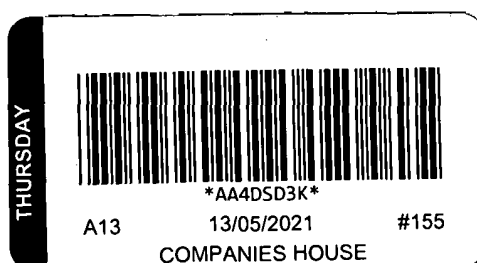


Registered number: 04572043

AVON EUROPEAN FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



AVON EUROPEAN FINANCIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	M Passingham M Bovington
Registered number	04572043
Registered office	Nunn Mills Road Northampton Northamptonshire NN1 5PA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes Buckinghamshire MK9 2DF

AVON EUROPEAN FINANCIAL SERVICES LIMITED

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AVON EUROPEAN FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company is to lead the bank netting arrangements and the cash pooling for selected subsidiaries of Avon Products Inc. Avon European Financial Services Limited is a private company limited by shares, incorporated and domiciled in England. The registered office is Nunn Mills Road, Northampton, Northamptonshire, NN1 5PA.

Directors

The directors who served during the year and up to the date of signing this report was:

M Passingham
M Bovington (appointed 31 July 2020)
G Malhotra (resigned 31 July 2020)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Going concern

The directors have considered the future activities of the company through to 31 December 2022, a period more than 12 months from the date of signing these financial statements. The activities of the company are not expected to change during this time. The company has received a financial support letter from its ultimate parent undertaking, Natura &Co Holding S.A.. The letter guarantees that the company will be provided with sufficient support, as required, to enable it to meet its liabilities as they fall due. The letter is effective through to 30 April 2023 and has provided the directors with assurance that the company will retain liquidity and continue in

AVON EUROPEAN FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

operational existence throughout the going concern period of review. In view of this the directors consider it appropriate to prepare these financial statements on a going concern basis of preparation.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

On 3 January 2020, the successful completion of Natura &Co Holding S.A.'s acquisition of Avon Products, Inc. was announced. Avon European Financial Services Limited is now an indirect subsidiary of Natura &Co Holding S.A..

COVID-19

Over the last year there has been significant disruption to the Group as a result of the COVID-19 pandemic. Avon European Financial Services Limited has not been impacted by this disruption, as the company does not trade.

There have been no other significant events affecting the company since the year end.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

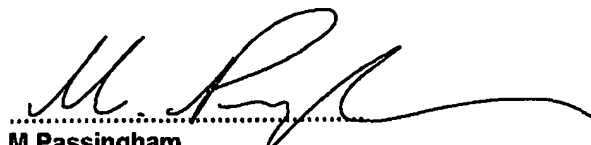
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Strategic Report

The company has availed of the exemption for disclosing a Strategic Report on the grounds it qualifies as a small company under the provisions of Section 414B of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M Passingham
Director

Date: 30 April 2021

AVON EUROPEAN FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON EUROPEAN FINANCIAL SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Avon European Financial Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

AVON EUROPEAN FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON EUROPEAN FINANCIAL SERVICES LIMITED

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

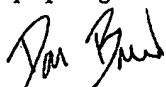
We have no exceptions to report arising from this responsibility.

AVON EUROPEAN FINANCIAL SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVON EUROPEAN FINANCIAL SERVICES
LIMITED**

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Daniel Brew (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

Date: 5 MAY 2021

AVON EUROPEAN FINANCIAL SERVICES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Administrative expenses	(82,654)	(79,857)
Other operating (expenses)/income	(10,724)	25,249
Operating loss	(93,378)	(54,608)
Interest receivable and similar income	165,206	213,340
Profit before tax	71,828	158,732
Tax on profit	-	-
Profit after tax	71,828	158,732
Retained earnings at the beginning of the year	431,258	272,526
	431,258	272,526
Profit for the year	71,828	158,732
Retained earnings at the end of the year	503,086	431,258

The notes on pages 8 to 12 form part of these financial statements.

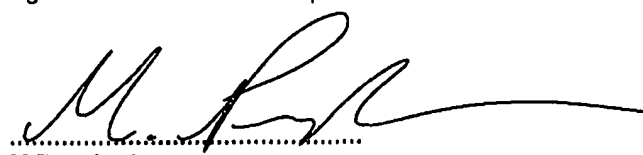
AVON EUROPEAN FINANCIAL SERVICES LIMITED
REGISTERED NUMBER: 04572043

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Current assets			
Cash at bank and in hand	5	704,519	651,255
		<u>704,519</u>	<u>651,255</u>
Creditors: amounts falling due within one year	6	(201,432)	(219,996)
Net current assets		<u>503,087</u>	<u>431,259</u>
Total assets less current liabilities		<u>503,087</u>	<u>431,259</u>
Net assets		<u><u>503,087</u></u>	<u><u>431,259</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		503,086	431,258
		<u>503,087</u>	<u>431,259</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements on pages 6 to 12 were approved and authorised for issue by the board and were signed on its behalf on 30 April 2021.



M Passingham
Director

The notes on pages 8 to 12 form part of these financial statements.

AVON EUROPEAN FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Avon European Financial Services Limited is a private company limited by shares, registered in England, United Kingdom. The registered office and principal place of business is Nunn Mills Road, Northampton, Northamptonshire, NN1 5PA. The company's registered number at Companies House is 04572043.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Accounting policies have been consistently applied to all years presented, unless otherwise stated.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the future activities of the company through to 31 December 2022, a period more than 12 months from the date of signing these financial statements. The activities of the company are not expected to change during this time. The company has received a financial support letter from its ultimate parent undertaking, Natura &Co Holding S.A.. The letter guarantees that the company will be provided with sufficient support, as required, to enable it to meet its liabilities as they fall due. The letter is effective through to 30 April 2023 and has provided the directors with assurance that the company will retain liquidity and continue in operational existence throughout the going concern period of review. In view of this the directors consider it appropriate to prepare these financial statements on a going concern basis of preparation.

2.3 Interest expense

Interest expense is charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

AVON EUROPEAN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Transactions in foreign currencies are initially recorded in Avon European Financial Services Limited's functional currency (GBP) by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. All differences are taken to statement of comprehensive income.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

AVON EUROPEAN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 Taxation

Tax is recognised in the Statement of Income and Retained Earnings.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The company's directors believe that no significant sources of estimation uncertainty affect these financial statements.

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £Nil).

The average monthly number of employees, including directors, during the year was 0 (2018 - 0).

5. Cash at bank and in hand

	2019 £	2018 £
Cash at bank and in hand	704,519	651,255
	<u>704,519</u>	<u>651,255</u>

AVON EUROPEAN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	153,034	120,885
Amounts owed to group undertakings	42,241	88,455
Accruals and deferred income	6,157	10,656
	<u>201,432</u>	<u>219,996</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

7. Contingent liabilities

The company takes part in a cash pooling arrangement with other Avon entities in the group. As part of the cash pool the members are jointly liable for any borrowed funds up to the value of the funds they have in the cash pool at that time. At 31 December 2019 Avon European Financial Services Limited had £687,180 in the cash pool (2018: £583,055).

8. Related party transactions

The company has not disclosed information on transactions with other members of the group headed by Avon Products Inc. in line with FRS 102, on the basis that 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

9. Post balance sheet events

On 3 January 2020, the successful completion of Natura &Co Holding S.A.'s acquisition of Avon Products, Inc. was announced. Avon European Financial Services Limited is now an indirect subsidiary of Natura &Co Holding S.A..

COVID-19

Over the last year there has been significant disruption to the Group as a result of the COVID-19 pandemic. Avon European Financial Services Limited has not been impacted by this disruption, as the company does not trade.

There have been no other significant events affecting the company since the year end.

AVON EUROPEAN FINANCIAL SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Controlling party

During the year, and up to the date of signing the financial statements, the immediate parent undertaking is Avon European Holdings Limited, which is registered in England. The financial statements of the company have not been consolidated as the company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by consolidation of the ultimate parent company, which at the balance sheet date was Avon Products, Inc.

During the year the ultimate parent company and controlling party was Avon Products, Inc., which is incorporated in New York State, United States of America. The consolidated financial statements of Avon Products, Inc., the parent undertaking of the largest and only group to incorporate these financial statements, are available on application from group headquarters at Building 6, Chiswick Park, London W4 5HR.

On 3 January 2020, following the corporate reorganisation involving the business combination with Avon Products, Inc., Natura &Co Holding S.A., which is incorporated in Brazil, became the ultimate parent company and controlling party of Avon European Financial Services Limited.