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Instituto Natura

Financial statements in December 31, 2022 and independent auditor's report

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Independent auditor's report about the financial statements

To Board Members and Managers
Instituto Natura

Opinion

We audited the financial statements of Instituto Natura ("Institute"), which comprise the balance sheet as of December 31, 2022 and the related statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including the summary of significant accounting policies and other explanatory information.

In our opinion, the aforementioned financial statements fairly present, in all material respects, the equity and financial position of Instituto Natura as of December 31, 2022, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil, including the provisions contained in Technical Interpretation ITG 2002 (R1) - "Non-Profit Entities".

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities under these standards are described in the following section entitled "Auditor Responsibilities for the Audit of Financial Statements". We are independent from the Institute, in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Management and governance responsibilities for financial statements

The Institute's management is responsible for the preparation and adequate presentation of the financial statements in accordance with accounting practices adopted in Brazil, including the provisions contained in Technical Interpretation ITG 2002 (R1) - "Non-Profit Entities" and for the internal controls that it determined as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless the management intends to liquidate the Institute or cease operations, or has no realistic alternative to avoid the cessation of operations.

The responsible for the governance of the Institute are those responsible for overseeing the process of preparing the financial statements.

Instituto Natura

Auditor’s Responsibilities for Auditing the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an auditor's report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards will always detect any material misstatements that exist. Misstatements may arise from fraud or error and are considered material when, individually or jointly, they could influence, within a reasonable perspective, the economic decisions of users taken based on said financial statements.

As part of an audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is greater than that resulting from error, as fraud can involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.

- We obtain an understanding of internal controls 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 Institute’s internal controls.

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

- We conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that could cast significant doubt on the Institute’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the related disclosures in the financial statements or include a modification in our opinion if the disclosures are inadequate. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead the Institute to no longer remain in operational continuity.

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures and whether these financial statements represent the related transactions and events in a manner consistent with the objective of fair presentation.

We communicate with those charged with governance regarding, among other things, the scope and timing of planned audit engagements and significant audit findings, including significant deficiencies in internal controls that may have been identified during our engagements.

São Paulo, May 8, 2023

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

Rodrigo Lobenwein Marcatti
Accountant CRC 1MG091301/O-2

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INSTITUTO NATURA

BALANCE SHEET ON DECEMBER 31, 2022 AND 2021

(In Thousand of Reais - BRL)

	2022	2021
ASSETS		
CURRENT		
Cash and cash equivalents (Note 4)	1,173	287
Bonds and securities (Note 5)	6,805	3,835
Other assets	321	169
Total current assets	**8,299**	**4,292**
NON-CURRENT		
Fixed Assets (Note 6)	9	13
Right of use (Note 7)	1,044	1,301
Total non-current assets	**1,053**	**1,314**
TOTAL ASSETS	**9,352**	**5,605**

	2022	2021
LIABILITIES AND DEBT LIABILITIES		
CURRENT		
Loans and financing (Note 8)	15,699	15,102
Leasing (Note 7)	643	366
Suppliers and provisions (Note 9)	1,233	858
Labor obligations (Note 10)	1,715	2,149
Tax obligations (Note 10)	306	337
Total current liabilities	**19,596**	**18,812**
NON-CURRENT		
Leasing (Note 7)	700	1,172
Provision for contingencies (Note 11)		469
Total non-current liabilities	**700**	**1,641**
DEBT LIABILITY		
Equity (Note 12)	162	162
Accumulated deficit (Note 12)	(11,106)	(15,010)
Total unsecured liabilities	**(10,944)**	**(14,848)**
TOTAL LIABILITIES AND UNSECURED LIABILITIES	**9,352**	**5,605**

Management's explanatory notes are an integral part of the financial statements.

INSTITUTO NATURA
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousand of Reais - BRL)

	2022	2021
SOCIAL INCOME (NOTE 13)		
Donations Crer Para Ver	56,822	36,789
Volunteer work	425	600
Other donations	3,067	4,126
SOCIAL INCOME	**60,314**	**41,515**
SOCIAL EXPENSES (NOTE 14)		
General and administrative	(2,955)	(1,975)
With projects	(52,548)	(49,126)
	(55,503)	**(51,101)**
SURPLUS / (DEFICIT) BEFORE FINANCIAL RESULT	**4,811**	**(9,586)**
Financial income (Note 15)	829	391
Financial expenses (Note 15)	(1,736)	(663)
SURPLUS / (DEFICIT) FOR THE YEAR	**3,904**	**(9,858)**

Management's explanatory notes are an integral part of the financial statements.

INSTITUTO NATURA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousand of Reais – BRL)

	2022	2021
SURPLUS / (DEFICIT) FOR THE YEAR	3,904	(9,858)
Other comprehensive results	-	-
Total comprehensive income for the year	**3,904**	**(9,858)**

Management's explanatory notes are an integral part of the financial statements.

INSTITUTO NATURA

Statement of changes in equity (liabilities)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousand of Reais – BRL)

	Social equity	(Deficit) accrued	Unsecured Liabilities
As of January 1, 2021	**162**	**(5,152)**	**(4,990)**
Year deficit	-	(9,858)	(9,858)
As of December 31, 2021	**162**	**(15,010)**	**(14,848)**
Year surplus	-	3,904	3,904
As of December 31, 2022	**162**	**(11,106)**	**(10,944)**

Management's explanatory notes are an integral part of the financial statements.

INSTITUTO NATURA

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousand of Reais – BRL)

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
(Surplus / (Deficit) for the period **(Note 12)**	3,904	(9,858)
Non-cash income and expense adjustments:		
Interest on investments and securities	(819)	(339)
Depreciation and amortization (fixed and intangible assets) **(Note 6)**	4	12
Depreciation and amortization (right of use) **(Note 7)**	391	399
Reversal of provision for tax, civil and labor risks **(Note 11)**	(469)	-
Interest and exchange variation on leasing **(Note 7)**	105	171
Interest and exchange variation on loans and financing **(Note 8)**	597	(102)
INCREASE/(REDUCTION) IN ASSETS AND LIABILITIES		
Other assets	(152)	(134)
Suppliers and provisions **(Note 9)**	375	(483)
Labor obligations **(Note 10)**	(434)	564
Tax obligations **(Note 10)**	(31)	138
CASH GENERATED / (USED) IN CORPORATE ACTIVITIES	**3,471**	**(9,971)**
OTHER CASH FLOWS FROM CORPORATE ACTIVITIES		
Payments of tax, civil and labor lawsuits **(Note 11)**	-	-
Payment of loans and financing **(Note 8)**	(15,000)	(5,006)
Payment of interest on leasing **(Note 7)**	(105)	(104)
NET CASH USED IN CORPORATE ACTIVITIES	**(11,634)**	**(15,081)**
CASH USED IN INVESTMENT ACTIVITIES		
Acquisitions of property, plant and equipment, intangible assets **(Note 6)**	-	(340)
Investment in bonds and securities **(Note 5)**	(57,751)	(51,150)
Redemption of bonds and securities **(Note 5)**	55,675	51,052
Redemption of interest on investments and securities **(Note 5)**	(75)	14
CASH USED IN INVESTMENT ACTIVITIES	**(2,151)**	**(85)**
CASH FLOW FROM FINANCING ACTIVITIES		
Capture of commercial leasing	-	900
Lease amortization – principal	(329)	(899)
Borrowings and financing **(Note 8)**	15,000	15,204
CASH USED IN FINANCING ACTIVITIES	**14,671**	**15,205**
INCREASE IN CASH AND CASH EQUIVALENTS	**886**	**39**
Opening balance of cash and cash equivalents	287	248
Final balance of cash and cash equivalents	1,173	287

INSTITUTO NATURA

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousand of Reais – BRL)

INCREASE IN CASH AND CASH EQUIVALENTS	**886**	**39**

Management's explanatory notes are an integral part of the financial statements.

1 General Information

1.1 Corporate Purpose

Instituto Natura, hereinafter referred to simply as "Institute", is a non-profit or economic Association, with an indefinite term, headquartered in the city of São Paulo, State of São Paulo, at Av. Brigadeiro Faria Lima, No. 201, set 171, Condominium Edifício Faria Lima, whose corporate purpose is the transformation of company, focusing on promoting quality of life, in its different dimensions, with emphasis on education, expanding freedoms, democratizing access to information, deepening social justice and sustainability.

The Institute is a Civil Society Organization of Public Interest (OSCIP) which is a title granted by the Ministry of Justice of Brazil to organizations that meet the requirements of Law No. 9,790, of March 23, 1999. The Institute has this title since January 31, 2011.

As of 2016, with the publication of Ordinance MJ No. 362, of March 1, 2016, the annual renewal no longer occurs, and the title remains in force as long as the initial conditions for obtaining it are met.

1.2 Relevant Events of the Fiscal Year

During the 2022 financial year, the Institute presented:

- Unsecured liabilities of BRL 10,944 (BRL14,847 in 2021),
- Negative net working capital of BRL 11,297 (BRL 14,520 in 2021) and
- Surplus for the year of BRL 3,904 (deficit of BRL 9,858 in 2021).

Changes in these positions are mainly due to the increase in corporate revenue received by the Institute in the same year (explanatory note No. 13), mainly due to the increase in transfers that the sponsor made to the Institute. The Institute had a budget increase for the year 2022 for investment in actions to recompose learning, investments in its commitments aimed at public education in Brazil and development for consultants, leaders and other members of the sales force.

The main source of funds for the Institute comes from the sponsor Natura Cosméticos S.A. and its subsidiaries in Brazil, which allocates profits from the Crer Para Ver product line to be invested in social actions and maintenance of the Institute.

In addition, management points out, in order to demonstrate the assumption of continuity of the Institute, that on the date of approval of the issuance of these financial statements, there are financial resources from Crer Para Ver Line that are invested in the Institute's sponsor, which are considered sufficient to guarantee the premise of continuity of operation. On December 31, 2022, this amount is BRL 72,608 (BRL 73,546 in 2021).

2 Summary of main accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented.

2.1 Base of preparation

The financial statements were prepared in accordance with the Brazilian Accounting Standards, embodied in the technical pronouncements of the Accounting Pronouncements Committee (CPC) and in the provisions applicable to non-profit institutions, ITG 2002 (R1) – Non-Profit Entity, CPC PME - Accounting for Small and Medium-sized Companies, issued by the Federal Accounting Council (CFC), which aim to guide compliance with legal requirements on accounting procedures to be complied with by non-profit legal entities governed by private law. They have been prepared considering historical cost as the basis of value.

The preparation of financial statements in accordance with CPC PME requires the use of certain critical accounting estimates and the exercise of judgment by the Company's management in the process of applying accounting policies. The areas that require a higher level of judgment and are more complex, as well as those whose assumptions and estimates are significant for the financial statements, are disclosed in explanatory note No. 3.

Finally, Management assessed the Institute's ability to continue operating normally and is convinced that it has the resources to continue its business in the future, as well as it is not aware of any material uncertainty that could generate significant doubts about its ability to continue operating. Thus, these financial statements were prepared based on the assumption of operational continuity of the Institute's businesses.

2.2 Functional Currency

(a) Functional currency and presentation currency

Items included in the financial statements are measured in accordance with the currency of the main economic environment in which the Institute operates (“functional currency”). The financial statements are presented in thousands of reais, which is the Institute's functional currency and also its presentation currency.

(b) Operations and balances

Transactions in foreign currency are converted into the Institute's functional currency (BRL - reais) using the exchange rates in force on the dates of the transactions. The balances of the balance sheet accounts are translated at the exchange rate prevailing on the balance sheet dates. Gains and losses from exchange variation resulting from the settlement of these transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss for the year, under the headings “Financial Income” and “Financial Expenses”.

2.3 Cash and cash equivalents

They include cash, demand bank deposits and short-term investments that can be realized within 90 days of the original date of the title or that are considered immediately liquid or convertible into a known amount of cash and that are subject to an insignificant risk of change in value. They are recorded at cost, plus income earned through the balance sheet dates, which do not exceed their market or realizable value.

2.4 Financial Instruments

Non-derivative financial assets

Financial instruments are only recognized from the date on which the Institute becomes a party to the contractual provisions of the financial instruments.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the Institute's business model for managing these financial assets. The Institute initially measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not measured at fair value through profit or loss. Its subsequent measurement occurs at each balance sheet date in accordance with the rules established for each type of classification of financial assets and liabilities.

The Institute's financial instruments are classified as:

(i) Amortized cost

When it meets the following conditions and is not designated as measured at fair value through profit or loss:

- is held within a business model whose objective is to hold financial assets to receive contractual cash flows; and
- its contractual terms generate on specific dates cash flows that are related only to the payment of principal and interest on the outstanding principal amount.

They are subsequently measured using the effective interest rate method and are subject to impairment. Gains or losses are recognized in income when the asset is written off, modified or reduced to a recoverable value.

(ii) Fair value through profit or loss

When not classified as amortized cost, they are presented in the balance sheet at fair value with net changes in fair value recognized in the income statement. This category includes securities, cash and cash equivalents.

Non-derivative financial liabilities

The Institute's financial liabilities are classified, upon initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, when applicable.

All financial liabilities are initially measured at fair value, plus or less, in the case of financial liabilities other than at fair value through profit or loss, the transaction costs that are directly attributable to the issuance of the financial liability.
The Institute's financial liabilities during the periods presented include loans and financing (explanatory note No. 8) and suppliers (explanatory note No. 9).

Subsequent Measurement

For subsequent measurement purposes, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss

They include financial liabilities held for trading and financial liabilities designated on initial recognition at fair value through profit or loss. They are classified as held for trading if they are incurred for repurchase purposes in the short term. This category also includes derivative financial instruments that are not designated as hedging instruments in the hedging relationships defined by CPC 48. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains and losses on trading liabilities are recognized in the income statement.

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 are met. In the years presented, the Institute did not have financial liabilities classified in this category.

Financial liabilities at amortized cost (loans and financing and suppliers)

After initial recognition, interest-bearing loans and financing contracted and granted are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in profit or loss when liabilities are written off, as well as through the amortization process at the effective interest rate.

Amortized cost is calculated taking into account any discount or goodwill on acquisition and fees or costs that are an integral part of the effective interest rate method. Amortization using the effective interest rate method is included as a financial expense in the income statement.

This category applies to loans and financing and suppliers granted and contracted, subject to interest.

Derecognition

A financial liability is derecognized when the obligation under the liability is extinguished, that is, when the obligation specified in the contract 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 exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective book values is recognized in the income statement.

2.5 Fixed Assets

Fixed assets are stated at historical acquisition cost less depreciation and any provision for impairment of accumulated assets. Historical cost includes directly attributable expenditures necessary to prepare the asset for its intended use by management excluding borrowing costs.

Depreciation is calculated using the straight-line method based on the cost less the residual value and the remaining useful life. The estimated useful lives are shown as follows:

. Furniture and fixtures - 5 - 8 years (12.5% p.a. to 20% p.a.)
. Computer equipment – 15 – 20 years (5% p.a. to 6.67% p.a.)
. Improvements in third-party properties – 20 years (5% p.a.)

Residual values, useful lives and depreciation methods of assets are reviewed and adjusted when there is an indication of a significant change since the last balance sheet date.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount (explanatory note No. 6).

Gains and losses on disposals are determined by comparing the sale price with the carrying amount and are recognized within "Other gains/(losses), net" in the income statement.

2.6 Loans and financing

Loans and financing are initially recognized at transaction value (i.e., the amount received from the bank, including transaction costs) and subsequently stated at amortized cost.

Interest expenses are recognized based on the effective interest rate method over the term of the loan, so that on the maturity date the carrying amount corresponds to the amount due. Interest is recorded in financial expenses.

Loans and financing are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.7 Leasing

The Institute applied, as of January 1, 2019, CPC 06(R2), which introduced a single lease model, replacing the concept of classification between operating and financial leasing, which was applied by the Institute until December 31, 2018. The impact of this new standard applied is illustrated in explanatory note No. 7.

2.8 Suppliers

Accounts payable to suppliers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method as a reference.

2.9 Provisions

Provisions are recognized when: (i) the Institute has a present or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenses expected to be necessary to settle the obligation, by applying a discount rate plus the effects of taxes on profit, which reflects current market assessments of the time value of money and for the risks specific to the obligation. The increase in the obligation due to the passage of time is accounted for as a financial expense.

Provisions for restructuring comprise fines for termination of lease agreements and payments for termination of employment. Provisions for future operating losses are not recognized.

Provision for contingencies

Provisions for contingencies are recognized when the Institute has a present or non-formalized obligation as a result of past events, it being probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2.10 Short-term employee benefits

Short-term employee benefit obligations are recognized on an undiscounted basis and are incurred as expenses as the related service is provided. The liability is recognized at the expected amount to be paid, if the Institute has a legal or constructive obligation to pay this amount and as a result of past service provided by the employee and if the obligation can be reliably estimated.

2.11 Equity

As of December 31, 2022, the accumulated total of allocations to the endowment fund classified as social equity was BRL 162 (BRL 162 in 2021).

2.12 Calculation of surplus / deficit – income and expenses

Income from donations is recorded through proper documentation, when the funds actually come in. All other revenues and expenses necessary to maintain its activities are recorded on an accrual basis.
There is no provision for returning donations to the donor. Additionally, the Institute's Administration has autonomy for the allocation of the respective donations and there are no projects in which there is an effective correlation between the donation received and the expense to be incurred.

Donation expenses are recorded when the respective expenses are incurred or when there is an effective contractual commitment assumed to allocate resources to a project or initiative. For some projects, these commitments are assumed in part, based on the respective rendering of accounts by the partners for each phase of the project.

(In Thousand of Reais – BRL)

2.13 Volunteer Work

Income from volunteer work is measured at fair value, taking into account the amounts that the Institute would have to disburse if it contracted these services in a similar market. As established in ITG 2002 (R1) - Non-Profit Entity ("ITG 2002"), the Institute values revenue from volunteer work, including that of members of the management bodies in the exercise of their functions.

Income from volunteer work is recognized in income for the year as social income from other donations (explanatory note No. 13) with a corresponding entry in social expenses with personnel (explanatory note No. 14).

3 Critical Accounting Estimates and Judgments

The Company makes estimates and establishes assumptions regarding the future, based on historical experience and other factors, including expectations of future events. By definition, the resulting accounting estimates will rarely equal the related actual results. Estimates and assumptions that present a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next year are disclosed in the respective headings, as per the explanatory notes below, when applicable.

4 Cash and cash equivalents

	Instituto Natura	
	12/31/2022	12/31/2021
Cash and banks	1,173	287
	1,173	287

5 Bonds and Securities

	Instituto Natura	
	12/31/2022	12/31/2021
Exclusive Investment Fund (I)	6,805	3,835
	6,805	3,835

(i) Fundo de Investimento Essencial [Essential Investment Fund] – exclusive fund of the Natura Group, which is a Private Credit Multimarket Investment Fund under the management, administration and custody of Itaú Unibanco Asset Management. Eligible assets in the composition of the portfolio are: public debt securities, Bank Deposit Certificates (CDB), Financial Bills and committed operations. There is no grace period for redemption of shares, which can be redeemed with yield at any time.

(In Thousand of Reais – BRL)

6 Fixed Assets

	Instituto Natura				
	Useful life in years	12/31/2021	Additions	Write-offs	12/31/2022
Cost value:					
(+) Improvements to third-party properties	5	214	-	-	214
(+) Furniture and fixtures	10	193	-	-	193
(+) IT equipment	5	91	-	-	91
Total cost		**498**	**-**	**-**	**498**
Depreciation					
(-) Improvements in third-party properties		(214)	-		(214)
(-) Furniture and fixtures		(180)	(4)		(184)
(-) IT equipment		(91)			(91)
Total depreciation		**(485)**	**(4)**	**-**	**(489)**
Total net		**13**	**(4)**	**-**	**9**

	Instituto Natura				
	Useful life in years	12/31/2020	Additions	Write-offs	12/31/2021
Cost value:					
(+) Improvements to third-party properties	5	214	-	-	214
(+) Furniture and fixtures	10	192	1	-	193
(+) IT equipment	5	91	-	-	91
Total cost		**497**	**1**	**-**	**498**
Depreciation					
(-) Improvements in third-party properties		(211)	(3)		(214)
(-) Furniture and fixtures		(171)	(9)		(180)
(-) IT equipment		(91)			(91)
Total depreciation		**(473)**	**(12)**	**-**	**(485)**
Total net		**24**	**(11)**	**-**	**13**

(In Thousand of Reais – BRL)

7 Right of Use

	Instituto Natura				
	Useful Life in years	12/31/2021	Additions	Write-offs	12/31/2022
Cost value:					
(+) Properties	4	2,443	(136)	(470)	1,837
(+) Vehicles	3	-	270	-	270
Total cost		**2,443**	**134**	**- 470**	**2,107**
Depreciation					
(-) Properties		(1,142)	(374)	470	(1,046)
(-) Vehicles		-	(17)	-	(17)
Total depreciation		**(1,142)**	**(391)**	**470**	**(1,063)**
Total net		**1,301**	**(257)**	**-**	**1,044**

Financial lease Obligations

The property is the lessor's own guarantee since, in the absence of payment, the leased asset reverts to the lessor. The expiration date of the 5-year contract was February 2020. In June 2020, an amendment (6th) was signed in which the criteria for calculating the rent value for the next 5 years (2020 - 2025) were defined, confirming the agreement between the Parties for the extension of the contract.

The 7th amendment (7th) was drawn up ratifying the extension of the contract's term (2020 - 2025) and indicating that, exceptionally this year, the application of a readjustment index different from that provided for in the contract (IPCA instead of IGPM) was adjusted.

The applied useful lives refer to the periods for which the Institute is certain that it will use the assets subject to the leasing agreements, observing the contractual conditions. On January 1, 2022, they corresponded to the remaining term of the agreements in force on the transition date of the Lease rule.

	Instituto Natura	
	12/31/2022	12/31/2021
Amounts recognized in the income statement		
Financial expense on leasing	105	171
Amortization of right of use	391	399
Total	**496**	**568**
Amounts recognized in the Statement of Cash Flows		
Payment of lease (principal)	329	730
Payment of lease (interest)	105	171
Total	**434**	**901**

(In Thousand of Reais – BRL)

a) Lease Liability

	Instituto Natura	
	12/31/2022	12/31/2021
Current	643	366
Non-current	700	1172
Total	**1,343**	**1,538**

Below is the change in the balance of lease liabilities for the year ended December 31, 2022.

	Instituto Natura	
	12/31/2022	12/31/2021
Balance at the beginning of the fiscal year	1,538	1,472
New Contracts	134	744
Payments – principal	(329)	(328)
Write-offs (iii)	-	(350
Total	**1,343**	**1,538**

The maturities of the balance of non-current leases are shown as follows:

The table below shows the rates practiced, according to the terms.

The Company and its subsidiaries adopted the incremental borrowing rate as the discount rate for lease liabilities. Considering that the Company's leasing agreements are substantially contracts with payment flows indexed by inflationary indices and, also considering the disclosure suggestions published in CVM Circular Letter 02/19, the Company and its subsidiaries provide, below, additional information on the characteristics of the contracts so that users of these financial statements can, at their discretion, make projections of future payment flows indexed by inflation for the period

		Instituto Natura			
Maturity	**Average discount rate**	**2023**	**2024**	**2025**	**Above 2025**
2025-2027	9.31% to 17.247%	630,365	575,713	197,498	-
Total		630,365	575,713	197,498	-
Projected inflation		5.10%	4.00%	4.00%	4.00%
Projected inflation multiple 1		1.0510	1.0400	1.0400	1.0400

Source of rates: IPCA projected by Bradesco bank

(In Thousand of Reais – BRL)

8 Loans and Financing

	Instituto Natura				
	12/31/2021	Funding	Payment	Interest	12/31/2022
Loans and financing	(15,102)	(15,000)	15,000	(597)	(15,699)
	(15,102)	**(15,000)**	**15,000**	**(597)**	**(15,699)**

The bank loan contracted on September 8, 2022 matures on March 8, 2023. It was contracted with an interest rate of 1.83% p.a. plus 100% of (CDI), to be paid through a single debited installment in account.

9 Suppliers and other accounts payable

	Instituto Natura	
	12/31/2022	12/31/2021
National suppliers (I)	(1,042)	(516)
Provisions for accounts payable (II)	(191)	(342)
	(1,233)	**(858)**

(i) National Suppliers

Support administrative activities (accounting, finance, legal, information technology, etc.) are carried out by Natura Cosméticos S.A. and charged to the Institute. On December 31, 2022, the Institute had a balance payable to Natura Cosméticos S.A. of BRL 15 (BRL 15 on December 31, 2021).

(ii) Provisions for accounts payable

Refers to provisions for miscellaneous expenses to comply with the accrual basis.

10 Labor and tax obligations

	Instituto Natura	
	12/31/2022	12/31/2021
Wages payable	(999)	(990)
Social charges on payroll	(130)	(514)
Provisions for vacations and charges	(586)	(645)

	(1,715)	**(2,149)**

(In Thousand of Reais – BRL)

	Instituto Natura	
	12/31/2022	12/31/2021
INSS	(13)	-
IRRF	(161)	(148)
ISS	(3)	(9)
Others	(129)	(180)
	(306)	**(337)**

11 Provisions

	Instituto Natura	
Labor (i)	12/31/2022	12/31/2021
Balance at the beginning of the year	469	469
Reversals	(469)	-
	-	**469**
Current		
Non-current	-	469

(i) Reversals

Reversal refers to the prescription of the labor risk, since all third-party service providers were contracted by partner suppliers, and given that the time for the process has expired.

12 Equity

	Equity (unsecured liabilities)	Accumulated deficit	Total
On January 1, 2022	162	(15,010)	(14,848)
Year surplus	-	3,904	3,904
On December 31, 2022 (i)	**162**	**(11,106)**	**(10,944)**

The endowment is made up of 10% of the value of donations received from sponsoring associates, when these are not earmarked for specific projects. It aims to ensure the sustainability and perpetuation of the Instituto Natura's assets and corporate purpose. The use of the endowment fund is approved, when necessary, at the General Meeting.

(In Thousand of Reais – BRL)

As of December 31, 2022, the accumulated total of allocations to the endowment fund classified as social equity was BRL 162 (BRL 162 in 2021).

(i) Accumulated Deficit

As of December 31, 2022, the accumulated deficit is BRL 11,106 (BRL 15,010 deficit in 2021).

13 Social Income

	Instituto Natura	
	12/31/2022	12/31/2021
Donations Crer Para Ver (i)	56,822	36,789
Volunteer Work (iii)	425	600
Other donations (ii)	3,067	4,126
SOCIAL INCOME	**60,314**	**41,515**

(i) Donation by Natura Cosméticos S.A. and its subsidiaries in Brazil, which is associated with the transfer of net income from sales of the Natura Crer Para Ver product line, plus Head expenses.

(ii) Donations received from other Institutes and Foundations for use in projects coordinated by Instituto Natura for investment in actions where we operate.

(iii) Volunteer work by members of the Board of Directors. The volunteer work and service obtained did not generate cash disbursement for Instituto Natura and refers to the fees of the board of directors. If there was a need to disburse cash for this purpose, Instituto Natura estimates that it would have disbursed the approximate amount of BRL 425 thousand (2021 – BRL 600 thousand).

14 Social Expenses

	Instituto Natura	
	12/31/2022	12/31/2021
General and administrative		
Personnel (i)	1,568	935
Consultancies and intellectual services (iv)	419	329
Maintenance and conservation	709	626
Other expenses (v)	259	72
Communication and events (v)	-	13
	2,955	**1,975**

Projects

(In Thousand of Reais – BRL)

	Instituto Natura	
	12/31/2022	12/31/2021
Consultancies and intellectual services (iii)	14,991	20,879
Donations made (ii)	25,124	14,592
Personnel (i)	7,417	8,650
Other expenses	735	1,602
Communications and events	3,641	3,240
Logistics expenses (v)	640	163
	52,548	**49,126**
Total	**55,503**	**51,101**

(i) We had the amounts related to Head one hundred percent realized as general expenses. The same should be done considering the apportionment of 35% for administrative expenses and 65% for projects.

(ii) Donations made by the Institute are directed to partner organizations. The increase was made to enable the expansion and greater scope of the literacy project, full-time secondary education and Priority Education Agendas.

(iii) As a result of the Institute's strategic change, trainers were replaced by consultants (third parties), improving the operating approach, in addition to mitigating possible labor risks. This change was reflected in this heading, especially by the increase in production capacity (since the Institute is no longer responsible for managing trainers).

15 Financial income (expenses)

	Instituto Natura	
	12/31/2022	12/31/2021
Financial income		
Interest on financial investments	819	339
Other income	10	52
	829	**391**
Financial expenses		
Interest on loans	(1,246)	(193)
Interest on leasing	(105)	(171)
Other financial expenses	(385)	(299)
	(1,736)	**(663)**
Net financial result	**(907)**	**(272)**

16 Management compensation

As provided for in the Institute's Bylaws, the Institute's Board of Directors, through the General Meeting, is responsible for establishing the compensation for the Institute's directors, pursuant to Law No. 9,790/99, who effectively act in executive management. The members of the Institute's Board of Directors are not remunerated for their statutory duties and their dedication is accounted for as described in explanatory note No. 3.11 "Volunteer Work". The Board of Directors is responsible for establishing the compensation for the other directors of the Institute, under the terms of Law No. 9,790/99, who effectively act in executive management.

17 Tax waiver

The Institute is subject to certain taxes subject to the tax waiver for the years ended December 31, 2022 and 2021. In Management's judgment, for purposes of complying with the disclosures required by ITG 2002(R1), the tax waiver includes the Tax on "Causa Mortis" Transmission and Donation of Any Assets or Rights - ITCMD, the Corporate Income Tax - IRPJ and the Social Contribution on Net Income - CSLL.
The ITCMD is provided for in the Federal Constitution article 155, I. Instituto Natura is exempt from the same according to Law No. 10,705/2000 of the State of São Paulo because it is a non-profit institution whose social objective is linked to the promotion of human rights.

18 Approval for issuance of Financial Statements

These financial statements were approved for publication by the Institute's Board of Directors at a meeting held on May 8, 2023.

Board

President
David Saad

Finance and Governance Manager
Rodolfo Luque Simões

Technician in Charge
Valéria Adegas
Manager RTR
CRC: 1SP234636

Controller
Alessandra Segatelli
Financial Controller Latam

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Updated	- Nathalia/05.04.23/20' (+ PDF Ass. Docusign)
1st Revision	-
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