout the hedge term, the effectiveness of its derivative instruments, as well as changes in their fair value.

The fair values of derivative instruments are disclosed in note no. 5.5.

3.7 Trade accounts receivable from customers

Trade accounts receivable correspond to amounts receivable for the sale of goods and services in the ordinary course of the activities of the Company and are recognized to the extent that the consideration, which is unconditional, is due by the customer (that is, only the passage of time is required before payment of the consideration is due) and are measured on initial recognition at cost for the consideration to which the Company expects to be entitled in exchange for the products promised to the client.

Subsequently, trade accounts receivables are measured at amortized cost by using the interest rate method and they are subject to impairment test.

3.8 Inventories

Inventories are valued at their average cost and the net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Company considers the following items when determining its allowance for inventory losses: discontinued products, products with slow turnover, expired products or products nearing the expiration date and products that do not meet quality standards, recorded as "cost of sales".

3.9 Carbon credits – carbon neutral program

In 2007, the Company assumed, with its associates, clients, suppliers and shareholders, a commitment to be a Carbon Neutral company, which is to neutralize its emissions of greenhouse gas ("GHG"), throughout its production chain, from extraction of raw materials to post- consumption.

This commitment, which presently refers to the operations of all Company and does not reflect a legal obligation to the extent in which the specific regulations still have not been promulgated by the legislative branch.

Thus, considering the practices historically applied by the Company and the specificity of the commitments assumed and disclosed to the market and society, this commitment is considered a non-formalized obligation, according to CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (IAS 37).

The liability is estimated through audited carbon emission inventories carried out annually and valued based on the best estimate of the cash disbursement that will be required to settle the current obligation at the reporting date, considering the history of similar transactions carried out by the Company for such end. As of December 31, 2023 and 2022, the balance recorded as "Other non-current liabilities" refers to the total carbon emissions during the period of 2015 to 2023 that have not yet been neutralized by corresponding projects and therefore not granting of the carbon neutral certificate.

The Company elected to make purchases of carbon credits by investing in projects with environmental benefits arising from the voluntary market. Thus, the costs incurred will generate carbon credits after completion or maturation of these projects. Such expenses are recorded in the line item "other current assets" (see note 14) and are measured on initial recognition at cost based on the amounts invested and subsequently measured based on the estimated average value of certificates receivable from recent transactions between unrelated parties.

Upon effective delivery of the related carbon neutral certificates to the Company, and duly filed, the obligation of being carbon neutral is effectively fulfilled; therefore, the asset balances are offset against those of the liabilities.

3.10 Property, plant and equipment

Property, plant and equipment is measured at cost of acquisition or construction, plus interest capitalized during construction period, in the case of qualifying assets, and reduced by accumulated depreciation and impairment losses, if applicable. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if applicable.

Land is not depreciated. Depreciation of the other assets is calculated to reduce the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their useful lives and is recognized in the statement of profit or loss. The estimated useful lives of the assets are mentioned in note no. 15.

Gains and losses on disposals are calculated by comparing the proceeds from the sale with the carrying residual amount and are recognized in the statement of profit or loss as "other operating income (expenses), net".

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are reported at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. he useful life of intangible assets is assessed as defined or indefinite. With the sale of the former subsidiaries Aesop and The Body Shop, the Company no longer has assets with an indefinite useful life.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense regarding intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is written off upon disposal (i.e., at the date the receiver of the asset obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon write-offs of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in item "other operating income (expenses), net".

The main classes of intangible assets and useful life are detailed below and described in note no. 16.

3.11.1 Software

Licenses of software and enterprise management systems acquired are capitalized and amortized according to the useful lives, and maintenance costs are recognized as expenses when incurred.

Business management system acquisition and implementation costs are capitalized as intangible assets when the asset is identified, when there is evidence that future economic benefits will be generated and when the asset is controlled by the Company, taking into consideration its economic and technological viability. Contracts involving hosting and/or processing of information in the cloud ("cloud computing arrangements") generate intangible assets to the extent that on the contract start date, the Company obtains control of the software. Contracts which only provide the right of access to the supplier's software during the term of the contract are treated as a service contract and, consequently, recognized as an expense in the income statement as the service is provided (since the right of receiving access to the supplier's software does not give the Company, at the commencement date of the contract, the power to obtain the future economic benefits arising from the software itself and to restrict third parties' access to those benefits).

The amounts incurred on software development recognized as assets are amortized under the straight-line method over its estimated useful life. The expenditures related to software maintenance are recognized in profit or loss of the year when incurred.

3.11.2 Technologies developed

Technologies developed include technology for product development (including formulas, labeling data, manufacturing processes, regulatory approvals, product packaging and designs) arising from business combination, and are recognized at fair value on the date of acquisition and its amortization is calculated using the straight-line method.

3.12 Impairment of non-financial assets

The Company reviews, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when the annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or the CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written off to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their current value using a pre-tax discount rate that reflects the subsidiary's weighted average cost of capital in which the CGU operates, which reflects the risks specific to the CGU and is derived from its existing business and respective risks.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGU (or groups of cash-generating units with respect to goodwill for future profitability) to which the individual assets are allocated monitored for the purpose of its recoverability. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the tenth year.

Impairment losses are recognized in the income statement in expense categories consistent with the function of the impaired asset.

For non-financial assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually as of December 31, and when circumstances indicate that the carrying amount may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods.

3.13 Lease liability

The Company reviews, at the beginning of the contract, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Company (as a lessee) applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes a lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate that is implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect accrued interest and reduced by lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (in other words, changes in future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the valuation of an option to call the underlying asset.

The Company's lease liabilities are disclosed in note no. 17.

3.13.1 Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful lives of the assets, disclosed in note no. 17.

The right-of-use assets are also subject to impairment, as disclosed in note no. 3.12.

3.13.2 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases regardless of their nature (that is, those leases that have a lease term of 12 months or less from the start date and do not contain a call option). The Company also applied the lease of low-value assets recognition exemption, regardless of their nature. Lease payments in short-term and leases of low-value assets are recognized as an expense using the straight-line method over the lease term.

3.13.3 Lease liability in a sale and leaseback transaction

The Company, as seller-lessee, measures the right-of-use asset resulting from a sale and leaseback transaction in proportion to the previous accounting balance of the asset relating to the right of use retained by the seller-lessee. Therefore, in a sale and leaseback transaction, the seller-lessee recognizes only the amount of any gain or loss related to the rights transferred to the buyer-lessor.

For subsequent measurement, the Company, as seller-lessee, determines "lease payments" or "revised lease payments" in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained. The application of these does not prevent the seller-lessee from recognizing in profits or loss results any gain or loss relating to the partial or full termination of a lease.

3.14 Discontinued operations

A group of assets comprising operations intended for disposal qualifies as a discontinued operation disposal group if it is a component of an entity that either has been disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (iii) is a subsidiary acquired exclusively for the purpose of resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in the statement of profit or loss as profit or loss after taxes in the statement of profit or loss.

On December 31, 2023, the discontinued operations refer to the results derived from the derecognition of assets, liabilities, and operations of the former subsidiaries Aesop and The Body Shop, arising from the conclusion of the sale of the entities on August 30, 2023, and December 29, 2023, respectively.

3.15 Trade accounts payables and reverse factoring operations

The Company is part of a reverse factoring operation *("supplier finance arrangement")* with a financial institution to facilitate administrative procedures for suppliers to advance receivables related to the routine purchases of the Company. In this operation, the financial institution separately offers to pay the supplier in advance in exchange for a discount and, when agreed between the bank and the supplier (the decision to join this transaction is solely and exclusively on the supplier), the Company pays the financial institution on the original payment date at the full-face value of the originating obligation.

This operation does not change the amounts, nature, and timing of the liability (including previously agreed-upon terms, prices and conditions) and it does not affect the Company with financial charges practiced by the financial institution, on performing a thorough analysis of suppliers by category. There is no guarantee given by the Company.

Additionally, the payments made by the Company represent purchases of goods and services, are directly related to invoices from trade accounts payable and do not change the Company's cash flows. Thus, the Company continues to recognize the liability as a trade accounts payable and these transactions are presented as operating activities in the cash flow statement.

3.16 Provisions for tax, civil and labor risks

Provisions are recognized when the Company have a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and its value can be reliably estimated. Provisions are quantified at the current value of the expected outflow of resources to settle the obligations using the appropriate discount rate according to risks related to the liability.

The provisions for tax, civil, and labor risks are monetarily adjusted through the end of the year to cover probable losses, based on the nature of the risk and the opinion of the Company's legal advisors. The monetary adjustments are recorded in finance income (expenses), see note no. 27.

Contingent assets are not recognized by the Company and are only disclosed, in case of probable receipt of economic benefits. If it is practically certain that economic benefits will be received, the asset and the corresponding gain are recorded in the financial statements of the year corresponding to the change in the estimate.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

The Company has contracts that provide for the payment of success fees arising from tax, civil and labor proceedings in which it is a defendant. The Company, based on its best estimate, calculated, and provisioned the amounts for which it understands that there is an expectation of future disbursement.

3.17 Current and deferred income tax and social contribution

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities based on the tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. The Company periodically assesses the tax treatment assumed in the determination of taxes on profit with respect to situations in which the applicable tax regulation gives rise to interpretations that may be different and considers whether it is likely that the tax authority would accept the uncertain tax treatment. The Company assesses these taxes balances based on the most probable or expected value, depending on which method is assessed as the one that provides the best forecast for resolving the uncertainty.

The Company applies the provisions of ICPC 22/IFRIC 23 - Uncertainty regarding Treatment of Taxes on Profit in relation to treatments that affected the calculation of taxes on profit (uncertain tax treatments), as disclosed in explanatory note no. 22 - Provision for risks tax, civil and labor.

The Company has material uncertain tax positions, and which - in case of any unfavorable outcome under litigation - could result in a material adverse impact to the financial statements.

In Brazil, they include the corporate income tax ("IRPJ") and the social contribution on net income ("CSLL"), which are calculated based on taxable income by applying the 15% rate plus additional of 10% on taxable income exceeding R$ 240 for IRPJ and 9% for CSLL and considers the offset of tax losses, limited to 30% of annual taxable income. Taxable income reflects profit before taxes adjusted by non-taxable and non-deductible items (both temporary and permanent items).

Deferred taxes represent tax debits and credits on temporary differences between tax base and accounting base of assets and liabilities on accrued tax losses. Deferred tax assets and liabilities are classified as "non-current" as required by CPC 32 / IAS 12 – Income taxes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. The estimate future taxable income requires judgements, estimates and interpretation of tax laws.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date and reflect the uncertainties relating to these taxes, when applicable.

Deferred tax assets and liabilities are offset if there is a legal feasible right to offset tax liabilities against tax assets, and if they are related to taxes registered by the same tax authority under the same taxable entity. Thus, for presentation purposes, tax asset and liability balances are disclosed separately.

3.18 Employee benefits

3.18.1 Short-term benefits

The obligations of short-term benefits for employees are recognized as personnel expenses as the corresponding service is rendered. The liability is recognized at the amount of the expected payment if the Company has a legal or non-formalized obligation to pay the amount due to services rendered by the employee in the past and the obligation can be reliably estimated.

3.18.2 Profit sharing program

The Company recognizes a liability and an expense for its profit-sharing program based on criteria that considers the profit attributable to its shareholders and which is tied to the achievement of specific operational goals and objectives established and approved in the beginning of each year.

3.18.3 Defined contribution plans

Obligations to contribute to defined contribution plans are recognized in the income statement as personnel expenses when the related services are rendered by employees. Contributions paid in advance are recognized as an asset to the extent that a cash refund or a reduction in future payments is possible.

3.18.4 Defined benefit plans

The Company's net obligation for defined benefit plans (retirement and post-employment health care) is calculated for each plan based on the estimated amount of the future benefit that beneficiaries will receive in return for services rendered in previous years. This amount is discounted to its current value and is presented net of any plan asset's fair value. The calculation of the defined benefit plan obligation is carried out annually by an external and independent actuary using the Projected Unit Credit Method. When the calculation results in a potential asset for the Company, the asset to be recognized is limited to the current value of economic benefits available in the form of future reimbursements or reductions in future contributions. To calculate the current value of economic benefits, any applicable minimum cost requirements are considered.

The current service cost and accrued interest on the present value of the liability are recognized in the statement of income and the actuarial gains and losses, generated by the remeasurement of the liability due to changes in actuarial assumptions, are recognized in "OCI". In case of changes or reductions in the plan, the effects of the cost of past services are recognized in the statement of profit and loss on its occurrence date.

3.19 Share-based payments

The Company's executive officers are granted the following stock option plans, settled exclusively with its own shares:

i) Stock option plans;
ii) Restricted share plan;
iii) Stock option plan related to the strategy acceleration; and
iv) Performance share purchase program.

The plans are measured at fair value at the grant date. In determining the fair value, the Company uses an adequate valuation method, details of which are disclosed in note no. 26.1.

The cost of transactions settled with equity instruments is recognized, together with a corresponding increase in shareholders' equity under "additional paid-in capital", throughout the period in which the service conditions are fulfilled, ending on the date on which the employee is fully vested in the right to the award (vesting date). The cumulative expense recognized for equity instruments transactions settled on each base date up to the vesting date reflects the extent to which the vesting period has transpired and the Company's best estimate of the number of equity instruments to be vested. The expense or credit of the year is recorded in the statement of profit or loss under "selling or administrative expenses", depending on the internal department where the eligible employee is allocated.

For the stock option plan and the strategy-acceleration program, even after expiration of the term for exercise, the recognized expense is not reversed since the right has been vested in executive officers.

When an award of equity instruments settlement is canceled (except when the cancellation occurs due to loss of right over the equity instrument for not fulfilling the grant conditions), it is treated as if it had been acquired on the date of cancellation, and any expense not recognized is registered immediately. This includes any award for which the Company or the counterparty have the option of not fulfilling the non-vesting obligation. All cancellations of transactions settled with equity instruments are treated in the same way.

The dilution effect of options granted is reflected as additional share dilution in the calculation of diluted earnings per share.

3.20 Dividends and interest on net equity

The proposed payment of dividends and interest on net equity made by the Management that is within the portion equivalent to the minimum mandatory dividend is recorded in the line item "dividends and interest on net equity" in current liabilities, as it is considered a legal obligation provided for by the Company's bylaws; However, the portion of dividends exceeding minimum mandatory dividends, as declared by the Management after the reporting date, referred to in the financial statements, but before the authorization date for the issuing of the financial statements, is recognized in the line item "Additional proposed dividend", in shareholders' equity.

For corporate and accounting purposes, interest on net equity is stated as allocation of income directly in shareholders' equity.

3.21 Operating segments

The Company's Management makes decisions based on its corporate governance structure, with business decisions involving the allocation of resources and performance assessment that impact the Company (together with other legal entities included in the "Natura &Co Latam" segment defined by its controlling company) taken by the Board of Directors of its controlling company, which acts as the main decision-making body.

In this way, information equivalent to that of the Company is analyzed by the main manager of the parent company's operations together with information from other legal entities whose operations are similar and under common control and presented as an operating segment in the parent company's consolidated financial statements. As a result, the Company's financial statements reflect its own operations that are part of this main manager's analysis and present a single operating segment for the purposes of its financial statements.

Accordingly, information equivalent to that of the Company is analyzed by the main manager of the operations of the parent company together with information from other legal entities whose operations are similar and are under common control and presented as an operating segment in the parent company's consolidated financial statements. As a result, the Company's financial statements reflect its own operations that are part of the analysis of this main manager and present a single operating segment for the purposes of its financial statements.

3.22 Revenue from contracts with customers

Revenue from contracts with customer is recognized when control of the goods or services is transferred to the customer at an amount that reflects the fair value of the consideration the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any) are considered.

The nature and other considerations on the transaction price and the moment in which the performance obligation is fulfilled for each of the main revenue streams are shown below.

3.22.1 Direct sales

Revenue from direct sales is generated by sales to the Company's beauty consultants (our customers) based on the fair value of consideration received/receivable, excluding discounts, rebates and taxes or charges on sales. Revenue from sales is recognized when the performance obligation is fulfilled, i.e., when the promised product is physically delivered, and the beauty Consultant obtains control over the product.

3.22.2 Direct sales – Additional charges and penalties for late payments

The Company charges their customers (beauty Consultants) additional charges and penalties for late payments in the settlement of sales receivables. Due to the level of uncertainty in collecting these amounts (variable consideration), the subsidiaries recognize revenue from additional charges and penalties based on the consideration that Company expects to be entitled given its history of collection from customers.

3.22.3 Retail sales

The Company, which operates in the retail market, measures sales revenues based on the fair value of the consideration received/receivable, excluding discounts, rebates and taxes or charges on sales. These revenues are recognized when the performance obligation is fulfilled, i.e., when the promised product is physically delivered, and the consumer obtains control over the product.

3.22.4 Other performance obligation

3.22.4.1 Loyalty program (points campaign)

The Company offers points campaign (loyalty program), in which customers accumulate points - while buying the Company's products - to be exchanged (redeemed) for products in the future. Measurement of points is based on their expected cost, plus a margin. The amount allocated to the loyalty program is deferred and the revenue is recognized upon redemption of the points accumulated by consultants for retail and direct sales, or when they expire or are no longer considered redeemable. The loyalty program points are valid for up to approximately five months (six cycles).

3.22.4.2 Program for recognition of Natura and Avon beauty consultants' performance

The Company has performance recognition programs, in which the beauty consultants are awarded based on different indicators, for example, volume of purchases, length of service, among others. The Company believes that this performance recognition program has an added value and hence is considered a commitment to our network. Measurement of performance recognition programs is based on their expected cost, plus a margin. The amount allocated to performance recognition programs is deferred and revenue is recognized when awards are delivered to the Company's beauty Consultants.

3.22.4.3 Events

The Company organizes events to encourage and recognize the best beauty Consultants. The Company believes that these events have an added value for the beauty Consultants, in addition to generating in them an expectation to participate in these events. Thus, the Company has determined that these events are a performance obligation. Measurement of events is based on their expected cost, plus a margin. The amount allocated to events is deferred and the revenue is recognized when the event is held.

3.22.4.4 Franchises (courses, training and consulting/outfit and opening)

Upon execution of the agreement, the Company charges from franchisees a fixed amount, part of which is allocated to courses, training and consultancy to train and instruct the franchisee to sell "Natura" and "The Body Shop" brand products. In addition, other part of the charged amounts refers to outfit (specific products to be used at the franchisee store) and inauguration (franchisee's store opening event). The Company believes that these items represent a material right and, for such, they are considered a performance obligation. Measurement is based on the market value of these items, being initially recognized as deferred revenue. When the franchisee's store is opened, this deferred revenue is allocated to the income statement.

3.22.4.5 Franchises (brand right of use)

Upon the execution of the agreement, the Company charges from franchisees a fixed amount, part of which is for the use of the "Natura" brand. The Company belives that this item represents a material right and, for such, it was considered a performance obligation. Measurement is based on residual value, i.e., the remaining value after excluding the market value of courses, training and consultancy services, outfit and inauguration, and the advertising fund. This amount is initially recognized as deferred revenue. This deferred revenue is allocated to income statement, on a straight-line basis, over the term of the franchise agreement.

3.22.4.6 Incentives related to "free-of-charge" products and promotional gifts

The Company grants incentives related to "free-of-charge" products and promotional gifts for its customers (Natura Consultants and/or end consumers). Since it is considered a material right, the Company recognizes it as a performance obligation. Considering that the delivery of products and the fulfillment of the performance obligation to deliver "free-of-charge" products or promotional gifts occurs at the same time, the Company concluded that an allocation of prices and monitoring these two performance obligations separately are not applicable.

3.23 Sales taxes

Sales revenues are recognized net of sales taxes, except: (i) when sales taxes incurred on the purchase of goods or services are not recoverable from the tax authorities, in which case the sales tax is recognized as part of the acquisition cost of the asset or expense item, as the case may be; (ii) when the amounts receivable and payable are presented together with the sales taxes amount; and (iii) when the net amount of sales taxes, recoverable or payable, is included as a component of the amounts receivable or payable in the balance sheet.

Tax incentives related to taxes on sales for the current year are recognized in the Company's income statement for the year and recorded in net sales.

3.23.1 Concept of supplies for calculating credits of PIS and COFINS contributions

The Company claims that PIS and COFINS credits are measured and calculated reliably and based on the best interpretation of current legislation and the country's jurisprudential scenario, whose evolution is permanently assessed by the Company and its legal advisors.

3.24 Statement of added value

The purpose of this statement is to show the wealth created by the Company and its distribution during a certain period and it is presented by the Company, as required by Brazilian corporate law.

The statement of added value was prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of the Brazilian accounting standard CPC 09 - Statement of Added Value.

3.25 Earnings per share

The basic result per share is calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of common shares in circulation, excluding common shares purchased by the Company and held as treasury shares. Considering the absence of securities and transactions that have a dilutive effect on the Company's results, the basic and diluted earnings per share are equivalent.

The Company chose to present the basic and diluted amounts per share resulting from discontinued operations together with the information on earnings per share of continuing operations in note no. 29, presenting the information for continuing operations in the statement of profit or loss. Such information is presented based on consolidated statement of profit or loss.

3.26 New standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issue of the Company's financial statements are disclosed below, except for those which, in the Management's assessment, cannot produce any effect on the financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.26.1 Amendments to IAS 1 (CPC 26 (R1)) - Noncurrent liabilities with covenants

IASB issued amendments to IAS 1 (CPC 26(R1)), so as to improve on the information provided by an entity when its right to avoid liquidation of a liability for at least twelve months is subject to satisfaction of covenants. In particular, amendments seek to clarify if such covenants affect whether this right will exist at the end of the reporting period, if an entity is obligated to satisfy theses covenants before or at the end of the reporting period and to require the disclosure of information that allow users of the financial statements to understand the risk that the liabilities will be advanced within twelve months of the reporting period, including the carrying amount and the nature of the covenants and when the entity is obligated to satisfy them, in addition to facts and circumstances (if any) that may indicate a difficulty by the entity of satisfying such covenants.

The amendments are effective for years beginning on or after January 1, 2024. and are not expected to have an impact on the Company's financial statements due to the history of the Company of satisfying covenants, as well as the consistency between the Company's classification policies for current and non-current liabilities and the clarifications established by the amendments."

3.26.2 Amendments to IFRS 16 (CPC 06 (R2)) - Lease liabilities and sale and leaseback

IASB changed the amendments issued for IFRS 16 (CPC 06 (R2)) to include the subsequent measurement requirements for sale and leaseback transactions to satisfy the requirements of IFRS 15 (CPC 47) for them to be counted as a sale. The amendments require that a seller-lessee subsequently measure the lease liabilities arising from relocation so as to not recognize any amount with gain or loss related to its right of use.

The amendments are effective for years beginning on or after January 1, 2024, and are not expected to have an impact on the Company's financial statements, as there is consistency between the Company's policies for sale and leaseback accounting and the clarifications established by the amendments (including the disclosure of leaseback recognition as disclosed in explanatory note no. 17).

3.26.3 Amendments to IFRS 7 and IAS 7 - Supplier Finance Arrangements ("reverse finance operation")

IASB issued amendments to IFRS 7 and IAS 7, which require additional disclosure of supplier finance arrangements in order to assist users of financial statements in understanding the effects of such arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

These additional required disclosures will include: (a) the terms and conditions of the arrangements (for example, extended payment terms and security or guarantees provided); (b) as at the beginning and end of the reporting period: (i) the carrying amounts, and associated line items, of the financial liabilities that are part of a supplier finance arrangement; (ii) the carrying amounts, and associated line items, of the financial liabilities for which suppliers have already received payment from the finance providers; (iii) the range of payment due dates for both the financial liabilities disclosed under (i), as the comparable trade payables that are not part of a supplier finance arrangement; and (c) the type and effect of non-cash changes in the carrying amounts of the financial liabilities.

The amendments are applicable for years beginning on or after January 1, 2024, and do not affect the measurement and classification bases for such transactions in the financial statements. The Company will include such disclosures in its financial statements when these changes become effective.

3.27 New standards, amendments and interpretations of standards adopted for the first time for the year beginning on January 1, 2023

Standards and changes that came into force as of the years started on or after January 1, 2023, did not have any material impact on the Company's financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

As of January 1, 2023, amendments to CPC 23 - Accounting Policies, Change in Estimates and Error Correction (IAS 8) and CPC 26 (R1) (IAS 1 - Presentation of Financial Statements) came into force, along with amendments to IFRS Practice Statement 2, Making Materiality Judgments, educational document issued by the IASB and not published by the CPC in Brazil), where the concepts of accounting estimates and applying materiality judgments to accounting policy disclosures to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. In the preparation of financial statements, these concepts were considered, however, there were no material effects on the nature and detail of the information presented, since, in a manner consistent with the requirements of CPC 26 (R1), aspects of materiality were already applied in determining the accounting policies to be disclosed.

Additionally, in May 2023 IASB published amendments to IAS 12, Income taxes, determining the application of a mandatory exception in the recognition of deferred taxes on taxable profit arising from the application of the requirements of the "Pillar 2" legislation, an initiative by the Organization for Economic Cooperation and Development (OECD), through which it seeks to implement a new tax system that will consist of an "extra layer" to the domestic taxation of the countries involved, seeking to ensure the payment of a global minimum effective rate of 15% by taxpayers members of large multinational groups, regardless of their jurisdiction of residence.

During 2023, various Countries in which the Company operates have enacted or proposed legislation implementing the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). In addition, various Countries have either enacted or are intending to enact legislation implementing certain transition rules implementing the Country-by-Country reporting Safe Harbor ("CBCR-SH"). The Company applies the exception in IAS 12 Income Taxes to the requirement to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Based on the Company's ongoing evaluation of the CBCR-SH rules published by the OECD and expected to be enacted as applied to the results, the Company does not expect that there would be any material significant exposure to incremental income taxes associated with Pillar II legislation. The Company's analysis is currently indicating that substantially all countries in which the Natura Group operates will satisfy at least one or more of the three CBCR-SH requirements or will be subject to a Qualifying Domestic Minimum -Top-up Tax which is not expected to result in a material/significant impact to the Company's exposure to income taxation.

The Group will continue to assess its exposure to Pillar II as further legislation is implemented for Pillar II as well as the CBCR-SH. Provided that further legislation is aligned with OECD guidance, the Group would not expect any change in our present assessment noted herein.

3.28 Business Combination under common control

On a business combination involving entities under common control, where all combined entities or businesses are controlled by the same party, or parties, before and after the business combination, and such control is not transitory, the Company applies the predecessor cost method.

By applying this method, the financial statements consider the historical and locally recognized accounting records of the acquired entity as the balances resulting from the acquisition in the Company's records, recognizing the acquired entity's operating results as of the acquisition date as part of the Company's results. Applying this policy, the Company does not restate the operating results and equity position of the acquired company in previous years, as part of the Company.In addition, there is no calculation of goodwill in these transactions, and any effect resulting from differences between the acquired book balance and the consideration paid is recognized in shareholders' equity.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the individual and consolidated financial statements requires management to make certain judgments and use assumptions and estimates based on experience and other factors considered relevant, which affect the values of assets and liabilities, and which may present results that differ from actual results.

The areas that require a higher level of judgment and have greater complexity, as well as the areas in which assumptions and estimates are material for the financial statements, are disclosed below.

4.1. Income tax, social contribution, and other taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies and other sources of income.

The Company has R$664,670 of reportable unrecognized tax losses as of December 31, 2023 (R$ 370,696 on December 31, 2022). These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income in other subsidiaries. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. Based on this, the Company determined that it cannot recognize deferred tax assets on these tax losses carried forward.

4.2. Provision for tax, civil and labor risks

The Company is party to several legal and administrative procedures as described in note no. 21. Provisions are recorded for process related to tax, civil and labor risks related to lawsuits that represent probable, except for those related to business combinations, and are estimated with a certain degree of certainty. The assessment of the likelihood of loss includes the assessment of the available evidence, the hierarchy of laws, the available jurisprudence, the most recent court decisions, and their relevance in the legal system, as well as the assessment of legal advisors.

4.3. Post-employment health care plan

The cost of the post-employment health care plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These are based on a series of financial and demographic assumptions, such as the discount rate, medical inflation, and percentage of adhesion to the plan, which are disclosed in note no. 22. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.4. Stock option plan, restricted share plan, strategy-acceleration program, and performance share program

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about it.

The stock option plan, restricted share plan, strategy-acceleration program and performance share program are measured at fair value at the grant date and the expense is recognized in profit or loss during the vesting period and in "Additional paid-in capital" in shareholders' equity. At the balance sheet dates, Management reviews the estimates as to the number of purchase options/restricted shares and, where applicable, recognizes the effect arising from this review in profit or loss for period against shareholders' equity. The assumptions and models used to estimate the fair value of the stock option plan, restricted share plan and strategy-acceleration program are disclosed in note no. 26.1.

4.5. Impairment of non-financial assets

An impairment loss exists when the carrying amount of an asset or CGU exceeds its recoverable amount, which is the higher of fair value less cost of disposal and value in use. Fair value less costs of disposal is calculated based on information available about similar assets sold or market prices less additional costs to dispose of the asset.

Value in use is calculated based on the discounted cash flow model. Cash flows derive from financial budget approved by Board of Directors for period of three years and complemented for a discretionary period of ten years estimated by Management, with a terminal value projected for the end of the period. The ten-year period was considered for better aligning and smoothing the effects projected between the discretionary period and the effects calculated in perpetuity. The cash flows are prepared following the operating segment's, projections considering market's expectations for operations, estimated investments and working capital, as well as other economic factors that are specific to the Company and the nature of its risks and operations, according to the operating segment, and their projections consider the market's expectations for operations, estimated investments and working capital, as well as other economic factors that are specific to the Company and the nature of its risks and operations. The value in use is sensitive to the discount rate used under the discounted cash flow method, as well as the operating margins considered, growth rate and perpetuity used for extrapolation purposes.

4.6. Allowance for trade accounts receivables expected losses

The allowance for expected losses on trade accounts receivables from customers is estimated based on the loss risk in an aging list model. The characteristics of the Company's trade accounts receivable are: (i) immaterial financial component; (ii) non-complex receivables portfolio; and (iii) low credit risk.

For trade accounts receivable, the Company applies the simplified approach in calculating expected credit losses ("ECL") based on expected credit losses at each reporting date. The allowance determined based on: (i) each of the subsidiaries credit losses historical experience, observed in each group of the trade accounts receivable aging list; and (ii) adjustments for specific forward-looking factors for defaulters and the economic environment. An estimated range is used based on the weighted average of the losses for the last 12 months. The calculation also considers the length of time of the relationship of the independent beauty consultant and a division between renegotiated and non-renegotiated overdue trade accounts receivable.

4.7. Allowance for inventory losses

The allowance for inventory losses is estimated using a methodology to contemplate discontinued products, materials with slow turnover, materials with an expired expiration date or close to the expiration date, and materials outside the quality parameters.

4.8. Measurement of the fair value of the receipt of profits from the sale of The Body Shop

As disclosed in explanatory notes no. 5.5 and 34, part of the agreed consideration, from the former subsidiary The Body Shope sale, involved in the future collection of installments are contingent on meeting performance targets: of the operation of The Body Shop.

The eventual achievement of these goals is assessed based on likely hood studies associated with the specific results of The Body Shop as of the balance sheet date, applying the discounted cash flow method. Further details about premises and measurement basis are included in explanatory note no. 5.5.

5. FINANCIAL RISK MANAGEMENT

5.1. General considerations and policies

Risks and financial instruments are managed through policies, the definition of strategies and implementation of control systems, defined by the risk management committees of the entities of the group, and approved by the Company's Board of Directors. The compliance of treasury financial instruments positions, including derivatives, in relation to these policies, is presented and assessed on a monthly basis by the Company's Treasury Committee and subsequently submitted to the analysis of the Audit and Risk Management and Finance Committees, the Executive Committee and, if necessary, the Board of Directors.

Risk management of the Company's operations is performed by the Company's Corporate Treasury, which is also responsible for approving short-term investments and borrowings transactions. Risk management of the subsidiaries Aesop and The Body Shop is conducted by local treasury teams, subject to monitoring and approval of the Company's Corporate Treasury.

5.2 Risks associated with the conflict between Russia and Ukraine

The Company's Management continuously monitors developments to assess any possible future impacts that may arise as a result of the ongoing crisis, including the impairment of financial and non-financial assets, which the Company's Management assesses based on the best available information.

5.3 Financial risk factors

The Company's activities expose them to several financial risks: market risks (including foreign currency and interest rate risks), credit risk and liquidity risk. The Company's overall risk management program is focused on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance, using financial instruments to hedge certain risk exposures. The Company does not operate derivative instruments with the purpose of speculation.

5.3.1 Market risks

Market risks reflect the risks that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, including foreign exchange risk, interest rate risk and other price risks. The Company is exposed to market risks arising from their business activities. These market risks mainly comprise possible fluctuations in exchange and interest rates.

Other price risks include, among others, exposures to financial instruments due to changes in commodity and raw material prices. Climatic aspects, such as the availability of natural raw material used in the products and/or significant changes in the cost of these items may expose the Company to additional market risks that affect the entity's operations as well as the measurement and/or recoverability of financial instruments. As of December 31, 2023, the Company's Management assessed these risks and concluded that they are not material.

5.3.1.1 Derivative financial instruments used to manage market risks

The Company classifies derivative financial instruments as financial derivatives and operational derivatives. Financial derivatives include swaps or forwards used to hedge exchange rate or interest rate risks related to loans, financing, debt securities and loans between related parties. Operational derivatives include forward contracts used to hedge the exchange rate risk of the Company's operational activities (such as import and export transactions).

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

As of December 31, 2023 and 2022, derivative contracts are maintained directly with financial institutions and not through stock exchanges, and are not subject to margin deposits to guarantee these operations.

As of December 31, 2023 and 2022, the balances of derivative are presented as follows:

Parent	Fair value		Gains (losses) of fair value adjustment	
Description	2023	2022	2023	2022
Swap agreements: [a]				
Asset portion:				
Dollar long position	876,663	6,108,505	19,457	34,867
	-		-	
Liability position:	-		-	
Post-fixed CDI Rate:	-		-	
Short position in CDI	(824,344)	(6,874,285)	-	(697,678)
Natura Cosméticos Position	(5,878)	(522)	(2,090)	(521)
Total derivative instruments, net:	**46,441**	**(766,302)**	**17,367**	**(663,332)**

Consolidated	Fair value		Gains (losses) of fair value adjustment	
Description	2023	2022	2023	2022
Swap agreements: [a]				
Asset portion:				
Dollar long position	876,664	6,108,505	-	34,867
Liability portion:				
Post-fixed CDI Rate:				
Short position in CDI	(824,344)	(6,874,285)	-	(697,678)
Forward contracts and NDF:				
Liability portion:				
Natura Cosméticos Position	(5,878)	(521)	(2,090)	(521)
Natura Industria Position	(28,857)	(6,633)	(28,856)	(6,633)
Natura México (Latam) Position	321	-	151	-
The Body Shop Position	-	16,788	-	(1,180)
Aesop Position	-	(1,350)	-	90
Avon Industrial Position	(3,702)	-	(3,702)	-
Total derivative instruments, net:	14,204	(757,496)	(15,040)	(671,055)

a) Swap transactions consist of swapping the exchange rate variation for a correction related to a percentage of the fluctuation of the Certificate of bank deposits (post-fixed CDI), in the case of Brazil.

Below are the changes in net derivatives balances for the years ended on December 31, 2023, and 2022:

	Parent	Consolidated
Balance as of December 31, 2021	**533,491**	**531,188**
Gains from swap and forward derivative contracts in the result of the year	(982,047)	(972,134)
Receipt of funds due to settlement of derivative instrument transactions - operating activity	538,094	532,019
Receipt due to settlements financing activity	(57,477)	(57,225)
Losses in cash flow hedge operations (other comprehensive income)	(798,363)	(793,291)
Balance as of December 31, 2022	**(766,302)**	**(759,443)**
Losses from swap and forward derivative contracts in the result of the year	(1,678,640)	(1,735,074)
Payment of funds due to settlement of derivative transactions activity	1,391,849	1,428,635
Payment of funds due to settlements financing activity	150,570	150,570
Losses in cash flow hedge operations (other comprehensive income)	763,197	745,630
Balance as of December 31, 2023	**(139,326)**	**(169,682)**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

a) Foreign currency risk

The Company is exposed to foreign exchange risk resulting from financial instruments and operations in currencies other than their functional currencies, as well as to operating cash flows in foreign currencies. To reduce this exposure, policies were implemented to hedge the Company from foreign exchange risk, which establish exposure levels related to these risks. Pursuant to the Foreign Exchange Hedging Policy, the derivatives entered into by the Company should eliminate the foreign exchange risk of financial instruments in currencies other than their functional currencies and should also limit losses due to exchange rate variation on future cash flows.

The treasury procedures defined by the current policies include quarterly projection and assessment of the consolidated foreign exchange rate exposure of the Company, on which Management's decision-making is based. The Company's foreign exchange hedging policy considers the amounts of foreign currency of receivables and payables balances from commitments already assumed and recorded in the financial statements, as well as future cash flows associated with transactions predicted to be highly probable with an average term of up to twelve months.

During the year, the Company transferred its sustainability-linked debt to the affiliate Natura &Co Luxembourg Holdings S.á.r.l. ("Natura &Co Luxembourg"), as part of the rebalancing and reorganization process of the Group's debt initiated when the sale of the former subsidiary Aesop.

The debt denominated in US dollars was included in a hedge accounting structure, aiming to protect the variability of payments arising from exchange rate and interest rate risks. Considering the transfer made to the affiliate Natura &Co Luxembourg, whose functional currency is the US dollar, the protected risk was no longer eligible within the hedge accounting structure and, consequently, the Company proceeded with the derecognition of this structure. As a result, the amount of R$4,958,286, previously recognized in the Company's liabilities was derecognized and recognized in the affiliate Natura &Co Luxembourg. Losses recognized in other comprehensive income of R$700,810, before tax effects, were reclassified to the statement of profit and loss for the nine-month period ended September 30, 2023, as a financial expense. Additionally, the derivatives liability position of R$1,380,405 was settled with the corresponding financial institutions in September 2023.

Sensitivity analysis

For the foreign exchange risk sensitivity analysis, the Company's Management believes that it is important to consider, in addition to the assets and liabilities with exposure to fluctuations in exchange rates recorded in the balance sheet, the fair value of the financial instruments entered into by the Company to hedge certain exposures as of December 31, 2023 and 2022, as set forth in the table below:

	Parent		Consolidated	
	2023	2022	2023	2022
Borrowing and financing in foreign currency in Brazil [(a)]	-	(5,252,375)	-	(5,252,375)
Trade accounts receivable in foreign currency in Brazil	50,382	198,063	315,278	505,103
Trade accounts payable in foreign currencies in Brazil	(26,592)	(6,921)	(100,654)	(12,165)
Fair value of "financial" derivatives	(5,878)	6,107,983	(38,436)	6,101,351
Net asset exposure	**17,912**	**1,046,750**	**176,188**	**1,341,914**

(a) Excluding transaction costs.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

This analysis considers only financial assets and liabilities recorded in Brazil in foreign currency, since exposure to the foreign exchange rate variation in other countries is close to zero. The following table shows the projection of the incremental loss that would have been recognized in profit or loss for the subsequent year, if the current net foreign exchange exposure remains static, based on the following scenarios:

	Parent company			
Parity - R$ vs US$	4.8413	4.8953	3.6715	2.4477
Operation/Instrument	Scenario Real	Scenario Probable	Scenario I Depreciation 25%	Scenario II Depreciation 50%
Assets denominated in US$				
Fair value of "financial" derivatives	(5,878)	(5,944)	(4,458)	(2,972)
Trade accounts receivable in foreign currency in Brazil	50,382	50,944	38,208	25,472
Liabilities denominated in US$				
Trade accounts payable in foreign currencies in Brazil	(26,592)	(26,888)	(20,166)	(13,444)
Impact on net income and shareholders' equity	**17,912**	**200**	**(4,328)**	**(8,856)**

	Consolidated			
Parity - R$ vs US$	4.8413	4.8953	3.6715	2.4477
Operation/Instrument	Scenario Real	Scenario Probable	Scenario I Depreciation 25%	Scenario II Depreciation 50%
Assets denominated in US$				
Fair value of "financial" derivatives	(38,436)	(38,865)	(29,148)	(19,432)
Trade accounts receivable in foreign currency in Brazil	315,278	318,795	239,096	159,398
Liabilities denominated in US$				
Trade accounts payable in foreign currencies in Brazil	(100,654)	(101,777)	(76,333)	(50,888)
Impact on net income and shareholders' equity	**176,188**	**1,965**	**(42,573)**	**(87,110)**

The probable scenario considers future US dollar rates for a 90 days-term. According to quotations obtained at the Brazilian Stock Exchange ("B3") as of December 31, 2023 and in line with the first maturities of financial instruments with exchange exposure, R$ 4.8953 / US$ 1.00. Scenarios I and II consider an increase/decrease in the US dollar of 25% (R$ 3.6715 / US$ 1.00) and 50% (R$ 2.4477 / US$1.00), respectively.

b) Interest rate risk

The interest rate risk arises from short and long-term investments, borrowing, financing and debentures. Financial instruments issued at variable rates expose the Company to cash flow risk associated with interest rate.

The Company's cash flow risk associated with interest rate arises from short-term and long-term investments, borrowing and financing issued at floating rates. The Company's Management holds, for the most part, the indexes of its exposures to deposit and lending interest rates tied to floating rates. Short-term investments are adjusted by the Certificate interbank deposits ("CDI") whereas borrowing and financing are adjusted by the CDI and fixed rates, according to the contracts entered into with financial institutions and through the negotiation of securities with investors in that market.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Additionally, the Company considered potential aspects related to sustainability and climate change commitments as part of the risks to which it is exposed in relation to the interest rate on financial instruments, except for the risks associated with the ESG notes (disclosed in item (f) below), there is no exposure to material risks which should be subject to specific disclosure.

Sensitivity analysis

As of December 31, 2023, there are borrowing, financing and debentures contracts denominated in foreign currency that are linked to interest swap agreements, changing the liability index rate to the CDI variation. Accordingly, the risk of the Company becomes the exposure to the variation of the CDI. The following table presents the exposure to interest rate risks of transactions related to CDI, including derivative transactions (borrowing, financing and debentures in Brazil were considered in full, given that 99.4% of the amount is related to the CDI):

	Parent	Consolidated
Total borrowing, financing and debentures - in local currency (note 19)	(2,512,302)	(2,512,302)
Operations in foreign currency with derivatives related to CDI [a]	52,319	52,319
Short-term investments (notes 7 and 8)	1,299,689	2,503,677
Net exposure	**(1,160,294)**	**43,694**

a) Refers to transactions involving derivatives related to CDI to hedge the borrowing, financing and debentures arrangements raised in foreign currency in Brazil.

The sensitivity analysis considers the exposure of borrowing, financing and debentures, net of short-term investments, linked to CDI (notes no. 6 and 7).

The following tables show the projection of incremental loss that would have been recognized in profit or loss for the following year, assuming that the current net liability exposure is static and the following scenarios:

	Description	Company Risk	Probable scenario	Scenario I	Scenario II
Parent	Net liability	Rate decrease	4,061	(28,717)	(61,496)
Consolidated	Net liability	Rate decrease	(153)	1,081	2,316

The probable scenario considers future interest rates for 90 days-term, according to B3 quotations on the expected dates of the first maturities of financial instruments with exposure to interest rates, as of December 31, 2023. Scenarios II and III consider an increase interest rates by 25% (14.13% per year) and 50% (16.95% per year), respectively, over a CDI rate of 11.30% per year.

5.3.1.2 Derivative instruments designated for hedge accounting

a) Cashflow hedge

The Company formally designated its operations subject to hedge accounting for derivative instruments to hedge borrowings, financing and debentures denominated in foreign currency and other expenses of Company, for derivative instruments contracted to hedge the purchase of nationalized materials of indirect subsidiaries Avon Industrial and Natura Industria and for derivative instruments contracted to hedge the operating cash flows from subsidiary The Body Shop's foreign currency purchase and sales transactions.

There is an economic relationship between the hedged items and the hedging instruments, as the terms of the contracts correspond to (i) the terms of anticipated and highly probable transactions (for example, the notional amount and expected payment date) to the case of derivative instruments contracted to protect highly probable purchases; and (ii) terms associated with debts contracted in foreign currency which are hedged by derivatives that aim to eliminate the variability of cash flows associated with dollar-denominated debt.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The Company established a hedge ratio of 1:1 for the hedge relationships, as the underlying risks of the contracts are identical to the protected risk components. To test the effectiveness of the hedge, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments with the changes in the fair value of the hedged items attributable to the hedged risks.

The sources of ineffectiveness, historically immaterial, may come from: (i) differences in the timing of cash flows from hedged items and hedging instruments; (ii) different indices (and, consequently, different curves) associated with the hedged risk of hedged items and hedging instruments; (iii) counterparty credit risk having a different impact on fair value movements of hedging instruments and hedged items; and (iv) changes in the expected amount of cash flows from hedged items and hedging instruments.

For years ending on December 31, 2023 and 2022, the Company designated for hedge accounting the derivative instruments (forward swap) contracted in May 2021, which aim at eliminating the variation in the payments of principal amount and interest in dollars associated with ("ESG Notes"), making the payments fixed at CDI plus spread. As previously mentioned, due to the transfer of this debt to Natura &Co Luxembourg, the protected risk was no longer eligible within the hedge accounting structure, and, consequently, the Company proceeded with the derecognition of the structure.

As of December 31, 2023, the net position of derivative instruments designated as cash flow hedges consists exclusively of operational derivatives and is detailed below (consolidated financial statements):

				Other comprehensive income	
	Hedged item	Notional currency	Fair value	Accumulated contract gain (loss)	Gain (loss) in the year
Currency swap – US$/R$	Currency	BRL	(5,878)	(2,090)	763,197
Forward contracts (Avon Industria)	Currency	BRL	(3,702)	(3,702)	5,452
Forward contract (Natura Dist. Mexico)	Currency	BRL	321	151	151
Forward agreements (Natura Industria)	Currency	BRL	(21,497)	(21,497)	(23,170)
Total			**(30,756)**	**(27,138)**	**745,630**

The changes in cash flow hedge reserve recorded in OCI are shown below:

	Parent company	Consolidated
Cash flow hedge balance as of December 31, 2021	**21,830**	**21,951**
Change in the fair value of hedge instrument recognized in OCI	(798,363)	(793,291)
Tax effects on fair value of hedge instrument	271,443	269,681
Cash flow hedge balance as of December 31, 2022	**(505,090)**	**(501,659)**
Change in the fair value of hedge instrument recognized in OCI	763,197	745,630
Tax effects on fair value of hedge instrument	(259,486)	(251,608)
Cash flow hedge balance as of December 31, 2023	**(1,379)**	**(7,637)**

b) Fair value hedge

For the years ending December 31, 2023 and 2022, the designation (which only included financial derivatives) referred to derivative instruments (swap contracts) contracted in October 2022, which aim to eliminate the variation in interest rates associated with the 2nd and 3rd series of debentures from the 12th issue ("CRI debentures") contracted in IPCA for a flow in CDI plus spread, in accordance with the Group's risk management policy.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The type of hedge relationship applied to such instruments is fair value hedge, which is used to offset variations arising from changes in the fair value of the liability attributable to the specific risk.

There is an economic relationship between protected items and hedging instruments, as the terms of the contracts correspond to terms associated with the contracted debt. The Company established a hedge ratio of 1:1 for the hedge relationships, as the underlying risks of the contracts are identical to the protected risk components.

To test the effectiveness of the hedge, the Company uses the sensitivity test, measuring the variation using the offset method in US dollars. Sources of ineffectiveness, historically immaterial, may arise from: (i) reductions or modifications of the protected item (debt payment); (ii) changes in the credit risk of the Company or the counterparty to the contracts; (iii) changes in the spread over IPCA in the swap.

As of December 31, 2023, the net position of derivative instruments designated as fair value hedges consists exclusively of financial derivatives and is detailed below:

	Hedged item	Notional currency	Fair value
Fair value	Interest rate	BRL	52,319
Total			**52,319**

5.3.2 Credit risk

Credit risk refers to the risk of a counterparty not fulfilling its contractual obligations, causing the Company to incur financial losses. The Company's sales are made to a large number of Natura and Avon Consultants and this risk is managed through a credit granting process. The result of this management is reflected in the item "provision for expected credit losses" in "accounts receivable from customers", as shown in explanatory note no. 8.

The Company is also subject to credit risks related to financial instruments contracted in the management of its business, mainly represented by cash and cash equivalents, financial investments and derivative financial instruments. The Company considers the credit risk of the operations it maintains in financial institutions with which it operates to be low, which are considered by Management to be first line.

The financial investment policy established by the Company's Management elects the financial institutions with which contracts can be concluded, in addition to defining limits regarding the percentages of resource allocation and absolute values to be applied to each of them.

5.3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, short-term investments, funds available through credit facilities and the ability to settle market positions.

Management monitors the Company's liquidity level considering the expected cash flows in exchange for unused credit facilities, as shown in the following table:

	Parent company		Consolidated	
	2023	2022	2023	2022
Total current assets	8,486,097	4,146,774	12,924,564	10,435,037
Total current liabilities	(4,182,571)	(3,612,598)	(6,288,157)	(7,396,063)
Total net working capital	**4,303,526**	**534,176**	**6,636,407**	**3,038,974**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

As of December 31, 2023, the carrying amount of financial liabilities, measured using the amortized cost method, considering interest payments at a floating rate and the value of debt securities reflecting the forward market interest rates, may be changed due to the variation in floating interest rates. Their corresponding maturities, considering that the Company is in compliance with contractual covenants, are evidenced below:

Parent company	Less than a year	One to five years	More than five years	Total expected cash flow	Interest to be incurred	Carrying amount
Borrowing, financing and debentures	328,108	2,635,838	916,593	3,880,539	(1,368,237)	2,512,302
Derivative financial instruments	(43,012)	(71,134)	160,587	46,441	-	46,441
Lease liability	115,318	366,869	35,706	517,893	(117,072)	400,821
Trade accounts payables and reverse factoring operations, and, related-parties'	2,160,163	-	-	2,160,163	-	2,160,163
Dividends	81,795	-	-	**81,795**	-	81,795

Consolidated	Less than a year	One to five years	More than five years	Total expected cash flow	Interest to be incurred	Carrying amount
Borrowing, financing and debentures	328,108	2,635,838	916,593	3,880,539	(1,368,237)	2,512,302
Derivative financial instruments	(75,249)	(71,134)	160,587	14,204	-	14,204
Lease liability	199,586	605,865	52,891	858,342	(177,045)	681,297
Trade accounts payables and reverse factoring operations, and, related-parties	3,554,102	-	-	3,554,102	-	3,554,102
Dividends	81,795	-	-	**81,795**	-	81,795

New borrowing and financing in the year ended December 31, 2022 are disclosed on note no 18.

5.4 Capital Management

The Company's objectives in managing its capital are to safeguard the Company's ability to continue to provide returns to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost.

The Company monitors capital based on the financial leverage ratios. This ratio corresponds to the net debt divided by Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA"). The net debt corresponds to total borrowing and financing (including short and long-term borrowing and financing, as shown in the consolidated balance sheet), deducted from cash and cash equivalents and short-term investments (except for "Crer para Ver" funds and Dynamo Beauty Ventures Ltd. Fund ("DBV").

5.5 Fair value estimate

Financial instruments that are measured at fair value at the reporting dated as prescribed by IFRS 13/CPC 46 – Fair Value Estimate follow the hierarchy below:

- Level 1: Valuation based on quoted (unadjusted) prices in active markets for identical assets and liabilities on the reporting date. A market is seen as active if quoted prices are readily and regularly available from a Commodities and Securities Exchange, a broker, industry group, pricing service or regulatory agency, and those prices represent actual market transactions, which occur regularly on a purely commercial basis;

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

- Level 2: Used for financial instruments that are not traded in active markets (for example, over-the-counter derivatives), whose valuation is based on techniques that, in addition to the quoted prices included in Level 1, use other inputs adopted by the market for the asset or direct liabilities (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value estimate is unobservable.

The carrying amounts and fair values of the Company's financial instruments as of December 31, 2023 and 2022 is presented as follows:

Parent	Note	Classification by category	Fair value hierarchy	Carrying amount		Fair value	
				2023	2022	2023	2022
Financial assets							
Cash and cash equivalent	6						
Cash and banks		Amortized cost	Level 2	50,681	41,380	50,681	41,380
Certificate of bank deposits		Amortized cost	Level 2	68,861	5,341	68,861	5,341
				119,542	**46,721**	**119,542**	**46,721**
Short-term Investments	7						
Exclusive investment funds		Fair value through profit or loss	Level 2	1,230,828	1,218,524	1,230,828	1,218,524
DBV Fund		Fair value through profit or loss	Level 3	36,698	35,235	36,698	35,235
				1,267,526	**1,253,759**	**1,267,526**	**1,253,759**
Trade accounts receivables and Trade accounts receivables – related parties	8/ 30	Amortized cost	Level 2	6,019,964	2,254,879	6,019,964	2,254,879
Judicial deposits	12	Amortized cost	Level 2	383,182	303,233	383,182	303,233
Receivables from the sale of subsidiaries – The Body Shop							
Fixed payment	34	Amortized cost	Level 2	343,068	-	343,068	-
Contingency consideration	34	Fair value through profit or loss	Level 3	486,429	-	486,429	-
Financial and operating derivative instruments (Hedge)	5	Fair value through profit or loss	Level 2	46,441	-	46,441	-
Derivative financial instruments	5	Fair value through profit or loss	Level 2	43,012	773,262	43,012	773,262
				89,453	**773,262**	**89,453**	**773,262**
Financial liabilities							
Borrowing, financing and debentures							
Borrowing in local currency	18	Amortized cost	Level 2	(2,512,302)	(2,449,008)	(2,512,302)	(2,449,008)
Foreign currency borrowings	18	Amortized cost	Level 2	-	(5,172,965)	-	(5,172,965)
				(2,512,302)	**(7,621,973)**	**(2,512,302)**	**(7,621,973)**
Financial and operating derivative instruments		Fair value through profit or loss	Level 2	(43,012)	(1,539,564)	(43,012)	(1,539,564)
Lease liability	17	Amortized cost	Level 2	(400,821)	(457,372)	(400,821)	(457,372)
Advance insurance expenses		Amortized cost	Level 2	8,213	4,739	8,213	4,739
Trade accounts payables, related-parties and reverse factoring operations	19	Amortized cost	Level 2	(2,160,163)	(1,328,941)	(2,160,163)	(1,328,941)
Insurance payables	22	Amortized cost	Level 2	(4,084)	(2,800)	(4,084)	(2,800)
Dividends payable	30	Amortized cost	Level 2	(81,795)	-	(81,795)	-

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Consolidated	Note	Classification by category	Fair value hierarchy	Carrying amount 2023	Carrying amount 2022	Fair value 2023	Fair value 2022
Financial assets							
Cash and cash equivalent							
Cash and banks	6	Fair value through profit or loss	Level 2	710,467	1,107,468	710,467	1,107,468
Certificate of bank deposits		Amortized cost	Level 2	184,945	9,582	184,945	9,582
Repurchase operations		Fair value through profit or loss	Level 2	702,642	937,617	702,642	937,617
				1,598,054	**2,054,667**	**1,598,054**	**2,054,667**
Short-term Investments							
Government securities	7	Fair value through profit or loss	Level 1	623,705	30,916	623,705	30,916
Treasury bills		Fair value through profit or loss	Level 2	192,268	530,868	192,268	530,868
Loan investment fund		Fair value through profit or loss	Level 2	800,117	1,228,093	800,117	1,228,093
DBV Fund		Fair value through profit or loss	Level 3	36,698	35,235	36,698	35,235
				1,652,788	**1,825,112**	**1,652,788**	**1,825,112**
Trade accounts receivables and Trade accounts receivables – related parties	8/30	Amortized cost	Level 2	7,192,847	3,278,486	7,192,847	3,278,486
Judicial deposits	12	Amortized cost	Level 2	408,030	335,540	408,030	335,540
Receivables from the sale of subsidiaries – The Body Shop							
Fixed payment	34	Amortized cost	Level 2	343,068	-	343,068	-
Contingency consideration	34	Fair value through profit or loss	Level 3	486,429	-	486,429	-
Financial and operating derivative instruments (Hedge)	5	Fair value through profit or loss	Level 2	21,563	-	21,563	-
Derivative financial instruments	5	Fair value through profit or loss	Level 2	75,197	803,814	75,197	803,814
				96,760	**803,814**	**96,760**	**803,814**
Financial liabilities							
Borrowing, financing and debentures							
Borrowing in local currency	18	Amortized cost	Level 2	(2,512,302)	(2,449,227)	(2,512,302)	(2,449,227)
Foreign currency borrowings	18	Amortized cost	Level 2	-	(5,172,965)	-	(5,172,965)
				(2,512,302)	**(7,622,192)**	**(2,512,302)**	**(7,622,192)**
Financial and operating derivative instruments		Fair value through profit or loss	Level 2	(82,556)	(1,561,310)	(82,556)	(1,561,310)
				(82,556)	**(1,561,310)**	(82,556)	(1,561,310)
Lease	17	Amortized cost	Level 2	(681,297)	(2,734,534)	(681,297)	(2,734,534)
Advance insurance expenses	13	Amortized cost	Level 2	17,918	9,443	17,918	9,443
Trade accounts payables, related-parties and reverse factoring operations	19/ 30	Amortized cost	Level 2	(3,554,102)	(3,334,944)	(3,554,102)	(3,334,944)
Insurance payables	22	Amortized cost	Level 2	(11,515)	(5,716)	(11,515)	(5,716)
Dividends payable	30	Amortized cost	Level 2	(81,795)	-	(81,795)	-

When measuring, the carrying value represents a reasonable approximation of the fair value, as described below:

(i) the balances of cash and cash equivalents, trade accounts receivables, accounts payable to suppliers and other current liabilities are equivalent to their carrying amounts, mainly due to the short-term maturities of these instruments;

(ii) the balances of the short-term investments: a) measured at amortized cost approximate their fair values as a result of the transactions to be conducted at floating interest rates; and b) measured at fair value through profit or loss based on the rates agreed with the financial institutions considering the agreed rates among the parties, including market information that allows for such calculation;

(iii) except for the real estate receivables certificates, which are measured at fair value due to the designation as fair value hedge accounting, the carrying amounts of borrowing, financing and debentures are measured at their amortized cost and disclosed at fair value, which does not differ materially from the carrying amounts as the agreed interest rates are consistent with current market rates; and

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

(iv) the fair value of exchange rate derivatives (swap and forwards) is determined based on the future exchange rates at the dates of the balance sheets, with the resulting amount being discounted at present value.

The fair value of the investment in the Fundo Dynamo Beauty Ventures Ltda. ("DBV Fund"), classified at level 3 of the fair value hierarchy is calculated based on information on the net value of the investment in the Fund (NAV) calculated by the Fund's manager based on valuation assumptions consistent with the accounting practices adopted in Brazil and IFRS, adjusted to reflect the fair value assumptions applicable to the nature of the Company's investment. The Company's valuation considers inputs not observable in the model, to reflect the contractual restrictions on this investment for early redemption of the security in the market. The significant unobservable inputs used in the fair value estimate reflect a discount due to the lack of liquidity of the security, which represent the values that the Company determined that market agents would consider for these discounts when defining the investment price. An increase (reduction) of 1% in the discount applied (15.3%) would result in an increase (reduction) in the fair value of the investment of R$394 (R$402 in 2022).

As part of the sales agreement with the acquirer of the former subsidiary The Body Shop (as disclosed in explanatory note no. 34), a contingent consideration was agreed, stipulating additional cash payments to the Company of up to £30,000 in 2025 and £60,000 in 2026, if certain performance measures are achieved by The Body Shop's operation in each of the respective previous fiscal years. As of December 31, 2023, The Body Shop's key performance indicators indicate that the target is likely to be achieved and therefore the fair value of the contingent consideration reflects the achievement of anticipated results. Fair value is determined using the discounted cash flow method. The main significant unobservable assumptions used in measuring fair value include The Body Shop's probability-adjusted EBITDA and the discount rate. An increase (reduction) of 1% in the applied discount rate (4.5%) would result in an increase (reduction) in the fair value of the credit receivable of R$13,456. A 25% increase (decrease) in probability-adjusted EBITDA would not result in changes in the fair value of the credit receivable.

There were no transfers between measurement levels in the fair value hierarchy in the year ended December 31, 2023 and 2022 for these assets and liabilities.

6. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	2023	2022	2023	2022
Cash and banks	50,681	41,380	710,467	1,107,468
Certificate of bank deposits	68,861	5,341	184,945	9,582
Repurchase operations [(a)]	-	-	702,642	937,617
	119,542	46,721	1,598,054	2,054,667

a) Repurchase operations are securities issued by banks with a commitment by the bank to repurchase the securities, and by the client to resell the security, at a defined interest rate and within a predetermined term, which are backed by public or private securities (depending on the financial institution) and are registered within the Central Agency for Custody and Financial Settlement of Securities ("CETIP"), these investments offer high liquidity with a redemption period of up to 90 days. As of December 31, 2023 and 2022, repurchase operations are remunerated at an average rate of 100.0% of CDI.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

7. SHORT-TERM INVESTMENTS

	Parent		Consolidated	
	2023	2022	2023	2022
Exclusive investment funds [(a)]	1,230,828	1,218,524	-	-
Mutual investment funds [(b)]	-	-	800,117	1,228,093
Treasury bills [(c)]	-	-	192,268	530,868
Government securities (LFT) [(d)]	-	-	623,705	30,916
Dinamo Beauty Ventures Fund (DBV)	36,698	35,235	36,698	35,235
	1,267,526	**1,253,759**	**1,652,788**	**1,825,112**
Current	1,230,828	1,218,524	1,616,090	1,789,877
Non-Current	36,698	35,235	36,698	35,235

a) The values of the shares held by the Parent Company are presented under the item "Exclusive Investment Fund" at the Parent Company

The financial statements of the Exclusive Investment Fund, in which the group has exclusive participation (100% of the shares), were consolidated, except for the shares of the Instituto Natura, and the amounts of its portfolio were segregated by type of investment and classified as cash and short-term investments, based on the accounting practices adopted by the Company. For the purposes of consolidated presentation, the exclusive investment fund balance, as well as the positions of the other subsidiaries are presented according to the financial component.

The balance as of December 31, 2023, related to the "Crer para Ver" line within the exclusive investment fund is R$94,322 (R$91,340 as of December 31, 2022).

b) Mutual investment funds refer to the investments of some subsidiaries of the Company, which are concentrated in the Natura entities of the Hispanic America mainly in Argentina, Chile, Colombia and Mexico.

c) As of December 31, 2023, investments in treasury bills are remunerated at an average rate of 108.15% of the CDI (109.69% as of December 31, 2022).

d) As of December 31, 2023, investments in Government securities (LFT) are remunerated at an average rate of 100.75% of the CDI (100.02% of the CDI as of December 31, 2022).

The breakdown of securities constituting the Essential Investment Fund portfolio, regarding which the Company holds 100% interest, on December 31, 2023 and 2022 is as follows:

	Consolidated	
	2023	2022
Certificate of bank deposits	316	1,512
Repurchase operations (cash and cash equivalents)	702,643	937,617
Treasury bills	192,268	530,868
Government securities (LFT)	623,705	30,916
	1,518,932	**1,500,913**

These amounts are presented together with the other investments of the same nature of the Company in the consolidated.

8. TRADE ACCOUNTS RECEIVABLES

	Parent		Consolidated	
	2023	2022	2023	2022
Trade accounts receivable	1,893,559	1,472,982	3,107,925	2,595,042
Allowance for expected credit losses	(123,215)	(92,489)	(257,756)	(206,951)
	1,770,344	**1,380,493**	**2,850,169**	**2,388,091**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Maximum exposure to credit risk on the date of the financial statements is the carrying amount of each maturity date range, net of the allowance for expected credit losses. The following table shows trade accounts receivables by exposure to allowance for expected credit losses as of December 31, 2023, and 2022:

	2023				2022			
	Parent		Consolidated		Parent		Consolidated	
	Trade accounts receivables	Allowance for expected credit losses	Trade accounts receivables	Allowance for expected credit losses	Trade accounts receivables	Allowance for expected credit losses	Trade accounts receivables	Allowance for expected credit losses
To become due	1,605,811	(20,643)	2,629,458	(103,854)	1,231,996	(14,988)	2,115,497	(79,033)
Past due:								
Up to 31 days	109,689	(18,609)	195,772	(31,727)	97,436	(15,290)	221,496	(25,598)
31 to 60 days	43,549	(16,581)	64,519	(20,476)	49,580	(15,555)	73,663	(18,432)
61 to 90 days	32,022	(15,863)	49,687	(20,088)	32,234	(12,965)	58,662	(15,905)
91 to 180 days	102,488	(51,519)	168,489	(81,611)	61,736	(33,691)	125,724	(67,983)
	1,893,559	**(123,215)**	**3,107,925**	**(257,756)**	**1,472,982**	**(92,489)**	**2,595,042**	**(206,951)**

The changes in the allowance for expected credit losses for the year ended December 31, 2023 and 2022 are as follows:

	Parent	Consolidated
Balance as of December 31, 2021	(100,400)	(204,784)
Additions, net of reversals	(129,774)	(239,027)
Write-offs [(a)]	137,685	226,873
Translation adjustment	-	9,987
Balance as of December 31, 2022	**(92,489)**	**(206,951)**
Balance as of December 31, 2022	**(92,489)**	**(206,951)**
Transfer to assets held for sale	-	7,107
Additions, net of reversals	(303,662)	(428,175)
Write-offs[(a)]	272,936	355,220
Translation adjustment	-	15,043
Balance as of December 31, 2023	**(123,215)**	**(257,756)**

a) Refers to accounts overdue for more than 180 days, which are written off when the Company has no expectation of recovering the trade accounts receivables and sales of customer portfolio.

9. INVENTORIES

	Parent		Consolidated	
	2023	2022	2023	2022
Finished products	697,413	382,995	1,406,864	1,991,064
Raw materials and packaging	-	-	443,808	468,679
Auxiliary materials	130,274	47,663	187,979	91,093
Products in progress	-	-	39,606	55,771
(-) Allowance for inventory losses	(17,476)	(4,617)	(238,270)	(210,421)
	810,211	**426,041**	**1,839,987**	**2,396,186**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The changes in the allowance for inventory losses for the years ended December 31, 2023, and 2022 are as follows:

	Parent	Consolidated
Balance as of December 31, 2021	**(3,495)**	**(277,449)**
Additions, net of reversals [(a)]	(14,881)	(152,569)
Write-offs [(b)]	13,759	195,193
Translation adjustment	-	24,404
Balance as of December 31, 2022	**(4,617)**	**(210,421)**
Balance as of December 31, 2022	**(4,617)**	**(210,421)**
Transfer to assets held for sale	-	63,971
Additions, net of reversals [(a)]	(25,581)	(276,673)
Write-offs [(b)]	12,722	159,266
Translation adjustment	-	25,587
Balance as of December 31, 2023	**(17,476)**	**(238,270)**

a) This refers to the recognition of net allowance for losses due to discontinuation, expiration and quality, to cover expected losses on the realization of inventories, pursuant to the policy of the Company.
b) This consists of write-offs of products for which there is already an allowance for losses, where the Company has no expectation of sales/realization.

10. RECOVERABLE TAXES

	Parent		Consolidated	
	2023	2022	2023	2022
ICMS on purchase of goods [(a)]	372,285	196,954	576,785	428,887
Taxes on purchase of goods – foreign subsidiaries	-	-	54,706	84,924
ICMS on purchases of property, plant and equipment and purchase of goods	1,034	207	15,912	14,365
PIS and COFINS on purchase of property, plant and equipment and purchase of goods [(b)]	31,912	34,797	654,306	311,151
Withholding PIS, COFINS and CSLL	1,376	1,376	1,671	1,671
Tax on Manufactured Goods - IPI [(c)]	29,573	22,769	127,127	104,785
Other	44,220	25,730	67,730	39,494
	480,400	**281,833**	**1,498,237**	**985,277**
Current	187,240	126,352	358,707	482,197
Non-current	293,160	155,481	1,139,530	503,080

a) Tax credits related to the tax on the circulation of goods, interstate and inter-municipal transport and communication services (ICMS) were generated mainly by purchases, whose tax rate is higher than the average of sales. The Company expects to realize these credits during the ordinary course of business through offsetting with sales operations in the domestic market.
b) The accumulated tax credits of PIS and COFINS basically arise from credits on purchases of raw materials used in the production and from purchase of property, plant and equipment, as well as credits arising out of the exclusion of ICMS from the calculation basis of the PIS/COFINS. The realization of these credits normally occurs through offsetting with sales operations in the domestic market.
c) The balance will be used to offset IPI (Taxes over industrialized products) payable in future operations of the Company.

11. INCOME TAX AND SOCIAL CONTRIBUTION

11.1. Deferred

The deferred Corporate Income Tax - IRPJ and Social Contribution on Net Income - CSLL amounts arise from temporary differences in the Company's subsidiaries. For certain subsidiaries and the Company, deferred tax balances on tax losses were also recognized. The Company's Management assesses the possibility of offsetting deferred income tax assets and deferred income tax liabilities according to each jurisdiction.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The amounts are as follows:

i) Breakdown of deferred income tax and social contribution – Assets:

	Parent		Consolidated	
	2023	2022	2023	2022
Tax loss carryforwards	11,875	198,998	228,630	498,583
Foreign tax credit carryforwards [(a)]	-	306,289	-	306,289
Allowance for expected credit losses	43,678	38,358	85,118	78,878
Allowance for inventory losses	7,539	4,094	123,199	175,818
Amortization and depreciation - useful life differences	789	-	15,696	151,128
Lease liability	139,613	108,148	201,792	401,676
Accruals, reserves and provision for tax, civil and labor risks [(b)]	172,082	126,031	246,152	234,917
Employee benefits	179,045	147,093	241,607	235,900
Non-functional currency positions, including derivatives and hedge accounting transactions [(c)]	-	304,743	9,811	307,732
Other temporary differences	46,360	41,379	62,345	66,488
Total Deferred Social Contribution and Income Tax Assets	600,981	**1,275,133**	1,214,350	**2,457,409**
Non-functional currency positions, including derivatives and hedge accounting transactions [(c)]	(16,500)	-	(16,500)	-
Amortization and depreciation - useful life differences	-	(328)	(692)	(79,393)
Right-of-use	(78,996)	(62,951)	(130,119)	(310,385)
Earn out payment	(156,319)	-	(157,966)	-
Fair value of identifiable net assets in business combination [(d)]	-	-	-	(793,482)
Other temporary differences	(1,024)	-	(67,104)	(93,132)
Total Deferred Social Contribution and Income Tax Liabilities	(252,839)	**(63,279)**	(372,381)	**(1,276,392)**
Net Deferred income tax and social contribution	348,142	**1,211,854**	841,969	**1,181,017**
Deferred income tax and social contribution assets, net [(e)]	348,142	1,211,854	881,584	1,971,354
Deferred income tax and social contribution liabilities, net [(e)]	-	-	(39,615)	(790,337)

a) Primarily relates to foreign tax credit carryforwards in Brazil that had historically been reported as prepaid income taxes rather than deferred tax assets.
b) Includes (i) expenses under the accrual basis, reflecting deductible expenses incurred in the year, (ii) deferred revenue, (iii) accrued and unpaid compensation and (iv) other reserves not currently deductible for tax.
c) Due to underlying changes in non-functional currencies relative to the Brazilian Real, the balance at 2023 year-end primarily reflects a loss on a hedge instrument that can only be deducted when the hedge instrument is settled; as of 2022 year-end, the balance primarily reflected a gain on a hedge which could be deferred until settlement.
d) The balance includes deferred income tax liability on the fair value of net identifiable assets in the acquisition of the subsidiaries Avon, The Body Shop and Aesop.
e) Balance presented in the balance sheet including the effects of the jurisdictional offset of deferred tax assets and liabilities of the same nature, originating from the same taxpayer and tax authority.

See Footnote 3 for a summary description of the income tax accounting policies adopted by the Company related to deferred taxation. Management continuously evaluates all sources of income to allow unrecognized deferred tax asset to become recognized when it is probable that there are sufficient sources of taxable income to allow for their recognition. Generally, recognition will occur when there is a history of profits that can be sustained and relied upon in the future and/or when facts/circumstances change indicating that a history of losses has been overcome due to elimination of loss-making factors, changes in operations and other factors. Similarly, management evaluates when de-recognition is appropriate when the sources of income are not sufficient to support continued recognition of deferred tax assets.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The changes in deferred asset and liability income tax and social contribution for the years ended December 31, 2023, and 2022 were as follows:

	Parent		Consolidated	
	Assets	Liabilities	Assets	Liabilities
Balance as of December 31, 2021	**401,626**	**-**	**1,140,234**	**(961,793)**
Effect on income statement	400,903	-	485,492	12,856
Transfer between deferred income tax and social contribution liabilities and assets	130,017	-	130,017	-
Reserve for grant of options and restricted shares	7,865	-	2,783	-
Tax effects on (losses) earnings from cash flow hedge operations	271,443	-	269,681	-
Translation adjustment	-	-	(56,853)	158,600
Balance as of December 31, 2022	**1,211,854**	**-**	**1,971,354**	**(790,337)**
Balance as of December 31, 2022	**1,211,854**		**1,971,354**	**(790,337)**
Effect on statement of income [a]	(932,112)	43,336	(840,162)	5,344
Transfer between deferred income tax and social contribution liabilities and assets	-	-	(2,010)	2,010
Reclassification of contingency to deferred liability	-	(43,336)	-	(46,760)
Creation of tax credits on a universal basis	20,212	-	20,212	-
Write-off discontinued operation	-	-	(374,090)	788,977
Reserve for grant of options and restricted shares	47,530	-	62,926	-
Effect on other comprehensive income	658	-	8,536	-
Translation adjustment	-	-	34,818	1,151
Balance as of December 31, 2023	**348,142**	**-**	**881,584**	**(39,615)**

As of December 31, 2023, the Company had the following unrecognized deferred tax assets:

Item	Amount	Indefinite Expiration	Definite Expiration
Net operating loss	578,643	489,568	89,075
Other future deductible items	86,027	86,027	-
Total	**664,670**	**575,595**	**89,075**

11.2. Reconciliation of income tax and social contribution

	Parent		Consolidated	
	2023	2022	2023	2022
Profit (loss) before income tax and social contribution	(664,231)	(155,212)	(132,747)	280,270
Income tax and social contribution at the rate of 34%	225,839	52,772	45,134	-95,292
Subsidy for investments [a]	286,285	75,946	383,679	144,936
Equity investment earnings (losses)	74,234	46,015	0	0
Effect from differences of tax rates of entities abroad	-	-	7,204	(26,581)
Taxation of profits of foreign subsidiaries [b]	(24,720)	100,690	(24,719)	100,671
Temporary difference and tax loss without deferred income tax asset recognized	-	-	(13,825)	(28,780)
Tax Benefits of interest on equity (IOE)	-	-	-	(14,654)
Exercise of stock options and restricted share plans	221,849	-	221,849	-
Non-Deductible donation and contribution	-	(17,836)	(20,427)	(29,940)
Withholding and other alternative income taxes	-	-	(142)	(131)
Other permanent differences [c]	34,563	21,342	(10,519)	10,457
Income tax and social contribution revenue (expenses)	**818,050**	**278,929**	**588,234**	**60,686**
Income tax and social contribution - current	1,706,826	(121,974)	1,423,052	(437,662)
Income tax and social contribution - deferred	(888,776)	400,903	(834,818)	498,348
Effective Rate- %	(123.16%)	179.71%	443.12%	(21.65%)

a) The Company has tax incentives arising from its ordinary operations.
b) Refers to taxation on a universal basis, which the Company taxes the profits earned from its subsidiaries located abroad, as determined by tax legislation (Law No.12,973/2014).

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

12. JUDICIAL DEPOSITS

Judicial deposits represent restricted assets of the Company and are related to the amounts deposited and held in court until the resolution of the disputes to which they are related. The judicial deposits held by the Company as of December 31, 2023 and 2022 are as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
Unaccrued tax proceedings [(a)]	210,064	169,251	228,331	194,038
Accrued tax proceedings [(b)]	149,717	128,206	154,077	133,767
Unaccrued civil proceedings	5,139	1,457	5,462	1,777
Accrued civil proceedings	1,201	658	1,453	813
Unaccrued labor proceedings	9,504	2,856	10,018	3,987
Accrued labor proceedings	7,557	805	8,689	1,158
Total judicial deposits	**383,182**	**303,233**	**408,030**	**335,540**

a) The tax proceedings related to these judicial deposits refer mainly to the ICMS-ST.
b) The tax proceedings related to these judicial deposits refer, substantially, to the sum of the amounts highlighted in note no. 20, and the amounts provisioned according to note no. 21.

In November 2023, as part of the project to transform its operations in Latin America, the Company acquired the subsidiaries Avon Cosméticos and Avon Industrial. As a result of these acquisitions, the balances of judicial deposits were increased by the following amounts: R$78,946 in tax, R$3,567 in civil and R$14,646 in labor.

Of these judicial deposits arising from the acquisition of subsidiaries, the most significant involve tax issues related to social security contributions, income tax withheld at source, fines for non-compliance with ancillary obligations and ICMS/ICMS-ST.

Changes in judicial deposits balances for the year ended December 31, 2023, and 2022 are presented below:

	Parent	Consolidated
Balance as of December 31, 2021	**291,337**	**321,960**
New deposits	17,739	17,877
Redemptions in favor of the Company	(3,454)	(3,649)
Monetary adjustment	20,677	22,639
Application in the liquidation of proceedings	(23,066)	(23,287)
Balance as of December 31, 2022	**303,233**	**335,540**
Balance as of December 31, 2022	**303,233**	**335,540**
New deposits	7,862	7,997
Redemptions	(15,274)	(27,002)
Inflation adjustment and interest	23,047	24,398
Payments / Write-offs for expenses	(29,531)	(30,061)
Acquisition of subsidiaries	93,845	97,158
Balance as of December 31, 2023	**383,182**	**408,030**

In addition to judicial deposits, the Company has contracted insurance policies for certain lawsuits.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

13. OTHER CURRENT AND NON-CURRENT ASSETS

	Parent		Consolidated	
	2023	2022	2023	2022
Marketing and advertising advances	27,800	13,443	35,759	17,825
Supplier advances	31,478	44,716	61,239	148,001
Employee advances	8,367	4,953	12,159	8,838
Rent advances and guarantee deposit	-	-	-	150,294
Advance insurance expenses	8,213	4,739	17,918	9,443
Customs broker advances - Import taxes	-	-	37,115	38,398
Carbon credits	13,970	14,297	13,970	14,297
Other	9,618	6,921	44,419	79,245
	99,446	**89,069**	**222,579**	**466,341**
Current	95,397	74,246	215,977	327,749
Non-current	4,049	14,823	6,602	138,592

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

14. INVESTMENTS

	Indústria e comércio de Cosméticos Natura Ltda. (*)	Natura Cosméticos S.A. - Chile	Natura Cosméticos S.A. - Peru	Natura Cosméticos S.A. - Argentina	Natura Cosméticos de México S.A. (*)	Natura Cosméticos Ltda. - Colombia	Natura Cosméticos Ltda. - Holanda (*)	Natura Biosphera Ltda.	Natura Comercial Ltda.	Natura &Co Pay Serviços Financeiros e Tec. em Pag.s Eletrônicos Ltda.	Natura &Co Pay Holding S.A.	Natura&Co Pay SCD	The Body Shop Brasil Franquias LTDA.	The Body Shop Brasil Ind. e Com. Cosméticos LTDA.	Natura Cosmetics Asia Pacific Pte. Ltd. Cingapura	Natura Brasil Pty Ltd (*)	Avon Peru	Avon Cosméticos	Avon Industrial	Natura EUA	Natura França	Total	Natura Cosméticos Ltda. - Espanha	Aesop Brasil
Interest Percentage	100.00%	100.00%	100.00%	99.99%	99.98%	100.00%	100.00%	100.00%	100,00%	100.00%	100.00%	99.90%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%
Shareholders' equity of the subsidiaries	1,790,631	166,465	49,495	487,946	750,255	96,515	-	139,520	125,443	271,829	5,454	109,678	3,369	16,293	3,809	-	-	-	855,185	7	25,525	4,897,419	-	-
Shareholders' equity interest	1,759,021	165,450	49,495	487,897	750,105	96,515	-	139,522	125,440	271,829	5,454	109,568	3,369	16,293	3,810	-	-	-	855,185	7	25,525	4,865,484	-	-
Net income (loss) for the year of subsidiaries	101,376	27,001	(14,816)	79,592	215,980	(23,407)	(322,301)	71,803	22,213	12,199	422	2,576	(8,986)	(1,304)	(15,446)	-	(14,403)	(42,561)	133,774	(2,154)	(1,987)	219,573	-	(2,092)
Balances as of December 31, 2022	1,664,041	338,938	23,934	661,642	495,637	186,673	5,067,890	68,152	103,227	109,630	4,887	6,994	12,355	17,597	4,041	1,227,885	-	-	-	-	-	9,993,560	(566)	(3,895)
Share of profit (loss) of equity investees	101,376	27,001	(14,816)	79,584	215,937	(23,407)	(322,301)	71,803	22,213	12,199	422	2,574	(8,986)	(1,304)	(15,446)	910	(14,403)	(42,561)	133,774	(2,154)	(1,987)	220,428	-	(2,092)
Translation adjustment	550	(15,052)	(3,095)	(528,847)	38,005	(66,751)	110,291	-	-	-	(395)	-	-	-	(1,266)	(124,379)	9,440	-	-	(89)	(1,459)	(583,047)	-	-
Effect of Hyperinflationary economy adjustment	-	-	-	273,153	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	273,153	-	-
Contribution by the controlling company for stock option plans granted to executive officers of the subsidiaries	8,346	-	-	-	-	-	6,643	(433)	-	-	-	-	-	-	-	16,083	-	-	-	-	-	30,639	-	-
Actuarial Gain/Loss	-	-	-	-	375	-	-	-	-	-	-	-	-	-	-	-	-	13,510	-	-	-	13,885	-	-
Effect on hedge accounting, net of tax effects	(15,292)	-	-	-	151	-	-	-	-	-	-	-	-	-	-	-	-	7,308	(1,856)	-	-	(9,689)	-	-
Dividends received	-	(184,437)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(184,437)	-	-
Capital increase	-	-	-	2,365	-	-	12,284	-	-	150,000	-	100,000	-	-	16,481	-	-	-	-	-	-	281,130	-	11,628
Loss on acquisition of subsidiary under common control	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	(8,217)	-	-	-	-	(8,217)	-	-
Company acquisition	-	-	-	-	-	-	-	-	-	-	540	-	-	-	-	-	56,653	889,921	723,267	2,250	28,971	1,701,602	566	(5,641)
Company incorporation	-	-	43,472	-	-	-	-	-	-	-	-	-	-	-	-	-	(43,473)	(868,178)	-	-	-	(868,179)	-	-
Write off on investments	-	-	-	-	-	-	(4,861,840)	-	-	-	-	-	-	-	-	(1,120,499)	-	-	-	-	-	(5,982,339)	-	-
Transfer of quotes	-	-	-	-	-	-	(12,967)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,967)	-	-
Balances as of December 31, 2023	1,759,021	166,450	49,495	487,897	750,105	96,515	-	139,522	125,440	271,829	5,454	109,568	3,369	16,293	3,810	-	-	-	855,185	7	25,525	4,865,522	-	-

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Indústria e Comércio de Cosméticos Natura Ltda. (*)	Natura Cosméticos S.A. - Chile	Natura Cosméticos S.A. – Peru	Natura Cosméticos S.A. - Argentina	Natura Cosméticos de México S.A. (*)	Natura Cosméticos Ltda. - Colombia	Natura (Brasil) International B.V. Netherlands (*)	Natura Cosméticos España S.L.	Natura Biosphera Franqueadora Ltda.	Natura Comercial Ltda.	Natura &Co Pay Serviços Financeiros e Tecnologia em Pagamentos Eletrônicos Ltda.	Natura &Co Pay Holding S.A.	Natura& Co Pay SCD	The Body Shop Brasil Franquias Ltda.	The Body Shop Brasil Ind. e Com. Cosméticos Ltda.	Natura Cosmetics Asia Pacific Pte. Ltd. Singapore	Natura Brazil Pty Ltd (*)	Total	Aesop Brasil
Interest Percentage	100.00%	100.00%	100.00%	100.00%	99.98%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	90.00%	99.90%	100.00%	100.00%	100.00%	100.00%		100.00%
Shareholders' equity of the subsidiaries	1,705,166	338,970	23,934	661,709	495,737	186,673	5,067,891	(566)	68,151	103,229	109,630	5,430	7,001	12,355	17,597	4,041	1,227,885	10,034,833	(3,896)
Shareholders' equity interest	1,664,082	338,938	23,934	661,642	495,637	186,673	5,067,890	(566)	68,152	103,227	109,630	4,887	6,994	12,355	17,597	4,041	1,227,885	9,992,998	(3,895)
Net income (loss) of subsidiaries	87,883	54,233	19,928	102,160	108,674	39,968	(402,990)	-	(3,072)	18,702	(20,484)	430	-	(13,505)	503	(12,140)	156,470	136,760	(1,356)
Balances as of December 31, 2021	**1,561,212**	**304,385**	**3,538**	**707,451**	**391,347**	**194,569**	**6,742,707**	**-**	**71,224**	**84,525**	**75,113**	**4,500**	**-**	**7,914**	**17,094**	**8,858**	**1,282,978**	**11,456,773**	**(2,539)**
													-						
Share of profit (loss) of equity investees	87,883	54,233	19,928	102,160	108,652	39,968	(402,990)	-	(3,072)	18,702	(20,484)	387	-	(13,505)	503	(12,140)	156,470	136,695	(1,356)
Translation adjustment	(270)	(19,680)	468	(225,892)	(3,880)	(47,864)	(1,309,133)	-	-	-	-	-	-	-	-	(2,664)	(173,510)	(1,782,349)	-
Effect of Hyperinflationary economy adjustment	-	-	-	269,620	-	-	-	-	-	-	-	-	-	-	-	-	-	269,620	-
Contribution by the controlling company for stock option plans granted to executive officers of the subsidiaries and other reserves net of tax effects	4,896	-	-	-	-	-	17,573	-	-	-	-	-	-	646	-	-	15,571	38,686	-
Actuarial gain (loss)	9,262	-	-	-	(482)	-	-	-	-	-	-	-	-	-	-	-	-	8,780	-
Hedge accounting net of tax effects	1,099	-	-	-	-	-	3,562	-	-	-	-	-	-	-	-	-	(1,351)	3,310	-
Transfer for loss provision	-	-	-	-	-	-	-	(566)	-	-	1	-	-	-	-	-	-	567	-
Dividends paid	-	-	-	(192,483)	-	-	-	-	-	-	-	-	-	-	-	-	(52,273)	(244,756)	-
Capital increase	-	-	-	786	-	-	16,171	-	-	-	55,000	-	6,994	17,300	-	9,987	-	106,238	-
Balances as of December 31, 2022	**1,664,082**	**338,938**	**23,934**	**661,642**	**495,637**	**186,673**	**5,067,890**	**(566)**	**68,152**	**103,227**	**109,630**	**4,887**	6,994	**12,355**	**17,597**	**4,041**	**1,227,885**	**9,993,564**	**(3,895)**

Consolidated information of the following companies:
(*) Indústria e Comércio de Cosméticos Natura Ltda.: Indústria e Comércio de Cosméticos Natura Ltda. and Natura Logística e Serviços Ltda.
(*) Natura Cosméticos de México S.A: Natura Cosméticos y Servicios de México, S.A. de C.V., Natura Cosméticos de México, S.A. de C.V. and Natura Distribuidora de México, S.A. de C.V.
(*) Natura (Brasil) International B.V. - Netherlands: Natura (Brasil) International B.V. (Netherlands), Natura Brasil Inc. (USA - Delaware), Natura International Inc. (USA - New York), Natura Europa SAS (France) and The Body Shop International Limited.
(*) Natura Brazil Pty. Ltd.: Natura Brazil Pty. Ltd., Natura Cosmetics Australia Pty. Ltd. and Emeis Holdings Pty. Ltd.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

14.1 Aquisition of subsidiaries (Avon Colombia e Avon Peru)

During the second quarter of 2023, the Company began the second wave of transformation of its operations in Latin America, which included the acquisition of the companies Avon Colombia SAS ("Avon Colombia") and Productos Avon S.A. ("Avon Peru") together with companies Avon Products Inc. and Avon Colombia Holdings I and II.

In these business combinations involving entities under common control, the Company applies the predecessor value method, where the financial statements consider the historical accounting records of the acquired entities as equivalent to the Company's records. In these cases, therefore, there is no determination of goodwill and any gain or loss incurred is recorded in Shareholders' Equity.

The acquisition of the subsidiary Avon Peru was carried out by R$48,435, and the amount was fully paid in 2023. On September 30, 2023, the subsidiary Avon Peru was incorporated into Natura Cosméticos S.A – Peru. The acquisition of the subsidiary Avon Colombia was carried out by R$ 14,164, with the total amount being paid in full. Below is a breakdown of the net assets and liabilities arising from the acquisition of subsidiaries:

	Avon Peru	Avon Colômbia
Assets		
Cash and cash equivalents	12,930	12,930
Trade accounts receivables	15,738	19,331
Trade accounts receivables related parties	1,844	23,222
Inventories	44,838	81,553
Recoverable taxes	12,258	1,282
Other assets current and non-current	12,461	9,426
Income tax and social contribution	16,932	5,201
Property, plant and equipment	3,898	73,581
Intangible	35	301
Right of use	21,560	4,007
Total asset	**142,494**	**230,834**
Liabilities		
Lease liability current and non-current	20,518	4,045
Trade accounts payable and reverse factoring operations	22,960	97,276
Trade accounts payable - related parties	13,722	170,109
Payroll, profit sharing and social charges	5,698	12,840
Tax liabilities	2,050	5,896
Income tax and social contribution	8,891	3,775
Provision for tax, civil and labor	202	416
Other liabilities	11,801	15,073
Total liabilities	**85,842**	**309,430**
Equity acquired	56,652	(78,596)

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

14.2 Aquisition of subsidiaries (Avon Cosméticos e Industrial - Brasil)

As part of the second wave of transformation of its operations in Latin America, the Company acquired the companies Avon Cosméticos Ltda. ("Avon Cosméticos"), Avon Industrial Ltda. ("Avon Industrial"), together called "Avon Brasil", together with the companies Avon Cosmetics Netherlands Holdings B.V. and Viva Panamá Holdings LLC.

As in the acquisitions carried out in the second quarter of 2023 (see note no. 14.1), as these are business combinations involving entities under common control, the Company applied the predecessor value method, where the financial statements consider the historical accounting records of the acquired entities as equivalent to the Company's records. In these cases, therefore, there is no determination of goodwill, with any gain or loss incurred being recorded in Shareholders' Equity.

The acquisition of the subsidiaries Avon Cosméticos and Avon Industrial was carried out by R$532,519, with the total amount being settled in October 2023. On November 1, 2023, the subsidiary Avon Cosméticos was merged into the controlling company Natura Cosméticos S.A.

Below is a breakdown of the net assets and liabilities arising from the acquisition of subsidiaries:

	Avon Cosméticos	Avon Industrial
Assets		
Cash and cash equivalents	205,170	170,890
Trade accounts receivables	59,731	-
Trade accounts receivables related parties	259,596	228,174
Inventories	6,234	140,595
Recoverable taxes	425,636	449,440
Judicial deposits	93,604	3,489
Other assets current and non-current	23,336	30,633
Income tax and social contribution	63,093	-
Property, plant and equipment	198,569	102,479
Intangible	40,793	-
Right of use	15,207	-
Total asset	**1,390,969**	**1,125,700**
Liabilities		
Lease liability current and non-current	15,758	-
Trade accounts payable and reverse factoring operations	240,741	305,600
Trade accounts payable - related parties	623,051	66,083
Payroll, profit sharing and social charges	1,483	15,448
Tax liabilities	57,983	790
Income tax and social contribution	61,134	-
Provision for tax, civil and labor	129,958	14,641
Other liabilities	71,427	23,156
Total liabilities	**1,201,535**	**425,218**
Equity acquired	**189,439**	**700,482**

The acquisition value of shares in the companies Avon Cosméticos and Avon Industrial was lower than the value of net equity acquired by R$357,403, which was recorded as a special goodwill reserve in the Parent Company.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

15. PROPERTY, PLANT AND EQUIPMENT

	Parent						
	Useful life range (years)	2022	Acquisition of controlled company	Additions	Write-offs	Transfers	2023
Cost:							
Vehicles	2 to 5	719	-	-	-	-	719
Tools and accessories	3 to 20	1,177	-	-	-	6	1,183
Machinery and accessories	3 to 15	251,802	47,253	17,875	(8,542)	30,983	339,371
Leasehold improvements	2 to 20	149,319	17	995	-	3,035	153,366
Buildings		-	110,618	0	-	0	110,618
Furniture and fixture	2 to 25	29,738	1,246	1,013	(12)	573	32,558
Lands	-	4,413	12,103	0	-	0	16,516
IT equipment	3 to 15	145,619	8,304	7,781	(47,307)	3,759	118,156
Projects in progress	-	40,278	16,103	18,949	(236)	(39,959)	35,135
Total cost		**623,065**	**195,644**	**46,613**	**(56,097)**	**(1,603)**	**807,622**
Depreciation value:							
Vehicles		(698)	-	(17)	-	-	(715)
Tools and accessories		(341)	-	(95)	-	-	(436)
Machinery and accessories		(137,798)	-	(17,544)	6,728	(286)	(148,900)
Leasehold improvements		(68,604)	-	(9,307)	-	(133)	(78,044)
Buildings		-	-	(568)	-	-	(568)
Furniture and fixture		(12,654)	-	(2,006)	8	-	(14,652)
IT equipment		(126,650)	-	(7,902)	47,260	29	(87,263)
Total depreciation		**(346,745)**	**-**	**(37,439)**	**53,996**	**(390)**	**(330,578)**
Net total		**276,320**	**195,644**	**9,174**	**(2,101)**	**(1,993)**	**477,044**

	Parent					
	Useful life range (years)	2021	Additions	Write-offs	Transfers	2022
Cost:						
Vehicles	2 to 5	963	1	(245)	-	719
Tools and accessories	3 to 20	1,177	-	-	-	1,177
Machinery and accessories	3 to 15	251,286	361	(1,888)	2,043	251,802
Leasehold improvements	2 to 20	149,200	-	-	119	149,319
Furniture and fixtures	2 to 25	32,401	-	(2,845)	182	29,738
Lands	-	4,413	-	-	-	4,413
IT equipment	3 to 15	141,591	-	(137)	4,165	145,619
Projects in progress	-	24,832	26,692	-	(11,246)	40,278
Total cost		**605,863**	**27,054**	**(5,115)**	**(4,737)**	**623,065**
Depreciation value:						
Vehicles		(943)	-	245	-	(698)
Tools and accessories		(246)	(95)	-	-	(341)
Machinery and accessories		(123,428)	(15,418)	1,048	-	(137,798)
Leasehold improvements		(59,025)	(9,579)	-	-	(68,604)
Furniture and fixture		(12,054)	(2,113)	1,513	-	(12,654)
IT equipment		(118,691)	(8,019)	60	-	(126,650)
Total depreciation		**(314,387)**	**(35,224)**	**2,866**	**-**	**(346,745)**
Net total		**291,476**	**(8,170)**	**(2,249)**	**(4,737)**	**276,320**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Consolidated									
	Useful life range (years)	2022	Acquisition of controlled company (a)	Additions	Write-offs	Write-off due to sale of controlled company (b)	Transfer to asset held for sale (b)	Transfers	Translation adjustment	2023
Cost:										
Vehicles	2 to 5	41,629	1,098	4,731	(947)	-	-	-	(19,837)	26,674
Tooling	3	204,177	-	72	(135)	-	-	6,700	212	211,026
Tools and accessories	3 to 20	11,923	98,242	3,347	(13,728)	-	-	3,011	6	102,801
Facilities	3 to 60	303,610	15,002	896	(312)	-	-	24,266	(3,400)	340,062
Machinery and accessories	3 to 15	1,025,248	479,440	28,970	(45,453)	(62,120)	(15,540)	95,084	(3,143)	1,502,486
Leasehold improvements	2 to 20	1,072,654	6,457	45,909	(57,992)	(223,379)	(580,932)	2,426	(16,554)	248,589
Buildings	14 to 60	395,499	243,889	2,652	(2)	(28,653)	-	-	1,959	615,344
Furniture and fixtures	2 to 25	624,887	19,203	54,271	(80,239)	(359,311)	(92,984)	1,943	(25,203)	142,567
Lands	-	34,693	30,205	-	-	(4,934)	-	-	1,017	60,981
IT equipment	3 to 15	343,529	53,357	21,221	(83,812)	(66,626)	(51,233)	4,022	(9,401)	211,057
Projects in progress	-	264,703	53,906	108,064	(14,517)	(11,016)	(38,819)	(144,377)	(21,838)	196,106
Total cost		**4,322,552**	**1,000,799**	**270,133**	**(297,137)**	**(756,039)**	**(779,508)**	**(6,925)**	**(96,182)**	**3,657,693**
Depreciation value:										
Vehicles		(8,466)	(2,586)	(4,835)	623	-	-	-	9,404	(5,860)
Tooling		(179,485)	-	(8,920)	135	-	-	(13)	(117)	(188,400)
Tools and accessories		(3,402)	(14,096)	(1,493)	13,639	-	-	(1,260)	34	(6,578)
Facilities		(197,324)	(2,320)	(13,844)	1,536	-	-	(390)	2,713	(209,629)
Machinery and accessories		(559,094)	(449,103)	(92,063)	38,231	37,722	7,766	(126)	16,556	(1,000,111)
Leasehold improvements		(605,194)	(6,110)	(55,812)	54,829	120,073	355,858	-	12,735	(123,621)
Buildings		(124,870)	(92,830)	(8,829)	2,192	10,480	-	6	3	(213,848)
Furniture and fixture		(382,747)	(15,557)	(73,831)	62,865	248,773	62,215	1,620	17,875	(78,787)
IT equipment		(291,517)	(39,669)	(30,127)	81,205	44,521	30,294	14	9,331	(195,948)
Total depreciation		**(2,352,099)**	**(622,271)**	**(289,754)**	**255,255**	**461,569**	**456,133**	**(149)**	**68,534**	**(2,022,782)**
Net total		**1,970,453**	**378,528**	**(19,621)**	**(41,882)**	**(294,470)**	**(323,375)**	**(7,074)**	**(27,648)**	**1,634,911**

(a) Refers to assets arising from the subsidiaries Avon Peru, Avon Colombia, Avon Cosméticos and Industrial Brasil.
(b) Refers to the write-off of assets of former subsidiaries The Body Shop and Aesop, whose shareholdings were sold in 2023.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Consolidated							
	Useful life range (years)	2021	Additions	Write-offs	(Impairment) reversal of impairment	Transfers	Translation adjustment	2022
Cost:								
Vehicles	2 to 5	36,377	1	(2,949)	-	8,371	(171)	41,629
Tooling	3	191,840	-	(2,310)	-	14,976	(329)	204,177
Tools and accessories	3 to 20	12,918	114	(1,852)	-	740	3	11,923
Facilities	3 to 60	306,436	-	(211)	-	3,403	(6,018)	303,610
Machinery and accessories	3 to 15	987,797	9,381	(25,881)	-	65,004	(11,053)	1,025,248
Leasehold improvements	2 to 20	1,044,609	67,399	(31,510)	(1,665)	92,277	(98,456)	1,072,654
Buildings	14 to 60	390,621	2,995	-	-	2,119	(236)	395,499
Furniture and fixtures	2 to 25	616,548	71,040	(36,731)	(7,629)	32,123	(50,464)	624,887
Lands	-	35,027	-	-	-	65	(399)	34,693
IT equipment	3 to 15	450,709	23,701	(23,204)	(191)	(76,641)	(30,845)	343,529
Projects in progress	-	253,267	231,551	(984)	-	(221,591)	2,460	264,703
Total cost		4,326,149	406,182	(125,632)	(9,485)	(79,154)	(195,508)	4,322,552
Depreciation value:								
Vehicles		(14,604)	(2,620)	2,298	-	-	6,460	(8,466)
Tooling		(174,164)	(7,841)	2,310	-	-	210	(179,485)
Tools and accessories		(4,418)	(874)	1,823	-	-	67	(3,402)
Facilities		(185,371)	(16,342)	192	-	-	4,197	(197,324)
Machinery and accessories		(539,554)	(60,726)	23,984	-	-	17,202	(559,094)
Leasehold improvements		(569,394)	(119,437)	30,074	-	5	53,558	(605,194)
Buildings		(116,719)	(7,592)	-	-	-	(559)	(124,870)
Furniture and fixture		(357,616)	(84,597)	30,022	-	(36)	29,480	(382,747)
IT equipment		(333,119)	(75,294)	24,130	-	66,959	25,807	(291,517)
Total depreciation		(2,294,959)	(375,323)	114,833	-	66,928	136,422	(2,352,099)
Net total		2,031,190	30,859	(10,799)	(9,485)	(12,226)	(59,086)	1,970,453

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

16. INTANGIBLE ASSETS

	Parent						
	Useful life range (years)	2022	Acquisition of controlled company	Additions	Write-offs	Transfers	2023
Cost:							
Software	3 to 10	1,451,170	9,146	253,950	(368,888)	14,665	1,360,043
Other intangible assets	2	173,721	-	528	-	(13,062)	161,187
Total cost		1,624,891	9,146	254,478	(368,888)	1,603	1,521,230
Accumulated amortization:							
Software		(944,463)	-	(218,432)	364,389	390	(798,116)
Other intangible assets		(808)	-	(1,098)	-	-	(1,906)
Total accrued amortization		(945,271)	-	(219,530)	364,389	390	(800,022)
Net total		679,620	9,146	34,948	**(4,499)**	**1,993**	**721,208**

	Parent						
	Useful life range (years)	2021	Additions	Write-offs	Transfers	Other movements	2022
Cost:							
Software	3 to 10	1,170,137	38,840	(107)	242,300	-	1,451,170
Other intangible assets	2	214,763	196,521	-	(237,563)	-	173,721
Total cost		**1,384,900**	**235,361**	**(107)**	**4,737**	**-**	**1,624,891**
Accumulated amortization:							
Software		(767,953)	(173,593)	20	0	(2,937)	(944,463)
Other intangible assets		-	(808)	-	0	-	(808)
Total accrued amortization		**(767,953)**	**(174,401)**	**20**	**-**	**(2,937)**	**(945,271)**
Net total		**616,947**	**60,960**	**(87)**	**4,737**	**(2,937)**	**679,620**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Consolidated									
	Useful life range (years)	2022	Acquisition of controlled company (a)	Additions	Write-offs	Write-off due to sale of controlled company (b)	Transfer to asset held for sale (b)	Transfers	Translation adjustment	2023
Cost:										
Software	2.5 to 10	2,358,033	297,109	384,603	(584,237)	(469,184)	(96,956)	14,166	(62,091)	1,841,443
Trademarks and patents (Definite useful life)	25	146,741	-	-	-	(4,443)	(139,869)	-	(2,429)	-
Trademarks and patents (Indefinite useful life)	-	2,421,740	-	-	-	(2,503,964)	-	-	82,224	-
Goodwill Emeis Brazil Pty Ltd,	-	124,315	-	-	-	-	(124,315)	-	-	-
Goodwill The Body Shop	-	1,645,527	-	-	-	(1,701,981)	-	-	56,454	-
Goodwill acquisition of The Body Shop stores	-	1,456	-	-	-	(1,456)	-	-	-	-
Goodwill acquisition of Singu	-	-	-	52,049	-	-	-	-	-	52,049
Relationship with retail clients	10	2,583	-	-	(2,856)	(4,021)	(2,255)	-	6,752	203
Key money (indefinite useful life)	-	20,262	-	-	(14,601)	(5,668)	-	-	7	-
Key money (Definite useful life)	3 to 18	9,879	-	1,329	(3,519)	(7,330)	-	-	(359)	-
Relationship with franchisees and sub franchisees	15	678,368	-	-	-	(686,701)	-	-	8,333	-
Other intangible assets	2 to 10	129,940	-	2,449	(18,995)	(83,397)	(9,797)	(8,115)	(11,479)	606
Total cost		**7,538,844**	**297,109**	**440,430**	**(624,208)**	**(5,468,145)**	**(373,192)**	**6,051**	**77,412**	**1,894,301**
Accumulated amortization:										
Software		(1,398,082)	(255,341)	(335,613)	548,111	387,808	75,818	403	5,335	(971,561)
Trademarks and patents		(69,651)	-	-	-	12,127	55,095	-	2,429	-
Key money		(10,103)	-	-	-	10,103	-	-	-	-
Relationship with retail clients		(2,968)	-	(1,668)	2,719	-	2,255	-	(540)	(202)
Relationship with franchisees and sub franchisees		(242,928)	-	(41,753)	-	279,726	-	-	4,955	-
Other intangible assets		(877)	-	(1,362)	16,757	-	9,797	620	(25,542)	(607)
Total accrued amortization		**(1,724,609)**	**(255,341)**	**(380,396)**	**567,587**	**689,764**	**142,965**	**1,023**	**(13,363)**	**(972,370)**
Net total		**5,814,235**	**41,768**	**60,034**	**(56,621)**	**(4,778,381)**	**(230,227)**	**7,074**	**64,049**	**921,931**

(a) Refers to assets arising from the subsidiaries Avon Peru, Avon Colombia,Avon Industrial Brasil and Avon Cosméticos.
(b) Refers to the write-off of assets of former subsidiaries The Body Shop and Aesop, whose shareholdings were sold in 2023.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Consolidated							
	Useful life range (years)	2021	Additions	Write-offs	(Impairment) reversal of impairment	Transfers	Translation adjustment	2022
Cost:								
Software	2.5 to 10	1,921,927	155,044	(36,465)	(21,381)	414,583	(75,675)	2,358,033
Trademarks and patents (Definite useful life)	25	166,758	-	-	-	-	(20,017)	146,741
Trademarks and patents (Indefinite useful life)	-	3,063,662	-	(43)	-	-	(641,879)	2,421,740
Goodwill Emeis Brazil Pty Ltd. [(a)]	-	143,180	-	-	-	-	(18,865)	124,315
Goodwill The Body Shop [(b)]	-	2,063,672	-	-	(2,599)	-	(415,546)	1,645,527
Goodwill acquisition of The Body Shop stores	-	1,456	-	-	-	-	-	1,456
Relationship with retail clients	10	2,880	-	-	-	-	(297)	2,583
Key money (indefinite useful life) [(c)]	-	22,934	268	(152)	(623)	-	(2,165)	20,262
Key money (Definite useful life) [(d)]	3 to 18	16,414	-	(3,618)	(940)	-	(1,977)	9,879
Relationship with franchisees and sub franchisees	15	850,048	-	-	-	-	(171,680)	678,368
Other intangible assets	2 to 10	276,344	205,880	(21)	-	(336,346)	(15,917)	129,940
Total cost		8,529,275	361,192	(40,299)	(25,543)	78,237	(1,364,018)	7,538,844
Accumulated amortization:								
Software		(1,088,631)	(305,505)	35,794	-	(66,880)	27,140	(1,398,082)
Trademarks and patents		(70,879)	(5,653)	-	-	-	6,881	(69,651)
Key money		(16,517)	-	4,505	-	-	1,909	(10,103)
Relationship with retail clients		(3,218)	(42)	-	-	-	292	(2,968)
Relationship with franchisees and sub franchisees		(245,751)	(37,436)	-	-	-	40,259	(242,928)
Other intangible assets		-	(1,511)	-	-	(48)	682	(877)
Total accrued amortization		(1,424,996)	(350,147)	40,299	-	(66,928)	77,163	(1,724,609)
Net total		7,104,279	11,045	-	(25,543)	11,309	(1,286,855)	5,814,235

a) Goodwill related to the acquisition of subsidiary Emeis Holdings Pty Ltd. acquisition. It does not have defined useful life and it is subject to annual impairment tests.
b) Goodwill related to the acquisition of subsidiary The Body Shop. It does not have defined useful life and it is subject to annual impairment tests.
c) Key money with indefinite useful life refers to payments made to former tenants, to get the right to rent the property under lease and can be subsequently negotiated with future tenants in the case of termination of the lease agreement. This balance was considered as the scope of the lease standard (CPC 06 (R2) / IFRS 16), applicable from January 1, 2019. The balance not reclassified to the Right of Use asset, refers to contracts that the standard exempt on the initial date, that is, short-term contracts. The remaining balance is not amortized and is subject to an annual impairment test.
d) Key money with defined useful life refers to payments made to ex-tenants or lessors, to obtain the right to rent the property under the terms of the lease and which cannot be negotiated or recovered later. This balance was considered as the scope of the lease standard (CPC 06 (R2) / IFRS 16), applicable from January 1, 2019. The balance not reclassified to the Right of Use asset, refers to contracts that the standard exempt on the initial date, that is, short-term contracts. The remaining balance is amortized over the term of the agreements.
e) The balance refers to identifiable intangible assets from relationship with the subsidiary The Body Shop franchisees and sub-franchisees (relationship where the franchisee owns all rights to operate within a territory) and sub-franchisees (relationship where a franchisee operate a single store within a market), with estimated useful life of 15 years.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

17. RIGHT OF USE AND LEASE LIABILITIES

a) Right-of-use

	Parent							
	Useful life range (years) [(a)]	2022	Acquisition of controlled company	Additions	Write-offs	Transfers	Translation adjustment	2023
Cost value:								
Vehicles	3	66,250	-	36,659	(41,696)	-	-	61,213
Buildings	3 to 10	690,506	15,207	3,083	(32,353)	62,257	(6,756)	731,944
Software		8,346	-	5,566	-	-	-	13,912
Machinery and accessories		-	-	10,469	-	-	-	10,469
Total cost		765,102	15,207	55,777	(74,049)	62,257	(6,756)	817,538
Accumulated depreciation:								
Vehicles		(48,432)	-	(17,354)	41,696	-	-	(24,090)
Buildings		(191,266)		(68,666)	8,781	(62,257)	-	(313,408)
Software		(2,384)	-	(4,190)	-	-	-	(6,574)
Machinery and accessories		-	-	(2,332)	-	-	-	(2,332)
Total accumulated depreciation		(242,082)	-	(92,542)	50,477	(62,257)	-	(346,404)
Net total		523,020	15,207	(36,765)	(23,572)	-	(6,756)	471,134

	Parent				
	Useful life range (years) [(a)]	2021	Additions	Write-offs	2022
Cost value:					
Vehicles	3	47,892	18,358	-	66,250
Buildings	3 to 10	608,600	105,253	(23,347)	690,506
Software		-	8,346	-	8,346
Total cost		656,492	131,957	(23,347)	765,102
Depreciation value:					
Vehicles		(34,875)	(13,557)	-	(48,432)
Buildings		(145,184)	(69,429)	23,347	(191,266)
Software		-	(2,384)	-	(2,384)
Total accumulated depreciation		(180,059)	(85,370)	23,347	(242,082)
Net total		476,433	46,587	-	523,020

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Consolidated								
	Useful life range (years) (a)	2022	Acquisition of controlled company	Additions	Write-offs	Write-off due to sale of controlled company	Transfer to asset held for sale	Translation adjustment	2023
Cost:									
Vehicles	3	84,300	-	40,412	(43,994)	(1,883)	-	10,122	88,957
Machinery and equipment	3 to 10	7,662	-	14,077	(83)	(7,515)	-	(64)	14,077
Buildings	3 to 10	1,123,134	40,774	52,029	(51,990)	(160,049)	-	(40,883)	963,015
IT equipment	10	3,751	-	544	(2,499)	(1,702)	-	2,787	2,881
Retail stores	3 to 10	3,399,414	-	344,870	(337,916)	(1,790,631)	(1,388,973)	(79,770)	146,994
Software		13,527	-	5,566	-	-	-	39	19,132
Tools and accessories	3	494	-	-	(415)	(76)	-	(3)	-
Total cost		**4,632,282**	**40,774**	**457,498**	**(436,897)**	**(1,961,856)**	**(1,388,973)**	**(107,772)**	**1,235,056**
Depreciation value:									
Vehicles		(60,755)	-	(26,472)	43,852	1,109	-	(1,329)	(43,595)
Machinery and equipment		(4,174)	-	(5,510)	83	6,120	-	80	(3,401)
Buildings		(363,894)	-	(143,462)	12,479	54,968	-	32,498	(407,411)
IT equipment		(2,710)	-	(1,850)	2,499	1,028	-	(251)	(1,284)
Retail stores		(1,525,304)	-	(390,499)	266,280	994,062	565,908	26,755	(62,798)
Software		(3,121)	-	(5,904)	-	-	-	(61)	(9,086)
Tools and accessories		(301)	-	-	300	-	-	1	-
Total accrued depreciation		**(1,960,259)**	**-**	**(573,697)**	**325,493**	**1,057,287**	**565,908**	**57,693**	**(527,575)**
Net total		**2,672,023**	**40,774**	**(116,199)**	**(111,404)**	**(904,569)**	**(823,065)**	**(50,079)**	**707,481**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Consolidated							
	Useful life range (years) (a)	2021	Additions	Write-offs (c)	(Impairment) reversal of impairment	Transfers (b)	Translation adjustment	2022
Cost:								
Vehicles	3	62,535	25,937	(1,086)	-	-	(3,086)	84,300
Machinery and equipment	3 to 10	12,245	172	(3,112)	-	-	(1,643)	7,662
Buildings	3 to 10	1,041,892	172,152	(45,090)	-	(35,484)	(10,336)	1,123,134
IT equipment	10	4,380	-	(1)	-	-	(628)	3,751
Retail stores	3 to 10	3,415,529	701,366	(373,635)	(30,785)	36,401	(349,462)	3,399,414
Software		-	13,527	-	-	-	-	13,527
Tools and accessories	3	1,056	-	(394)	-	-	(168)	494
Total cost		**4,537,637**	**913,154**	**(423,318)**	**(30,785)**	**917**	**(365,323)**	**4,632,282**
Depreciation value:								
Vehicles		(40,134)	(21,810)	984	-	-	205	(60,755)
Machinery and equipment		(5,012)	(2,802)	3,112	-	-	528	(4,174)
Buildings		(302,613)	(135,227)	38,460	-	31,960	3,526	(363,894)
IT equipment		(1,799)	(1,177)	-	-	-	266	(2,710)
Retail stores		(1,459,457)	(610,146)	367,247	-	(31,960)	209,012	(1,525,304)
Software		-	(3,121)	-	-	-	-	(3,121)
Tools and accessories		(583)	(206)	394	-	-	94	(301)
Total accrued depreciation		**(1,809,598)**	**(774,489)**	**410,197**	**-**	**-**	**213,631**	**(1,960,259)**
Net total		**2,728,039**	**138,665**	**(13,121)**	**(30,785)**	**917**	**(151,692)**	**2,672,023**

a) The useful lives applied refer to the term of the contracts in which the Company is sure that it will use the assets underlying the lease contracts according to the contractual terms.
b) Refers to key money related to store rentals. This amount is transferred from "right of use" to "intangible assets" when a new commercial agreement with the lessor is not yet signed.
c) Store write-offs are associated with the transformation plan of the former subsidiary The Body Shop

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Parent		Consolidated	
	2023	2022	2023	2022
Amounts recognized in the statement of income for the years ended December 31, 2023 and 2022:				
Financial expense on lease	41,263	43,733	59,379	64,469
Amortization of right of use	92,542	85,370	166,430	148,767
Short-term lease expenses and low-value assets	1,136	7,649	4,538	15,046
Total	**134,941**	**136,752**	**230,347**	**228,281**
Amounts recognized in the financing activities in the cash flow statement:				
Lease payments (principal)	100,109	81,650	135,046	99,062
Values recognized in the operating cash flow statement activities:				
Lease payments (interest)	41,263	43,733	52,678	61,129
Total	**141,372**	**125,383**	**187,724**	**160,190**

b) Lease liability

	Parent		Consolidated	
	2023	2022	2023	2022
Current	77,487	88,677	134,808	706,437
Non-current	323,334	368,695	546,489	2,028,097
Total	**400,821**	**457,372**	**681,297**	**2,734,534**

Below are the changes in lease liability balances for the years ended December 31, 2023 and 2022:

	Parent	Consolidated
Balance as of December 31, 2021	**405,201**	**2,832,197**
New agreements and modifications	133,822	980,690
Payments (principal amount)	(81,650)	(775,024)
Payments (interest)	(43,733)	(147,243)
Appropriation of financial charges	43,732	150,583
Write-offs [(a)]	-	(8,140)
Translation adjustment	-	(298,529)
Balance as of December 31, 2022	**457,372**	**2,734,534**
Balance as of December 31, 2022	**457,372**	**2,734,534**
New contracts and modifications	68,458	562,445
Payments (principal)	-	15,207
Payments (interest)	(100,109)	(654,256)
Appropriation of financial charges	(41,263)	(135,646)
Write-offs [(a)]	41,263	136,433
Write-off due to sale of controlled company	(24,900)	(43,877)
Transfer to asset held for sale	-	(1,025,898)
Translation adjustment	-	(891,098)
New contracts and modifications	-	(16,547)
Balance as of December 31, 2023	**400,821**	**681,297**

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

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The amount of lease liability payments, considering the interests payments, and corresponding maturities, are disclosed in note no. 5.3 item f.

The table below set forth the rates applied, according to the lease terms.

As described in note no. 3.13.2, the Company applied its incremental borrowing rate as the discount rate on lease liabilities. Considering that the Company's lease contracts are substantially contracts with payment flows indexed by inflation indexes and, also considering the disclosure suggestions published in CVM Circular Letter 02/19, the Company presents below additional information on the characteristics of the lease contracts so that users of the financial statements may, at its discretion, carry out projections of future payment flows indexed to inflation.

Maturity	Average discount rate	Contractual payments - consolidated					
		2024	2025	2026	2027	2028	Acima de 2029
2023-2024	5.5% to 16.3%	25,982	135,841	-	-	-	-
2025-2027	5.4% to 18.7%	102,094	107,651	85,311	74,275	19,394	-
2028-2030	7.3% to 20.5%	8,119	9,092	10,200	11,450	12,850	12,442
2031-2036	7.7% to 21.9%	3,465	10,513	10,728	10,980	11,259	41,990
Total		**139,660**	**263,097**	**106,239**	**96,706**	**43,504**	**54,432**
Projected inflation [1]		4%	4%	4%	3%	3%	3%

[1] Rates obtained through future prices of DI coupons versus National Consumer Price Index (IPCA) observed in B3, applied to Brazilian contracts.

The amount of lease liability payments, including interest payments due to maturity, is as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
Less than a year	115,318	130,163	199,586	853,348
One to five years	366,869	416,004	605,865	1,613,176
More than five years	35,706	77,415	52,890	812,958
Total expected cash flow	**517,893**	**623,582**	**858,341**	**3,279,482**
Interest to be incurred	(117,072)	(166,210)	(177,044)	(544,948)
Total balance	**400,821**	**457,372**	**681,297**	**2,734,534**

17.1 Leaseback transaction

Interlagos Manufacturing Unit

In December 2023, the Company sold and leased back the Interlagos manufacturing unit in Brazil, for receiving approximately R$272,000. As part of the lease terms, the Company recognized the right of use in the amount of R$62,197. The lease liability, initially recognized at the present value of non-cancelable considerations for the contractual term of 3 years, totaled R$62,197.

Since the sale was made in an amount equal to the accounting cost of the asset, the transaction did not generate gains in profit or loss (the respective asset was already measured at fair value deducted from sales costs, as part of its reclassification to assets held for sale in 2023, with a loss due to impairment in the amount of R$14,150 having been recognized at the time).

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

18. BORROWING, FINANCING AND DEBENTURES

	Ref	Parent		Consolidated	
		2023	2022	2023	2022
Local currency					
Financing Agency for Studies and Projects (FINEP)		3,546	16,979	3,546	16,979
Debentures	A	1,991,222	1,912,985	1,991,222	1,913,204
Commercial papers	B	517,534	519,044	517,534	519,044
Total in local currency		**2,512,302**	**2,449,008**	**2,512,302**	**2,449,227**
Foreign currency					
Representative debt securities ("Notes")	C	-	5,172,965	-	5,172,965
Resolution No. 4131/62					
Total in foreign currency		**-**	**5,172,965**	**-**	**5,172,965**
Grand total		**2,512,302**	**7,621,973**	**2,512,302**	**7,622,192**
Current		158,692	133,886	158,692	134,105
Non-current		2,353,610	7,488,087	2,353,610	7,488,087
Debentures					
Current		68,189	77,382	68,189	77,382
Non-current		1,852,699	1,835,603	1,852,699	1,835,603

Ref.	Currency	Maturity	Charges	Effective interest rate	Guarantees
A	Brazilian Real	July 2027 to September 2032	CDI + 1.65%; CDI + 0.8%; IPCA + 6.8% and IPCA 6.9% with bi-annual payments.	CDI +1.65%, CDI +0.8%, CDI+1.34% and CDI +1.60%	Guarantee of Natura &Co Holding S.A.
B	Brazilian Real	September 2025	CDI interest + 1.55% with bi-annual payments.	CDI +1.55%	Guarantee of Natura &Co Holding S.A.
C	US Dollar	May 2028	Interest of 4.125% p.a. with bi-annual payments	4.125%	Guarantee of Natura &Co Holding S.A.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Changes in the balances of borrowing, financing and debentures for the year ended December 31, 2023 and 2022 are as follows:

	Parent	Consolidated
Balance as of December 31, 2021	**7,769,640**	**8,296,383**
New borrowing and financing [(a)]	1,551,884	1,551,884
Repayments [(b)]	(1,340,179)	(1,787,248)
Appropriation of financial charges, net of costs of new borrowing and financing	507,558	528,338
Financial charges payment	(471,094)	(490,478)
Exchange rate variation	(395,836)	(395,836)
Translation effects (OCI)	-	(80,851)
Balance as of December 31, 2022	**7,621,973**	**7,622,192**
Balance as of December 31, 2022	**7,621,973**	**7,622,192**
New borrowing and financing	1,116	36,438
Repayments / debt extinguishment [(c)]	(4,887,949)	(4,924,176)
Recognition of financial charges	498,398	499,082
Financial charges payment	(397,336)	(397,336)
Exchange rate variation (unrealized)	(323,900)	(323,900)
Translation adjustment (OCI)	-	2
Balance as of December 31, 2023	**2,512,302**	**2,512,302**

(a) New borrowing and financing carried out in the year ended December 31, 2022 basically refers to: (i) issuance of the 11th series of debentures in the amount of R$816 million maturing in 2025 and issuance of the 12th series of debentures in the amount of R$1,050 million, maturing between 2025 and 2032 by the Company (as detailed in explanatory note no. 18.1) and (ii) issuance of commercial notes by the Company in the amount of R$500 million maturing in 2025 (as detailed in explanatory note no. 18.1); It is

(b) Amortizations carried out in the year ended December 31, 2022 basically refer to: (i) the early redemption of the 9th and 10th series of debentures issued by the Company (ii) the early redemption of the credit line in the amount of £ 70 million from the former subsidiary The Body Shop and (iii) the refinancing of the credit line under the Company's Resolution No. 4131/62.

(c) As mentioned in explanatory note no. 5.1, the Company transferred the debt securities associated with sustainability goals to the affiliate Natura &Co Luxembourg, as part of the rebalancing and reorganization process of the Group's debt initiated when the company was sold. former subsidiary Aesop. As a result, the balance previously recognized as liabilities was derecognised, as well as the respective transaction costs, and recognized in the associated company Natura &Co Luxembourg.

The maturities of non-current portion of borrowing, financing and debentures recorded as non-current liabilities are as follows:

	Parent		Consolidated	
	2023	2022	2023	2022
2025	494,677	459,477	494,677	459,477
2027 onwards	1,858,933	7,028,610	1,858,933	7,028,610
Total	**2,353,610**	**7,488,087**	**2,353,610**	**7,488,087**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

18.1 Description of the main changes in bank borrowings and financing

i) Debentures

On July 25, 2022, the Company carried out the 11th issue of simple, non-convertible, unsecured debentures in a single series, for public distribution with restricted placement efforts, in accordance with CVM Instruction 476, of January 16, 2009 ("Issue", "Restricted Offer", "Debentures" and "CVM Instruction 476", respectively), in the aggregate amount of R$826,030. A total of eight hundred and twenty-six thousand and thirty (826,030) simple debentures, not convertible into shares, in a single series, of the unsecured type, all registered and book-entry, with no certificates or pledged, and unit par value of one thousand reais R$1.000,00), with maturity on July 21, 2027 and corresponding compensation at 100% of the accrued variation of the daily average rates for Interfinancial Deposits (DI) plus 1.65% were issued.

The funds arising from the 11h issue were used as follows: partial repayment of the 3rd series of the 9th issue in the amount of R$162,800, partial repayment of the 1st series of the 10th issue in the amount of R$145,830, partial repayment of the 2nd series of the 10th issue in the amount of R$19,210, partial repayment of the 3rd series of the 10th issue in the amount of R$295,280 and partial repayment of the 4th series of the 10th issue in the amount of R$202,910.

On October 6, 2022, the Company carried out the 12th issue of simple debentures, not convertible into shares, unsecured, in three series, with an additional fiduciary guarantee by the parent company Natura &Co Holding S.A. The main characteristics of the debentures are listed in the table below and are the backing of an operation of Real Estate Receivables Certificates (CRI). The issue of debentures was the subject of a private placement by the Company.

Debentures of the 12th Issue				
Title	Contractual Rate	Maturity	Total Amount	Volume of debentures issued
1st Series	100% DI + 0.8%	09/14/2027	R$ 255,889	255.889
2nd Series	6.8% + IPCA	09/14/2029	R$ 487,214	487.214
3rd Series	6.9% + IPCA	09/14/2032	R$ 306,897	306.897

The net proceeds obtained by the subsidiary Natura Cosmeticos with the issue of the Debentures will be used to pay rents not yet incurred and to reimburse expenses with rents already incurred in the 24 (twenty-four) months prior to the issue date.

On December 6, 2022, the subsidiary Natura Cosmeticos fully repaid the 4 series of the tenth (10th) issue of debentures in the amount of R$913,220, with original maturity on August 26, 2024.

The appropriation of costs related to the issue of debentures in the year ended December 31, 2023 was R$4,987 (R$7,704 as of December 31, 2022), recorded monthly under finance expenses, in accordance with the effective interest rate method. As of December 31, 2023, the balance of issue costs to be appropriated is R$27,072 (R$32,059 as of December 31, 2022).

ii) Commercial Papers

On September 19, 2022, the 1st issue of commercial notes by the subsidiary Natura Cosmeticos took place, in a single series in the amount of R$500 million. The commercial notes were publicly distributed with restricted placement efforts, under the terms of CVM Instruction No. 476/2009. Resources were allocated to reinforce cash and liquidity.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The appropriation of costs related to the issue of commercial notes in the year ended December 31, 2023 was R$465 (R$126 in 2022), recorded monthly under finance expenses, in accordance with the effective interest rate method. The balance of issue costs to be appropriated on December 31, 2023 is R$801 (R$1,266 as of December 31, 2022).

18.2 Covenants

As of December 31, 2023, the Group no longer has the obligation to calculate and disclose restrictive clauses (covenants), which establish the maintenance of minimum financial indicators resulting from the quotient of dividing the net debt of treasury by the EBITDA of the last 12 months, function the maturity and early settlement of the 9th and 10th series of debentures in December 2023.

The Company also has covenants related to non-financial indicators according to each contract. The Company was in compliance with such covenants as of December 31, 2023 and 2022.

19. TRADE ACCOUNTS PAYABLE AND REVERSE FACTORING OPERATIONS

	Parent		Consolidated	
	2023	2022	2023	2022
Domestic trade accounts payables	903,947	695,451	2,809,381	2,531,146
Foreign trade accounts payables [(a)]	23,069	6,921	32,792	116,210
Subtotal	927,016	702,372	2,842,173	2,647,356
Reverse factoring operations [(b)]	130,197	63,721	594,989	573,305
Total	**1,057,213**	**766,093**	**3,437,162**	**3,220,661**

a) Refers to imports mainly denominated in US dollars, Euros and British pounds.

b) The Company has contracts signed with first-line financial institutions, mainly Banco Itaú Unibanco S.A. to directly structure a reverse factoring operation with the Company's main suppliers. Further details on these operations are included in note no. 3.15.

20. TAX LIABILITIES

	Parent		Consolidated	
	2023	2022	2023	2022
ICMS (ordinary)	218,483	176,405	216,882	180,708
ICMS-ST provision [(a)]	63,722	60,945	63,722	60,945
Taxes on invoicing - abroad	-	-	75,127	204,961
Withholding tax (IRRF)	30,978	23,902	36,915	30,049
Other taxes payable - foreign subsidiaries	-	-	62,773	72,352
Income tax	-	6,119	-	6,119
INSS and service tax (ISS) payable	3,146	1,470	5,603	2,820
Other	21	3,003	9,089	3,005
Total	**316,350**	**271,844**	**470,111**	**560,959**
Current	258,162	213,656	410,134	502,771
Non-current	58,188	58,188	59,977	58,188

a) The Company has discussions about the illegality of changes in state laws to charge ICMS-ST. Part of the amount recorded as tax payable but not yet paid is being discussed in court by Company, and in some cases, the amounts are deposited in court, as mentioned in note no. 12.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

21. PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Company and its subsidiaries are parties to administrative and legal proceedings of a tax, labor and civil nature, among others.

The Company's Managers believe, based on the opinion of legal advisors and on information existing until the publication date of these financial statements, that the provision for tax, civil, labor risks and other administrative and legal discussions is sufficient to cover any losses, as presented below:

21.1 Contingencies assessed as probable risk of loss

The changes in the provision for tax, civil and labor risks and contingent liabilities are presented below:

	Parent							
	Tax		Civil		Labor		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Balance at the beginning of the year	**86,596**	**81,466**	**58,961**	**39,085**	**25,558**	**22,818**	**171,115**	**143,369**
Additions	24,190	31,939	9,510	12,717	34,572	28,979	68,272	73,635
Reversals	(614)	(23,548)	(3,005)	(1,765)	(16,461)	(13,835)	(20,080)	(39,148)
Payments / use of judicial deposits [(a)]	(26,064)	(8,075)	(5,020)	(7,489)	(9,262)	(14,596)	(40,346)	(30,160)
Monetary adjustment	9,277	4,814	28,995	16,413	3,707	2,192	41,979	23,419
Subsidiary Acquisition	39,232	-	36,779	-	55,920	-	131,931	-
Balance at end of year	**132,617**	**86,596**	**126,220**	**58,961**	**94,034**	**25,558**	**352,871**	**171,115**
Non-current	132,617	86,596	126,220	**58,961**	94,034	25,558	352,871	171,115

	Consolidated							
	Tax		Civil		Labor		Total	
	2023 [(c)]	2022	2023	2022	2023	2022	2023	2022
Balance at the beginning of the year	100,495	93,381	68,203	51,889	41,277	38,564	209,975	183,834
Additions	28,181	33,111	10,780	13,367	54,076	41,632	93,037	88,110
Reversals	(2,940)	(23,606)	(6,635)	(2,001)	(25,314)	(23,205)	(34,889)	(48,812)
Payments / use of judicial deposits [(a)]	(29,725)	(8,079)	(5,441)	(10,995)	(12,755)	(18,623)	(47,921)	(37,697)
Inflation adjustment	10,281	6,029	29,439	16,477	5,651	4,536	45,371	27,042
Translation adjustment	(322)	(341)	(153)	(534)	(1,322)	(1,627)	(1,797)	(2,502)
Subsidiary acquisition [(b)]	39,232	-	36,779	-	55,920	-	131,931	-
Other	5,720	-	2,856	-	4,155	-	12,731	-
Balance at end of year	150,922	100,495	135,828	68,203	121,688	41,277	408,438	209,975
Current	-	-	-	3,666	-	-	-	3,666
Non-current	150,922	100,495	135,828	64,537	121,688	41,277	408,438	206,309

a) Tax payments refer mainly to the completion of the administrative procedure with the State of Amazonas for the effective settlement of tax amnesties, using judicial deposits.

b) Reversals of contingent liabilities (business combination) with Avon refer mainly to the change in estimates for tax, civil and labor lawsuits.

c) In December 2023, the Company recognized a provision for estimated costs in relation to litigation involving discussion about the collection of ICMS Tax Rate Differential ("DIFAL") with several states in Brazil, in the amount of R$22,472. The recognition of the provision occurs as a result of an unfavorable decision to the taxpayer in judgment at the Federal Supreme Court (STF), leading to a change in the prognosis from loss to probable.

21.1.1 Tax

Consolidated tax contingencies classified as probable risk of loss, mainly involve discussions about the illegality of changes in state laws for the collection of ICMS. Part of the amount not paid is being discussed in court, and in some cases, the amounts are deposited in court, as mentioned in note no. 12. The tax provision also includes attorneys' fees for the sponsorship of tax proceedings, when applicable.

21.1.2 Civil

As of December 31, 2023, the Company and its subsidiaries are parties to civil, commercial and other lawsuits and proceedings, mainly related to indemnification claims. Provisions are periodically reviewed based on the evolution of proceedings and the evolution of case law to reflect the best estimate.

The Company is a party to a legal dispute requesting the payment of an additional amount ("earn-out"), due to the acquisition of controlling interest in Flora Medicinal, and the payment of a contractual fine of 10% of the total value of the transaction. Although the Company assesses that it has not committed any non-compliance, the action was judged valid in the second instance. During the 2022 financial year, the São Paulo Court of Justice denied the special appeal to the Superior Court of Justice. Against this decision, the Company filed an appeal in a special appeal, and in the quarter ended June 30, 2023, the Court of Justice of São Paulo did not exercise a retraction judgment in relation to the appeal in a special appeal filed by the Company, determining its remittance to the STJ. As a result of this decision and based on the reassessment of the exposure indicated by the external consultant, the Company recognized, in the second quarter of 2023, an increase in the provision for civil contingencies in the amount of R$22,426.

21.1.3 Labor

The Company and its subsidiaries are parties to labor claims filed by former employees and service providers, mainly related to the payment of severance pay, overtime, salary premiums and monies owed as a result of subsidiary liability and discussion about the recognition of any employment relationship. None of these processes is individually relevant. Provisions are periodically reviewed based on the progress of lawsuits and history of losses on labor claims to reflect the best estimate.

21.1.4 Acquisition of subsidiaries - Avon Cosméticos and Avon Industrial

In November 2023, as part of the project to transform its operations in Latin America, the Company acquired the subsidiaries Avon Cosméticos and Avon Industrial. As a result of these acquisitions, provisions for contingencies, where the risk of loss is assessed as probable, were increased by the following amounts: R$39,232 in tax, R$36,779 in civil and R$55,920 in labor.

Of these causes arising from the acquisition of subsidiaries, the most significant involve tax issues related to social security contributions (constitutional third of vacation) and ICMS/ICMS-ST; civil related mainly to compensation and labor claims related to complaints filed by former employees and service providers.

21.2 Contingencies assessed as possible risk of loss

The Company maintains administrative and judicial discussions related to certain tax positions adopted in the calculation of IRPJ and CSLL, whose current prognosis analysis, based on Management's assessment, is that they will probably be accepted in decisions of higher courts of last instance, in in line with the provisions of ICPC 22/IFRIC 23 - Uncertainty regarding the Treatment of Taxes on Profit. The Company also has lawsuits of a mainly tax nature, related to other taxes, which involve risks of possible loss, for which there is no provision set up, due to the prognosis assessment carried out, as per the following composition and estimates:

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Parent		Consolidated	
	2023	2022	2023	2022
Tax	7,219,361	3,852,712	10,187,324	5,333,819
Civil	81,291	47,308	92,495	56,461
Labor	136,775	25,539	153,516	40,803
Total contingent liabilities	**7,437,427**	**3,925,559**	**10,433,335**	**5,431,083**

21.2.1 Acquisition of subsidiaries – Avon Cosmeticos and Avon Industrial

As a result of the acquisition of the subsidiaries Avon Cosméticos and Avon Industrial by the Company, which occurred in November 2023, there was an increase in the exposure of contingencies with risk of loss assessed as possible in the amounts of R$3,129,625 in tax, R$31,928 in civil and R$3,129,625 in tax, R$31,928 in civil and $103,506 labor. Of these causes arising from acquisitions, the most significant ones whose probability of loss is assessed as possible involve the tax issues described in the section below.

21.2.2 Tax

On December 31, 2023, the total amount under discussion reclassified as remote loss is R$XX (R$5,333,819 on December 31, 2022, classified as remote).

Below are the most relevant proceedings related to the following matters:

a) Lawsuits in which the industrial establishment equivalence is discussed, as provided for in the Decree No. 8393/2015, which now requires IPI taxation of products listed in the referred legal provision in outbound transactions carried out by interdependent wholesalers. On December 31, 2023, the amount under discussion is R$2,456,695 and includes R$ 1,722,171 from subsidiaries acquired during 2023 (R$666,800 on December 31, 2022).

b) Administrative and judicial processes that discuss the illegality of changes in Federal State laws regarding the collection of ICMS and ICMS-ST. As of December 31, 2023, the total amount under discussion is R$1,640,391 and includes R$ 882,439 from subsidiaries acquired during 2023 (R$598,378 as of December 31, 2022).

c) Infraction notices in which the Brazilian Federal Revenue Office requires IRPJ and CSLL tax debts to challenge the tax deductibility of the amortization of goodwill generated in the context of a corporate reorganization between related parties. Currently, the legality of the administrative decisions that rejected the motions for clarification presented to challenge the special appeals dismissed is being discussed in the courts. As of December 31, 2023, the total amount under discussion classified as possible loss is R$1,598,213 (R$1,509,890 as of December 31, 2022).

d) Infraction notices in which the Finance Department of the São Paulo Federal State requires the collection of ICMS-ST, which was fully collected by the recipient of the goods, the distributor. Currently, the process is pending judgment at the administrative court level. As of December 31, 2023, the total amount under discussion classified as possible loss is R$682,263 (R$633,671 as of December 31, 2022).

e) Infraction notices in which the Brazilian Federal Revenue Office requires IPI tax debts for disagreeing with the tax classification adopted by the Company for some products. The tax assessment notices are awaiting judgment at the administrative court level. As of December 31, 2023, the total amount under discussion is R$2,199,853, which includes R$19,803 from subsidiaries acquired during 2023, and R$1,245,438 relating to the receipt of three new infraction notices relating to the tax classification of some products (R$719,920 as of December 31, 2022).

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

22. OTHER LIABILITIES

	Parent		Consolidated	
	2023	2022	2023	2022
Post-employment health care plan [(a)]	161,796	97,140	209,288	129,697
Deferred revenue from performance obligations with customers [(b)]	26,667	17,968	31,089	93,761
Provisions for operating expenses (marketing / technology, etc.) [(c)]	256,841	149,805	327,875	367,172
Provision for store renovation	-	-	-	116,137
Crer Para Ver [(d)]	38,725	72,608	47,571	87,420
Provision for lease	-	-	-	16,680
Carbon credits	14,714	29,695	14,714	29,695
Insurance payables	4,084	2,800	11,515	5,716
Other provisions	10,884	10,259	34,264	61,075
Total	513,711	**380,275**	676,316	**907,353**
Current	302,932	237,717	412,181	621,767
Non-Current	210,779	142,558	264,135	285,586

a) Refers to post-employment health care plans which are detailed below.
b) Refers to the deferred revenue related performance obligations of loyalty programs based on points, sale of gift cards not yet converted into products and programs and events to honor direct selling consultants.
c) Refers to the Company's operating provisions arising mainly from expenses with the provision of technology services, marketing, and advertising, etc.
d) Contribution of the social program to the development of the quality of education.

Post-employment health care plan

Post-employment health care plan as detailed in note no. 3.18.4. The number of active employees eligible for the healthcare plan after termination is closed to new inclusions. As of December 31, 2023 and 2022, the obligation weighted average duration is around 21.9 and 20.0 years, respectively, and its actuarial calculation base is as follows:

- 842 (2022: 866) active employees from the Company and the subsidiary Natura Indústria; and
- 614 (2022: 406) retired and dependent from the Company and the subsidiary Natura Indústria.

The actuarial liability was calculated, as of December 31, 2023 and 2022, considering the following main assumptions:

	2023	2022
Discount rate	9.69%	10.43%
Initial growth rate of medical cost	4.25%	4.25%
Annual Inflation rate	4.00%	4.00%
Final growth rate of medical cost	8.42%	8.42%
Growth rate of medical costs due to aging - costs	Per age range 1.25% to 4.75% p.a.	Per age range 1.25% to 4.75% p.a.
Growth rate of medical costs by aging - contributions	Per age range 1.25% to 4.75% p.a.	Per age range 1.25% to 4.75% p.a.
Percentage of adherence to the plan in retirement	Bradesco Plan 58.00% / Unimed Plan 85.00%	Bradesco Plan 58.00% / Unimed Plan 85.00%
Schedule of disabled mortality	*Mercer Disability*	*Mercer Disability*
Schedule of mortality	AT-2000 reduced in 10%	AT-2000 reduced in 10%
Schedule of turnover	Proportional calculation at the time of service	Proportional calculation at the time of service

The decreasing of the annual discount rate from 10.43% to 9.69% generated a loss of R$26,396 in other comprehensive income.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The table below sets forth the medical inflation rate and the discount rate sensitivity analysis, and their respective effect on the balance (present value of the obligation, or "PVO") accounted as on the actuarial liabilities (maintaining the other assumptions):

	Rate	Chance	PVO
Discount rate	9.69%	1% increase	229,052
Discount rate	9.69%	1% decrease	173,673
Rate of compensation	8.42%	1% increase	174,202
Rate of compensation	8.42%	1% decrease	227,843

The changes of actuarial liabilities for the years ended December 31, 2023 and 2022, is set forth in the table below:

	Parent company		Consolidated	
	2023	2022	2023	2022
Balance at the beginning of the year	(97,140)	(81,116)	(129,697)	(124,649)
Cost of the current service	(717)	(475)	(983)	(812)
Cost of interest	(9,975)	(7,207)	(13,314)	(11,078)
Expenses paid	2,950	2,248	4,021	3,398
Actuarial gains (losses) in OCI	(39,165)	(10,590)	(26,396)	3,444
Subsidiary acquisition	(17,749)	-	(42,919)	-
Balance as of the end of the year	(161,796)	(97,140)	(209,288)	(129,697)

23. SHAREHOLDERS' EQUITY

23.1 Share capital

On December 31, 2023 and 2022, the share capital of the Company is R$2,000,000, composed of 920,205,397 subscribed common shares, with no par value.

23.2 Dividends and interest on net equity payment policy

The shareholders are entitled to receive every year a mandatory minimum dividend of 30% of net income, considering principally the following adjustments:

- Increase in the amounts resulting from the reversal, in the period, of previously recognized reserves for contingencies;
- Decrease in the amounts intended for the recognition, in the period, of the legal reserve;
- Decrease in accumulated losses and provision for Income Tax (article 189 of Law No. 6,404/76); and
- Whenever the amount of the minimum mandatory dividend exceeds the realized portion of net income for the year, management may propose, and the General Meeting approves, allocate the excess to the constitution of the unrealized profit reserve (article 197 of Law No. 6,404/76).

On December 20 and 29, 2023, the Board of Directors approved the distribution of interest on equity in the total gross amount of R$652,496 (R$554,622 net of taxes) for the period from January 1, 2023 to December 31, 2023, which were paid in full in December 2023, and were attributed to the value of the mandatory dividend for the fiscal year ending on December 31, 2023.

Additionally, dividends were proposed in the amount of R$1,147,621, equivalent to the remuneration of R$1.2472 per share, which were partially paid in January 2024. The remaining balance in the amount of R$81,795 will be paid throughout 2024. Dividends and interest on equity net of IRRF, calculated in the year ended December 31, 2023, totaled R$1,800,117, which corresponded to a net remuneration of R$1.9564 per share and distribution of 30% of 2023 net profit after allocation of tax incentive reserves.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The Board of Directors may pay or credit interest on net equity in accordance with applicable law.

23.3 Capital reserve

In the year ended December 31, 2023, there was a decrease of R$35,055 related to changes in stock option plans and restricted shares, totaling R$463,920 on December 31, 2023 (R$498,975 on December 31, 2022).

23.4 Profit reserve

On December 31, 2023, the profit reserve had an increase of R$4,489,262, consisting of: (i) increase of R$542,724 referring to constitution of a tax incentive reserve, and (ii) net income for the year after legal allocations of R$4,097,107; reduced by (iii) realization of the profit reserve due to the distribution of dividends in the amount of R$150,568. The profit reserve balance on December 31, 2023 totaled R$6,753,676 (R$2,264,413 on December 31, 2022).

23.5 Cumulative translation adjustment – Other comprehensive income

The Company recognizes in this equity item the exchange rate variation effect from investments in foreign subsidiaries, including exchange rate variations in a hyperinflationary economy, actuarial gains and losses arising from the employee benefit plan, and the effect from cash flow hedge operations. For exchange rate variation, the accumulated effect will be reversed to income statement as a gain or loss only in the event of disposal or write-off of the investment. For actuarial losses and gains, the amounts will be recognized when the actuarial liability is remeasured. The cash flow hedge transactions are transferred to the income statement in case an ineffective portion is identified or when the hedge relationship is terminated.

24. REVENUE

	Parent		Consolidated	
	2023	2022	2023	2022
Gross revenue:				
Direct Selling	12,611,674	10,229,083	18,313,070	15,905,040
Retail	-	-	527,639	412,774
Online	665,188	603,521	879,593	957,970
Other sales	58,821	36,967	256,016	249,698
Subtotal	13,335,683	10,869,571	19,976,318	17,525,482
Returns and cancellations	(122,211)	(71,765)	(214,115)	(197,345)
Commercial discounts and rebates	(2,525)	-	(11,610)	(29)
Taxes on sales	(2,999,249)	(2,447,170)	(4,822,361)	(4,264,489)
Subtotal	(3,123,985)	(2,518,935)	(5,048,086)	(4,461,863)
Total revenue	**10,211,698**	**8,350,636**	**14,928,232**	**13,063,619**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

25. OPERATING EXPENSES AND COST OF SALES

	Parent		Consolidated	
Classified by function	2023	2022	2023	2022
Cost of sales	4,043,970	3,283,464	5,037,744	4,529,151
Selling, marketing and logistics expenses	3,109,596	2,388,926	5,658,082	4,735,023
Administrative, R&D, IT and project expenses	1,664,248	1,539,408	1,762,584	1,741,272
Total	8,817,814	**7,211,798**	**12,458,410**	**11,005,446**
Classified by nature				
Cost of sales	4,043,970	3,283,464	**5,037,744**	4,529,151
Raw material/packaging material/resale	4,043,970	3,283,464	4,322,021	3,869,194
Employee benefits expense (note 26)	-	-	259,232	251,174
Depreciation and amortization	-	-	61,997	59,586
Other	-	-	394,494	349,197
Selling, marketing and logistics expenses	3,109,596	2,388,926	**5,658,082**	4,735,023
Logistics costs	513,736	534,504	675,160	803,979
Personnel expenses (note 26)	629,577	252,915	1,274,414	749,008
Marketing, sales force and other selling expenses	1,888,564	1,526,711	3,551,604	2,985,085
Depreciation and amortization	77,719	74,796	156,904	156,681
Impairment	-	-	-	40,270
Administrative, R&D, IT and project expenses	1,664,248	1,539,408	**1,762,584**	**1,741,272**
Innovation expenses	77,229	97,390	82,119	102,575
Personnel expense (note 26)	706,372	799,797	1,075,974	1,114,937
Other administrative expenses	608,855	422,022	263,442	237,047
Depreciation and amortization	271,792	220,199	341,049	286,713
Total	**8,817,814**	**7,211,798**	**12,458,410**	**11,005,446**

26. EMPLOYEE BENEFITS

	Parent		Consolidated	
	2023	2022	2023	2022
Payroll, profit sharing and bonuses	881,660	693,525	1,758,910	1,427,746
Pension Plan	10,591	5,016	23,587	17,194
Share-based payments	48,939	19,083	53,918	21,013
Charges on restricted shares	4,198	-	4,320	-
Health care, food and other benefits	142,910	136,416	321,594	282,473
Charges, taxes and social contributions	76,728	56,100	213,836	167,409
INSS	170,924	142,572	233,455	199,284
Total	**1,335,950**	**1,052,712**	**2,609,620**	**2,115,119**

26.1 Share-based payments

Natura &Co, the Company's parent, offers long-term incentives to senior executives and employees responsible for implementing its long-term strategy.

Overview of grant plans

Outstanding awards as of December 31, 2023 relate to various share-based plans, the terms of which are summarized in the tables below.

In 2023, stock options, restricted shares and performance shares were granted in accordance with the "Co-investment Plan" and the "Long-Term Incentive Plan".

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Under the "Co-Investment Plan", eligible employees may invest part of their payout from the Profit Share Program in the purchase of Natura &Co Holding's shares. Natura &Co Holding will then grant awards ("Matching Awards") to match such purchased shares on a 1:1 ratio. 1. Matching shares vest in three equal installments over three years, subject to continued employment at the Company.

The "Long-Term Incentive Plan" consists of granting of Natura &Co Holding's shares to eligible employees. Certain "Long-Term Incentive Plan" awards are only subject to a requirement to remain in employment at the Company over the vesting period. The awards referred to as "Performance Shares" are subject to both a requirement to remain employed at the Company over the vesting period and meeting certain performance conditions.

On July 31, 2023, the former subsidiary Aesop was transferred to Natura &Co Luxembourg and, therefore, was no longer consolidated by the Company. As a result, share-based awards related to Aesop employees are no longer disclosed in the Company's consolidated financial statements following this transfer.

On December 29, 2023, the Company completed the sale of the former subsidiary The Body Shop. In connection with the completion of the sale, awards granted to employees of subsidiary The Body Shop were acquired in accordance with terms specifically defined for the transaction and were changed from equity to cash-settled. The cash value of the prizes was settled with the buyer of the subsidiary The Body Shop through an adjustment to its sales price.

The changes in the number of outstanding share-based awards are as follows:

	Stock Option Plan and Strategy Acceleration Plan	
	Weighted average exercise price per option – R$	Options (thousands)
Balance as of December 31, 2022	**18.48**	**11,274**
Employee movements due to company structure change	24.37	410
Forfeited / expired	22.86	(601)
Exercised	13.02	(568)
Removing Aesop awards due to company structure change	27.28	(600)
TBS awards - equity to cash settled conversion and settlement	21.43	(1,334)
Balance as of December 31, 2023	**17.74**	**8,581**

	Restricted shares (thousands)	Performance shares (thousands)
Balance as of December 31, 2022	**2,334**	**5,183**
Granted	2,502	5,396
Employee movements due to company structure change	114	409
Forfeited	(274)	(1,358)
Performance-based shares adjustment on vesting	-	(190)
Released	(1,406)	(872)
Removing Aesop awards due to company structure change	(188)	(1,936)
Adjustments related to vesting on TBS sale	(18)	(1,476)
TBS awards - equity to cash settled conversion and settlement	(129)	(383)
Balance as of December 31, 2023	**2,935**	**4,773**

The number of shares described above consider the following assumptions (i) plans are presented using B3 equivalents for premium to be exercised in ADRs to ensure consistency; and (ii) the number of shares of the "Performance Shares" program disclosed took into account the fulfillment of the target performance conditions, while the expense recognized during the year reflects the last reassessment of the performance conditions which directly impacts the number of shares not mature ("non-vested").

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The expense relating to option plans, restricted shares and performance shares, including charges, recognized in the year ended December 31, 2023 was R$48,939 and R$53,918 in the parent company and consolidated (R$19,083 and R$21,013 in December 31, 2022), respectively.

As of December 31, 2023 – Stock options

Grant date	Conditions for acquiring the rights from grant date	Strike price (R$)	Fair value at grant date (R$)	Existing options (thousands)	Maximum remaining contractual life (years)	Exercisable options (thousands)
March 15, 2016	2 to 4 years of service	12.71	7.16 to 7.43	73	0.2	73
July 11, 2016 (Strategy acceleration)	4 to 5 years of service	11.28	6.84 to 6.89	1,540	0.5	1,540
March 10, 2017	2 to 4 years of service	12.46	6.65 to 6.68	330	1.2	330
March 10, 2017 (Strategy acceleration)	4 to 5 years of service	12.46	6.87 to 6.89	1,890	1.2	1,890
March 12, 2018	2 to 4 years of service	16.83	7.96 to 8.21	1,455	2.2	1,455
April 12, 2019	2 to 4 years of service	23.41	11.71 to 11.82	1,323	3.2	1,323
December 17, 2021	3 to 4 years of service	27.28	13.85 to 18.16	1,700	8.0	-
September 14, 2022	3 to 4 years of service	16.45	8.39 to 10.32	270	8.7	-
				8,581		6,611

As of December 31, 2023 – Restricted shares

Grant date	Conditions for acquiring the rights from grant date	Existing shares (thousands)	Fair value at grant date (R$)	Maximum remaining contractual life (years)
March 31, 2021	From 1 to 3 years of service	259	48.13	0.3
April 14, 2022	From 1 to 3 years of service	427	24.91 to 24.99	1.3
May 5, 2023	From 1 to 3 years of service	2,249	11.20	2.3
		2,935		

As of December 31, 2023 – Performance shares

Grant date	Conditions for acquisition of right as of the grant date	Existing shares (thousands)	Fair value at grant date (R$)	Maximum remaining contractual life (years)
March 31, 2021	Achievement of performance conditions; 3 years of service plus an additional 1 year holding period for certain awards	599	46.57 to 50.98	0.3 to 1.3
April 14, 2022	Achievement of performance conditions; 3 years of service plus an additional 1 year holding period for certain awards	1,365	18.66 to 24.99	1.3 to 2.3
May 5, 2023	Achievement of performance conditions; 3 years of service	2,809	11.20 to 11.55	2.3 to 3.3
		4,773		

Assumptions

Ranges of valuation for the new granting of restricted and performance shares in May 2023 are set out below. The valuation models used were Black-Scholes, Stochastic and Finnerty, depending on the type of award.

Assumptions	B3 shares BRL	ADRs USD
Price per share (also used as an exercise price in Finnerty)	11.21	4.49
Strike price	0.01	0.00403
Expected volatility	48.64% to 57.70%	55.20% to 63.11%
Expected term	1 to 3 years	1 to 3 years
Expected dividend yield	0%	0%
Risk-free interest rate	11.69% to 12.93%	3.68% to 4.82%

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Volatility was calculated over the period of time consistent with the expected grant term (or over the remainder of the performance period, where applicable) immediately prior to the grant date. In the Finnerty model, volatility is calculated over the period proportional to the holding period immediately prior to the grant date.

As of December 31, 2023, the market price was R$ 16.89 (R$11.61 as of December 31, 2022) per share.

26.2 Employee benefit plans

The Company and some of its subsidiaries grant defined contribution retirement plans to eligible employees and, through some of their foreign subsidiaries, grant defined benefit plans to employees that are eligible.

Post-employment health care defined benefit plan

The actuarial liability for the health care plan of the Company and its subsidiaries refers to a post-employment benefit plan for employees and former employees who made fixed contributions to the cost of the health plan until April 30, 2010, date when the design of the health plan was changed, and the employees' fixed contributions were eliminated. For those who have contributed to the medical plan for ten years or more, the right to maintenance is guaranteed as an indefinite (lifetime) beneficiary, and for those who have contributed for less than ten years, the right to maintenance is guaranteed as beneficiary, at the rate of one year for each year of fixed contribution. This group of current employees, in case of termination, may choose to remain on the plan in accordance with applicable legislation, assuming the payment of the monthly fee charged by the health plan operators. However, this monthly fee does not necessarily represent the user's total cost, which is assumed by the Company, based on the excess cost grant, as an of additional benefit form.

27. FINANCE INCOME (EXPENSES)

	Parent		Consolidated	
	2023	2022	2023	2022
Financial expenses (debt interest)	(484,725)	(489,462)	(485,409)	(486,718)
Income from financial and other investments	118,720	91,252	715,659	425,577
Exchange rate variations on financial and liquid activities	323,900	395,836	323,897	324,943
Gains (losses) from derivatives on exchange rate variations from financial activities, net	(302,613)	(408,598)	(342,005)	(310,260)
Losses from derivatives on interest payments and other financial activities, net [(a)]	(1,376,026)	(573,448)	(1,371,877)	(577,521)
Adjustment of provision for tax, civil and labor risks and tax liabilities	(41,979)	(23,419)	(45,371)	(27,042)
Leases expenses	(41,263)	(43,733)	(59,379)	(62,793)
Other financial income (expenses)	57,890	-	(223,171)	(252,200)
Hyperinflationary Economy Adjustment	-	(138,482)	(269,058)	(327,115)
Other (losses) gains from exchange rate variation on operational activities	(130,908)	(45,891)	(356,419)	(86,052)
Net finance income (expenses), net	**(1,877,004)**	**(1,235,945)**	**(2,113,133)**	**(1,379,181)**

(a) The variance presented in losses from derivatives is linked to the transfer of debt (as described in note no. 5) between the Company and Natura &Co Luxembourg, whose functional currency is the US dollar, and thus the protected risk was no longer eligible within hedge accounting, and, consequently, the Company proceeded with the derecognition of the hedge structure, the impact of which was R$700,810, before tax effects.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

28. OTHER OPERATING EXPENSES, NET

	Parent		Consolidated	
	2023	2022	2023	2022
Other operating income, net				
Result on write-off of property, plant and equipment [(a)]	-	-	176,189	(8,443)
Crer Para Ver [(b)]	27,885	-	-	-
Revenue with sale of customer portfolio	16,471	11,874	16,471	11,874
Reversal of provision for *impairment*	-	-	31,076	-
Tax credits [(c)]	158,468	29,745	174,353	47,865
Other operating income Tax credits	12,148	27,966	23,924	7,433
Total other operating income	**214,972**	**69,585**	**422,013**	**58,729**
Other operating expenses, net				
Result on write-off of property, plant and equipment	(2,085)	(2,074)	-	5,273
Crer para Ver [(b)]	-	(24,562)	(20,115)	(54,062)
Expenses with sale of customer portfolio	(8,168)	-	(8,168)	-
Transformation and integration plan [(d)]	(241,738)	(73,857)	(365,720)	(45,220)
Restructuring expenses	-	-	-	(36,296)
Tax expense for joining the amnesty program	-	(23,803)		(23,803)
Civil/labor/tax contingencies	(48,192)	-	(58,148)	-
Impairment				(56,619)
Other operating expenses	(10,574)	(8,959)	(31,123)	(8,845)
Total other operating expenses	**(310,757)**	**(133,255)**	**(483,274)**	**(219,572)**
Other operating income (expenses), net	**(95,785)**	**(63,670)**	**(61,261)**	**(160,843)**

a) In 2023, mainly includes the gain of R$182,564 on the sale of the Interlagos manufacturing plant (see explanatory note no. 18).
b) Refers to appropriation of operating profit obtained on the sales of the non-cosmetic product line called "Crer Para Ver" to Instituto Natura, specifically earmarked for social projects aimed at developing the quality of education.
c) Refers mainly to PIS / COFINS tax credits.
d) Expenses related to the implementation of the integration plan between Natura and Avon brands, which is mainly supported by the operations and logistics workstreams, structure reorganization, credit and collection review and commercial model optimizations.

29. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the profit (loss) attributable to the Company's shareholders by the weighted average number of outstanding common shares, excluding common shares purchased by the Company and held as treasury shares.

	Consolidated	
	2023	2022
Loss attributable to the Company's controlling shareholders	6,439,948	123,717
Weighted average of the number of issued common shares	920,205,397	920,205,397
Weighted average of the number of outstanding common shares	920,205,397	920,205,397
Loss basic and diluted per share – R$	6.9984	**0.1344**

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, assuming the conversion of all potential common shares that would cause dilution. The Company has stock options, restricted shares and strategy acceleration that would have a diluting effect on any earnings per share.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

30. TRANSACTIONS WITH RELATED PARTIES

In the course of the Company's operations, rights and obligations are generated between related parties, arising from administrative expenses and provision of services.

30.1 Receivables and payables with related parties

The Company had transactions with related parties recognized as presented below:

	Parent		Consolidated	
	2023	2022	2023	2022
Current Assets:				
Natura Logística e Serviços Ltda. (b)	220	89	-	-
Natura Biosphera Franqueadora Ltda. (b)	725	-	-	-
Natura Comercial Ltda.(d)	4,877	5,763	-	-
Natura Cosméticos S.A. – Argentina (a)	32,522	193,658	-	-
Natura Cosméticos S.A. – Peru (b)	73	-	-	-
Natura Cosméticos Ltda. – Colômbia (e)	92,620	-	-	-
Aesop Brasil Comércio de Cosméticos Ltda. (d)	-	9,934	-	-
The Body Shop - Brasil (d)	6,478	3,790	-	-
The Body Shop International Limited (b)	-	1,136	-	-
Natura &Co Holding S.A. (e)	36,750	1,470	53,163	-
Natura &Co Pay Holding Financeira (f)	335,493	102,417	-	-
Aesop - Reino Unido (b)	-	464	-	-
Avon - Reino Unido (b)	14,421	3,056	17,888	-
Natura &Co International S.A. – Luxemburgo (g)	3,700,855	-	3,700,855	14,629
Avon - Colômbia Holding (b)	-	-	1,606	101,333
Avon Cosméticos Ltda (e)	-	550,513	-	550,967
Avon Industrial Ltda (d)	5,450	1,050	-	40,947
Cosméticos Avon S.A.C.I. (d)	3,146	-	110,027	-
Cosméticos Avon S.A.C.I. – Argentina (d)	1,670	1,046	57,542	1,046
OLA BELEZA (Malásia) (d)	-	-	-	181,473
Avon Cosmetics Manufacturing (e)	-	-	375,046	-
Avon – Equador (d)	49	-	4,772	-
Avon - Estados Unidos (d)	14,270	-	14,270	-
Avon – Guatemala (d)	-	-	7,489	-
Avon – Taiwan (d)	1	-	1	-
Avon - África do Sul (d)	-	-	12	-
Avon – Filipinas (d)	-	-	7	-
Total current assets	**4,249,620**	**874,386**	**4,342,678**	**890,395**
Current Liabilities:				
Indústria e Comércio de Cosméticos Natura Ltda. (d)	1,102,950	431,705	-	-
Natura Cosméticos S.A - Chile (e)	-	130,952	-	-
Natura &Co Holding S.A. (b)	-	-	25,889	-
Natura &Co International S.A. – Luxemburgo (e)	-	-	20,970	6,868
Natura Biosphera Franqueadora Ltda (b)	-	191	-	-
Avon - Reino Unido (b)	-	-	38,051	96,999
Cosméticos Avon S.A.C.I. – Argentina (d)	-	-	13,476	-
Avon Cosmetics Manufacturing (d)	-	-	16,449	-
Cosméticos Avon S.A.C.I. (d)	-	-	2,030	10,394
Avon – Equador (d)	-	-	67	22
Avon – Polônia (d)	-	-	8	-
Total current liabilities	**1,102,950**	**562,848**	**116,940**	**114,283**
Trade accounts payables - related parties	1,102,950	562,848	116,940	114,283

a) Refers to dividends and interest on equity.
b) Refers to the expense's apportionment between group companies.
c) It substantially refers to borrowings between group companies.
d) Amounts payable for the purchase of products.
e) Refers to loans with affiliates.
f) Refers to amounts received by Natura &Co Pay to be transferred to the Company.
g) Refers to amounts related to Aesop sale.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

	Parent			
	Sale of products		Purchase of products	
	2023	2022	2023	2022
Aesop Brasil Comércio de Cosméticos Ltda.	3,865	4,215	-	-
Natura Comercial Ltda.	14,575	7,641	-	-
The Body Shop – Brazil	8,039	10,244	-	-
Avon Cosméticos Ltda.	16,738	-	460,808	-
Avon Industrial Ltda.	-	-	91,714	-
Indústria e Comércio de Cosméticos Natura Ltda.	13,035	5,990	4,866,323	3,844,732
Total sale or purchase of products	**56,252**	**28,090**	**5,418,845**	**3,844,732**

30.2 Loans from and to related parties

30.2.1 Natura Distribuidora de México and Avon Cosméticos Manufacturing

On October 2022, the subsidiary Natura Distribuidora Mexico entered into a loan agreement assigning fund to the affiliate Avon Cosméticos Manufacturing, in order to provide cash flow to the affiliate with a limit of 500,000 Mexican pesos (approximately R$ 148,050 as of December 31, 2023), fully available.

On May 2023, the subsidiary Natura Distribuidora de México entered into a loan agreement assigning funds to the affiliate Avon Cosméticos Manufacturing, with the objective of providing cash flow to the affiliate, with a limit of 160,000 Mexican pesos (equivalent to approximately R$43,948 in December 31, 2023), of which, 140,000 Mexican pesos have been made available.

On August 2023, the subsidiary Natura Distribuidora de México entered into a loan agreement assigning funds to the affiliate Avon Cosméticos Manufacturing, with the objective of providing cash flow to the affiliate, with a limit of 323,000 mexican pesos (equivalent to approximat R$ 97,899 on 31 de December 2023), fully available.

On October 2023, the subsidiary Natura Distribuidora de México entered into a loan agreement assigning funds to affiliate Avon Cosméticos Manufacturing, in order to provide cash flow, with a limit of 242,000 Mexican pesos (equivalent to approximate R$ 70,478 on December 31, 2023.), fully available.

The loans bear annual interest of 3.5% and 4.5% per year + TIIE 28d (interbank rate) and 500,000 Mexican pesos will be paid on October 2023; 323,000 Mexican pesos paid on February 2024, 140,000 Mexican pesos paid on April 2024 and 240,000 Mexican pesos paid on October 2024.

30.2.2 Natura Distribuidora de México e Natura &Co Luxembourg Holdings S.à r.l

On June 2023, the subsidiary Natura Distribuidora de México entered into a loan agreement assigning funds to the Holding Company Natura &Co Luxembourg Holdings S.à r.l, in order to provide cash flow, with a limit of 20,000 American dollars (equivalent to approximately R$ 100,152 as of December 31, 2023), fully available. Loans bear annual interest rate of SOFR + 3.00% per year, paid on September 2023.

30.2.3 Natura Distribuidora de México e Avon Guatemala

On August 2023, the subsidiary Natura Distribuidora de México entered into a loan agreement assigning funds to affiliate Avon Guatemala (common control Entity of holding Natura &Co Holding S.A.), in order to provide cash flow with a limit of 1,500 dollars americanos (equivalent to approximately R$ 7,489 on December 31, 2023), fully available. Loan bears annual interest rate of SOFR + 3.00% per year and settled on January 2024.

30.2.4 Natura Cosméticos S.A (Brasil) e Avon Cosméticos Ltda. (Brasil)

On January 2023, the Company entered into a loan agreement beneficiating affiliate Avon Cosméticos Ltda. (common control Entity of Natura &Co Holding S.A.) in the amount of R$ 650,000, of which R$550,000 was made available. The loan will be remunerated at CDI + 1.55% per year and has the objective to provide cashflow to the affiliate, maturing January 2024. Upon initial recognition, the fair value of the financial asset arising from the financing was estimate considering the present value of the future receipts discounted at a current interest rate for a similar instrument, with the effect of the discount being recognized in the equity account as an equity transaction in operation with shareholders (common control).

30.2.5 Natura Cosméticos S.A (Brazil) e Natura &Co Holding S.A. (Brazil)

On April 2023, the Company entered into a loan agreement beneficiating holding Company Holding Natura &Co Holding S.A in the amount of R$ 50,000, fully available. The loan will be remunerated at CDI + 1.55% per year and has the objective to provide cashflow to the Company, paid on October 2023 in the amount of R$ 15,000; R$ 10,000 paid on December 2023; R$ 10,000 paid on January 2024 and R$ 15,000 on March 2024.Upon initial recognition, the fair value of the financial asset arising from the financing was estimate considering the present value of the future receipts discounted at a current interest rate for a similar instrument, with the effect of the discount being recognized in the equity account as an equity transaction with parent Company (common control).

30.2.6 Natura Cosméticos Ltda (Colômbia) e Avon Cosméticos Colômbia.

On June 2023, the subsidiary Natura Cosméticos da Colômbia entered into a loan agreement assigning funds to the affiliate Avon Cosméticos Colômbia, with the objective to provide cashflow, with a limit of 40 billion Colombian pesos (equivalent to approximately R$52,581 on December 31, 2023), of which 37 billion Colombian pesos are available. Loan bears 1% annual interest rate, maturing 7 billion Colombian pesos on December 2023, 10 billion Colombian pesos on February 2024 and 20 billion Colombian pesos on March 2024.

On October 2023, the subsidiary Natura Cosméticos da Colômbia entered into a loan agreement assigning funds to the affiliate Avon Cosméticos Colômbia, with the objective to provide cashflow, with a limit of 29 billion Colombian pesos (equivalent to approximately R$36,834 on December 31, 2023), of which 28,5 billion Colombian pesos are available. Loan bears 1% annual interest rate, maturing Mach 2025.

30.2.7 Natura Cosméticos Chile S.A and Avon Cosméticos Chile.

On September 2023, the subsidiary Natura Cosméticos Chile entered into a loan agreement assigning funds to Avon Cosméticos Chile (common control entity of Natura &Co Holding S.A.) in the amount of 17,100,000 Chilean pesos (equivalent to approximately R$ 95,431 on December 31, 2023), of which 16,808,750 Chilean pesos are fully available. Loan Bears 12.5% interest rate and has the objective of providing cashflow to the affiliate, maturing 4,758,750 Chilean pesos on November 2023, 4,200,00 Chilean pesos on February 2024 and 7,050,000 Chilean pesos on March 2024.

30.2.8 Natura Cosméticos Chile S.A and Natura Cosméticos S.A. Argentina.

On August 2023, the subsidiary Natura Cosméticos Chile entered into a loan agreement assigning funds to Companhia Natura Cosméticos S.A. Argentina (common control Entity of Natura Cosméticos S.A. (Brazil)) in the amount of US$ 1,300 American dollars (equivalent to approximately R$ 6,510 on December 31, 2023), which US$ 1,215 is available. Loan bears 11.25% interest rate and has the objective to provide cashflow to affiliate, maturing US$ 570 on December 2023 and US$ 645 on February 2024. Loan was fully repaid on December 2023.

30.2.9 Natura Cosméticos S.A. Argentina and Avon Argentina.

On June 2023, the subsidiary Natura Cosméticos S.A. Argentina entered into a loan agreement assigning funds to Avon Argentina (common control Entity of Natura &Co Holding S.A.) in the amount of 5,200,000 Argentinian pesos (equivalent to approximately R$ 39,398 on December 31, 2023), fully available. Loan bears 111% interest rate and has the objective to provide cashflow to affiliate, maturing 1,200,000 Argentinian pesos on December 2023(fully paid) and 4,000,000 Argentinian pesos due on March 2024.

30.3 Uncontrolled and unconsolidated transactions with related parties

Instituto Natura holds shares in the Essential Investment Fund, As of December 31, 2023, the balance is R$6,994 (R$6,805 as of December 31, 2022).

During the year ended December 31, 2023, the Company and its subsidiaries assigned to the Natura Institute as donation associated to the net profit of the Natura Crer Para Ver salesl the amount of R$49,800 (R$55.000 as of December 2022).On September 5, 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 leasing of processing center to distribution and warehousing of products (HUB), in Itupeva, State of São Paulo. In 2019, Bres Itupeva granted its credits to BRC Securitizadora S.A., to which Natura makes monthly payments. Messrs. Antônio Luiz da Cunha Seabra, Guilherme Peirão Leal and Pedro Luiz Barreiros Passos, members of the Company's controlling group, indirectly control Bres Itupeva. The amount involved in the transaction is recorded under the heading "Right to Use – Buildings", the balance in the year ended December 31, 2023 was R$52,742 (R$63,665 under the heading "Buildings" of Fixed Assets, on December 31, 2022) and in the year ended December 31, 2023, the amount paid as rent was R$16,549 (R$15,680 in the year ended December 31, 2022).

On January 8, 2021, a related-party transaction was carried out between the Company, as lessee and owner, the subsidiary Indústria e Comércio de Cosmeticos Natura Ltda. and Natura &Co Holding S.A., as guarantors, and a special purpose company (Bresco IX) indirectly held by Messrs. Antônio Luiz da Cunha Seabra, Guilherme Peirão Leal and Pedro Luiz Barreiros Passos, as lessor and surface-right owner (Co-Chairmen of the Board of Directors of the Company and shareholders members of the controlling group of Natura &Co Holding S.A., Company's parent company). This transaction was entered into with the purpose of expanding the Company's distribution network and increasing its logistical efficiency through the installation of a new distribution hub in the State of Alagoas. The amount involved in the transaction is recorded under item "Right of Use" of "Buildings" in the amount of R$47,445 and in the year ended December 31, 2023, the total amount paid as rent was R$8,786 (R$6,201 as on December 31, 2022).

On May 12, 2021, a transaction was carried out between the Natura Cosméticos S.A., as lessee, and Bresco Logística Fundo de Investimento Imobiliário, as lessor, indirectly held by Messrs. Antônio Luiz da Cunha Seabra, Guilherme Peirão Leal and Pedro Luiz Barreiros Passos. (Co-Chairmen of the Board of Directors of the Company). This transaction had the purpose of keeping the Company's distribution hub activities in the city of Canoas, State of

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Rio Grande do Sul. The amount involved in the transaction is recorded under item "Right of Use" of "Buildings" in the amount of R$3,634 and in the year ended December 31, 2023, the total amount paid as rent was R$2,285 (R$2,152 in the year ended December 31, 2022).

The Company has a policy for transactions with related parties, in addition to an internal control structure to support the identification, monitoring and approvals of transactions between related parties.

30.4 Key management personnel compensation

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

	2023			2022		
	Compensation			Compensation		
	Fixed	Variable	Total	Fixed	Variable	Total
Executive Directors	36,413	103,326	139,739	38,061	39,977	78,038

The totals in the table above include the employer's social and social security charges.

The amounts include increases and / or reversals of the cumulative expense recognized in the previous years due to reassessments of the number of awards expected to vest and re-estimation of the employer's social security charges expected to be paid by the Company upon vesting.

31. COMMITMENTS

31.1 Contracts related to suppliers

In the ordinary course of its business, the Company enters into long-term agreements for provision of manufacturing, transportation, information technology services and electric power supply (with physical delivery, for its manufacturing activities). The agreements have termination clauses for noncompliance with essential obligations. In general, the minimum agreed upon is acquired and therefore there are no liabilities recorded in addition to the amount recognized on the accrual basis.

Total minimum supply payments, measured at nominal value, according to the contract, are as follow:

	2023	2022
Less than one year	11,689	11,829
One to five years	18,033	30,652
Total	29,722	**42,481**

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

32. INSURANCE

The Company adopted an insurance policy that mainly considers risk concentration and its materiality, considering the nature of their activities and the guidance of their insurance advisors. As of December 31, 2023 and 2022, insurance coverage is as follows:

Item	Type of coverage	Amount insured	
		2023	2022
Industrial complex and administrative sites	Any damages to buildings, facilities, inventories, and machinery and equipment	3,000,000	3,098,673
Vehicles	Fire, theft and collision for the vehicles insured by the Company	700	195,434
Loss of profits	No loss of profits due to material damages to facilities buildings and production machinery and equipment	-	2,056,000
Transport	Damages to products in transit	32,915	45,131
Civil liability	Protection against error or complaints in the exercise of professional activity that affect third parties	271,875	1,329,240
Environmental liability	Protection against environmental accidents that may result in environmental lawsuits	30,000	30,000

33. ADDITIONAL INFORMATION RELATING TO THE STATEMENTS OF CASH FLOWS

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

	Parent		Consolidated	
	2023	2022	2023	2022
Non-cash items				
Hedge accounting, net of tax effects	(503,711)	526,920	(494,022)	523,610
Net effect of acquisition of property, plant and equipment and intangible assets not yet paid	59,900	(25,593)	95,298	28,337

34. DISCONTINUED OPERATIONS

34.1 Sale of the previously subsidiary Aesop

On August 30, 2023, the Company concluded the sale of the previously subsidiary Aesop to Natura & Co Luxembourg for a total consideration of R$12,396,226, after obtaining all relevant regulatory approvals. The total gain earned on the write-off of the subsidiary's assets and liabilities and recognized as discontinued operations net of income tax and social contribution was R$7,377,768, which includes the reclassification of balance sheet conversion gains accumulated and recognized in other comprehensive results of R$115,168.

In addition to the gain obtained with the derecognition of assets and liabilities, certain incremental costs involving legal advisors and bank fees in the transaction were incurred and classified as part of discontinued operations.

34.2. Sale of previously subsidiary The Body Shop

On December 29, 2023, the Company concluded the sale of the previous subsidiary, The Body Shop, to Aurelius Investment Advisory Limited. The final consideration includes the payment of two fixed installments, one at the closing and another in 2028, with a total undiscounted value of £80,000. Additionally, there are two variable installments (contingent consideration) to be paid in 2025 and 2026, contingent on the subsequent performance of the sold operation (with measurement varying up to the limit of £90,000, undiscounted).

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

Based on the information available as of December 31, 2023, no indications were identified that the metrics for receiving the variable consideration would not be met.

The total loss incurred in the derecognition of assets and liabilities of the subsidiary, recognized as discontinued operations, net of income tax and social contribution, amounted to R$1,081,340. This includes the reclassification of balance sheet conversion gains accumulated and recognized in other comprehensive income of R$1,622,436 and the impairment loss upon reclassification of the respective operations to assets held for sale, amounting to R$4,007,744. The summary detailing the determination of the loss upon classification as assets held for sale and the subsequent fair value movements are presented below:

	2023
Fair value of the previously subsidiary The Body Shop (a)	826,560
Incremental transaction costs on sale	(64,288)
Fair value less selling costs	**762,272**
Net assets of the previously subsidiary The Body Shop	(4,770,016)
Impairment loss	**(4,007,744)**
Balance after recognition of loss due to impairment	**762,272**
Adjustments to the fair value of assets held for sale	91,824
Balances on the date of derecognition	**854,096**

(a) It reflects the best estimate of the fair value of the operations on the date the criteria for classification as assets held for sale were met, on October 31, 2023. These estimates reflect the consideration agreed upon with the buyer, presented in the table below, reflecting the translation rate from British pounds to Brazilian real on that date.

In addition to the loss obtained with the derecognition of assets and liabilities, certain incremental costs involving legal advisors and bank fees in the transaction were incurred and classified as part of discontinued operations.

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

34.3. Breakdown of discontinued operations

The breakdown of results presented in discontinued operations in the income statement for the years is presented below:

	2023	2022
Consideration received for the sale to the previously controlled Aesop	12,396,231	-
Net assets of the previously controlled Aesop, derecognized	(1,140,751)	-
Conversion gains rolled into other comprehensive income	115,168	-
Incremental transaction costs on sale	(266,839)	-
Income tax and social contribution	(3,736,138)	-
Net gain on the sale of the previously controlled Aesop	**7,367,671**	**-**
Fair value of the consideration receivable from the sale of the previously subsidiary The Body Shop		
Fixed amount receivable upon completion	22,915	-
Fixed amount receivable in 2028	320,153	-
Contingent consideration	486,429	-
Total fair value of the consideration	**829,497**	**-**
Impairment loss	(4,007,744)	-
Assets derecognized	(762,272)	-
Adjustments to the fair value of assets	(91,824)	-
Conversion gains rolled into other comprehensive income	1,622,436	-
Incremental transaction costs on sale	(64,490)	-
Income tax and social contribution	1,392,855	-
Net loss on the sale of the previously controlled The Body Shop	**(1,081,542)**	**-**
Net gain on the sale of subsidiaries	**6,286,129**	**-**
Loss before taxes from discontinued operations	(434,409)	(190,025)
Income tax and social contribution	132,741	(27,211)
Loss from discontinued operations	(301,668)	(217,236)
Total discontinued operations	5,984,461	(217,236)

The results in discontinued operations, which includes the operational results of the former controlled subsidiaries Aesop and The Body Shop for the years ended on December 31, 2023 and 2022 are presented below:

	2023	2022
Net revenue	5,360,447	7,125,967
Cost of sales	(1,102,555)	(1,384,258)
Gross profit	4,257,892	5,741,709
Operating (expenses) income	(4,568,916)	(5,815,854)
Selling, marketing, and logistics expenses	(3,019,685)	(3,996,851)
Administrative, R&D, IT and projects expenses	(1,364,890)	(1,687,907)
Other operating income (expenses), net (a)	(184,341)	(131,096)
Operating loss before financial result	(311,024)	(74,145)
Financial results	(123,337)	(115,880)
Loss before income tax and social contribution	(434,362)	(190,025)
Income tax and social contribution	132,741	(27,211)
Loss for the year	(301,621)	(217,236)

(Amounts in thousands of Reais - R$, except as mentioned otherwise)

The net cash flows incurred by the discontinued operations are:

Description	2023	2022
Operational activities	(6,111,493)	791,120
Investments activities	8,553,427	(336,953)
Financing activities	(584,118)	(1,123,031)
Net cash consumed	1,857,816	(668,864)

35. SUBSEQUENTS EVENTS

35.1 Announcement of former subsidiary The Body Shop entering administration in the UK

During January 2024, information became public that under the guidance of its new controllers, the former subsidiary The Body Shop filed for administration in the United Kingdom, covering operations in that country in the request. Receipt of this information led the Company's management to assess whether such event subsequent to the balance sheet date would affect the financial statements. The main receivables potentially impacted and management's considerations are included below:

a) Receivable arising from the sale or former subsidiary The Body Shop

As disclosed on note no. 5.5, the Company has accounts receivable due in 2025 and 2026 conditioned on the achievement of certain performance targets by the former subsidiary The Body Shop in each of the respective previous fiscal years. Based on management's analysis and information available as of December 31, 2023, there were no indications or other evidence as of that date that the performance targets associated with such accounts receivable would not be achieved.

Similarly, the Company has also not identified indications that credit risk of the counterparty (the acquirer, Aurelius Group) for that receivable and also for the fixed consideration disclosed on note no. 34.2 would have increased significantly to a point that would require the recognition of expected credit losses as of December 31st, 2023.

Management continues to monitor the evolution of the operations of the former subsidiary The Body Shop to assess whether they affect the fair value of the receivable and give rise to accounting adjustments in the financial statements of future periods.

NATURA COSMÉTICOS S.A.

CNPJ/ME No. 71.673.990/0001-77 Publicly-Held Company NIRE 35.300.143.183

MINUTES OF THE BOARD OF DIRECTORS' MEETING HELD ON MARCH 18, 2024

I. Date, time and place: March 18th, 2024, at 08:00 a.m., by means of telephone conference.

II. Call Notice: Waived due to the attendance, by telephone conference, of all members of the Board of Directors, in accordance with paragraph 2, article 12 of the Bylaws of Natura Cosméticos S.A. ("Company").

III. Quorum: All members of the Company's Board of Directors were present, namely: Itamar Gaino Filho, João Paulo Brotto Gonçalves Ferreira and Guilherme Strano Castellan. Mrs. Daniela Anversa, secretary of the meeting, was also present.

IV. Presiding Board: Mr. Itamar Gaino Filho chaired the meeting and invited Mr. Moacir Salzstein to act as secretary.

V. Agenda: To resolve on the recommendation of the approval, by the Company's shareholder, Natura &Co Holding S.A., at the annual general meeting of the Company to be held on April 29, 2024 ("AGM"), of the management's annual report, of the financial statements and of the explanatory notes, together with the draft of the independent auditors' report regarding the financial statements of the Company, related to the fiscal year ended on December 31, 2023.

VI. Resolutions: After discussions related to the Agenda, and having in view the reviewed information received by the Company, the members of the Board of Directors unanimously and without any reservation recommended, in accordance with the provisions of article 142, item V, of Law 6,404/76 and of article 15(xiii) of the Company's Bylaws, of the approval, of the annual report of the management, of the financial statements and of the explanatory notes together with the draft of independent auditors' report regarding the financial statements, related to the fiscal year ended on December 31, 2023, such documents which will be disclosed on March 18th, 2024 and published in the newspaper Valor Econômico (printed and digital) on March 19th, 2024.

VII. Closing: The Chairman thanked everyone for being present and declared the meeting adjourned, suspended the meeting for these minutes to be drafted, which, after being read, discussed and found to be in order, were approved and signed by the board and by the attending members.

São Paulo, March 18th, 2024.

These minutes are a true copy of the original drafted in the proper book.

DocuSigned by:
Daniela Anversa
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Daniela Anversa
Secretary

natura
bem estar bem

STATEMENT OF THE BOARD OF OFFICERS REGARDING THE FINANCIAL STATEMENTS

Pursuant to article 27, paragraph 1, item VI of CVM Resolution No. 80, of March 29, 2022, the signatory represents that has reviewed, discussed, and agreed with Company's Financial Statements referring to the fiscal year ended on December 31, 2023.

São Paulo, March 18, 2024.

DocuSigned by:
Silvia Lopes Vilas Boas Magalhães
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Silvia Lopes Vilas Boas Magalhães

Chief Financial Officer

STATEMENT OF THE BOARD OF DIRECTORS REGARDING THE AUDITOR'S REPORT

Pursuant to article 27, paragraph 1, item V of CVM Resolution No. 80, of March 29, 2022, the signatory represents that has reviewed, discussed, and agreed with the independent auditor's report in connection with the Company's Financial Statements referring to the referring to the year ended on December 31, 2023.

São Paulo, March 18, 2024.

DocuSigned by:
Silvia Lopes Vilas Boas Magalhães
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Silvia Lopes Vilas Boas Magalhães

Chief Financial Officer