

Some parts of this transcription may have been taken directly from the original audio in Portuguese.

Operator:

Good morning, ladies and gentlemen. Thank you very much for waiting. Welcome to our 3Q24 earnings call of Natura &Co.

It is important to highlight the fact that we count on simultaneous translation resources. Please click on the interpretation button at the bottom of the screen and choose the language of your choice. For those who are listening to this conference in English, you can mute the audio in Portuguese just by clicking “mute original audio”.

Today with us are Fábio Barbosa, Global CEO for Natura &Co; João Paulo Ferreira, CEO of Latin America; and Guilherme Castellan, our CFO.

This presentation is available on our investor relations website. I

would like to pass the floor to Fábio Barbosa.

You may now proceed.

Fábio Barbosa:

Good morning, and thank you very much for attending this conference.

Starting with our financial performance, I would like to highlight the fact that 3Q24 was an excellent quarter. There was a continued acceleration in sales with an increase of 18.5% in constant currency, or 11% excluding Argentina.

This strong revenue increase, primarily driven by operational leverage and the simplification of our operations, enabled us to report a robust improvement in our profitability, which expanded by 340 bps, with recurring EBITDA rising by over 50%.

Wave 2, which is the integration of the Natura and Avon brands in Latin America, specifically in Brazil, Peru, Colombia, and Chile, is progressing well and delivering the expected results in terms of profitability and cash conversion. João Paulo will provide further details on Wave 2 shortly.

All these positive results will not yet be visible on the bottom line of the balance sheet, as in Q3 2024 we have already started deconsolidating the results of API (Avon Products Inc.) and its subsidiaries from our financials due to the Chapter 11 filing announced in August.

As a result, a non-cash and non-recurring loss of R\$ 7 billion was recorded under discontinued operations, which largely offset the positive net income of R\$ 302 million that would have been recorded under continuing operations.

Any loss that may occur at the end of the fiscal year could potentially be offset by capital reserves, subject to shareholder approval, thereby enabling the company to pay dividends, potentially, as I

reiterate.

On ESG front, we celebrate 10 years as a B corporation. Continuing our innovation efforts focused on circular economy, we launched a unique collaboration with Nestlé, also a B Corporation, to reuse aluminum from Nespresso capsules in the packaging of Natura Ekos products, among many other initiatives.

I'll now hand it over to João Paulo and Guilherme Castellan for the presentation of the results, and I'll return for the final remarks and Q&A.

João Paulo Ferreira:

Thank you, Fabio. Good morning, everyone.

I'd like to take advantage of the fact that we're more or less a year and a half since the first implementation to give you a very brief update on Wave 2 and its results so far.

When we conceived Onda 2, our main objective was to improve profitability by reducing the EBITDA margin gap between Avon and Natura in Latin America.

At that time, when we looked at the recurring EBITDA margin of the two brands, there was a gap of around 20 percentage points between them. Avon, in aggregate, was operating with an unsustainable margin, with a consequent cash burn.

The levers of the Onda 2 initiative were basically the combination of channels, with a focus on productivity, the optimization of the portfolio and the search for efficiencies, both in the marketing process and in the administrative and back-office processes.

The combined operations integrated over the last year and a half in Peru, Colombia, Brazil and Chile have been the biggest driver of our results in this period. There have therefore been six consecutive quarters of margin expansion since the start of Wave 2, from an EBITDA margin of 13.7% in 2Q23 to 15.3% in 3Q24.

And Wave 2 continues. Right here in Brazil, we have just completed the logistics integration in 3Q24, which allowed us to launch the integrated check-out. Now, consultants can buy both brands in a single order and, in many regions, receive them in a single delivery.

We have already started Onda 2 in Mexico, where a series of preparatory initiatives are taking place, and very soon we will be launching Onda 2 in Argentina. In both cases, the process should be completed by 2025.

The space of our call is limited and doesn't allow me to go into greater depth, but, as always, I'll be available for questions at the end.

Now, then, I'd like to give the floor to Gui so that he can comment on the 3Q24 figures.

Guilherme Castellan:

Good morning, everyone.

We are now showing you an 18.5% increase in revenue in constant currency, with highlights being Natura's strong performance in Brazil and advances in Avon's growth due to a weak year ago, as well as an acceleration of Natura across the rest of Latin America.

Natura grew 19% in Brazil, maintaining a strong season and dynamics while benefiting from productivity and volume, especially after the implementation of the combined order, as João Paulo already mentioned. Other important factors were the improved service level and product innovations such as the Todo Dia haircare line, which has already benefited 3Q24's results.

In the Hispanic region, excluding Argentina, Natura's accelerated performance in high-digit sales was driven by Wave 2 countries. In Mexico, despite platform changes in the region due to the Wave 2 rollout, revenues remained strong.

Looking at the Avon brand in Brazil, the increase was 14%, starting from a weaker comparison base, with skin care and makeup products leading the performance along with productivity gains after the launch of the combined order.

In the Hispanic region, excluding Argentina, Avon showed a 2.7% decline. Despite ongoing channel reductions in the region, just like João Paulo showed, revenues have been recovering, benefiting from a weaker comparison basis as well.

In the Home and Style segment, we also had a weaker comparison base, but it is worth mentioning that 3Q24 is the third consecutive quarter where the category's sequential performance has been stable.

On slide seven, we can see the performance of our recurring EBITDA. This quarter, we had a solid gross margin expansion of 340 bps as a result of a series of factors such as operational leverage, improved price and promotion execution, a richer country mix, especially those that have already been with the Wave 2 implemented, and an increased exposure of the Natura brand.

Additionally, efficiencies in general and administrative expenses, logistics, and credit collection were reinvested in marketing and other strategic projects such as Rock in Rio and product launch campaigns, positively impacting sales.

We also had the effect of lower corporate expenses, which fell 43% year-on-year in 3Q24.

Our recurring EBITDA showed a margin expansion of 340 bps to 14.6%, even with the 160 bps impact of investment in intangibles and royalty payments.

Moving on to slide eight, we show the effects of the deconsolidation of the API in our balance sheet This quarter. The non-cash and non-operational impact of discontinued operations was R\$6.995 billion, representing three facts:

Number one, a positive impact of R\$3.811 billion related to the deconsolidation of API's negative equity.

Second, an impact from receivables from Natura &Co companies against API and its subsidiaries, which were previously treated as intercompany. In the context of Chapter 11, these receivables are no longer intercompany, and there is a write-off of R\$10.710 billion of these receivables.

And lastly, a negative impact of R\$97 million related to the net loss of Avon International from July to mid August, as well as other effects, such as tax and legal expenses. As Fabio mentioned, this loss may eventually be offset by capital reserves.

On the profit slide, you can see that the report loss is mainly related to the impact of the deconsolidation of API, as I just explained. The underlying net profit was positive at R\$524 million. Aside from all operational points I have highlighted that led to R\$320 million increase on EBIT, we had higher financial expenses due to the moving from a net cash position to a projected net debt position as well as higher tax expenses.

The discontinued operation showed a cash flow of R\$59.6 million from January to September, accounting for a significant improvement compared to the same period of last year, when we had a R\$-1.499 billion impact related to the liability management exercise carried out in 3Q23. The improvement is mainly explained by three reasons:

Number one, an improvement in working capital, mainly driven by 3Q24 due to the benefit of receivables and continued improvement in account payable. Lower interest expenses due to lower leverage compared to the first nine months of 2023. Finally, a reduction in CAPEX, benefited from the intangible investments allocated to operational lines.

In this slide, you can see our level of indebtedness. We were very active in 3Q24 trying to extend our debt, as we mentioned in the previous call back in August. We prepaid debts of R\$1.3 billion that were due in 2025 and 2027, and we issued new debt issues of the same value due in 2029.

As a result, we ended 3Q24 with R\$3.3 billion in cash, which is more than enough to cover Natura &Co's obligations through 2027. The cash also had an impact from the deconsolidation of Avon, with an effect of more than R\$1 billion, as shown in the Company's cash flow. Our net debt over EBITDA ratio is 1.5 times.

I will now turn it back to Fábio for his closing remarks and next steps.

Fábio Barbosa:

In conclusion, I would like to reiterate a couple of things. Number one, the Company's simplification process is progressing and remains the primary goal of our management.

Number two, Wave 2 has been implemented in most regions and should be completed by the end of 2025. We will continue using the lessons learned in 2023 and 2024 to minimize disruptions in the upcoming countries and gain productivity.

Number three, our agenda and our main strategic projects include a healthy and diversified channel, consumer-centered innovations, and strong brands admired by all stakeholders. Number four, finally, our commitment to the triple bottom line strategy remains strong to unlock value for shareholders in a sustainable fashion.

Thank you, and let us move on to the Q&A session.

Joseph Giordano, J.P. Morgan:

Good morning, everyone. Fabio, thank you for taking my question.

I have two questions, actually. The first one has to do with the recurring operations. Looking at Wave 2, there are two points in terms of operations that I would like to ask. What remains to be delivered for these new operational models of Natura? I would like to hear some updates in Argentina and Mexico.

Secondly, on the tax side, how should we think about the income tax aliquot? You had a very significant gain. I understand that you had a lot of accumulated losses and credit. So, I would like to touch on this point.

On the other hand, the market has been wondering about the Company's net debt, which ended 3Q24 well above what was previously expected. So I would like to understand whether these impairments could go back or could come back to Natura through the Chapter 11 process at Avon Products Inc.

Thank you.

Guilherme Castellan:

I would like to start answering this question on the financial aspect with regards to the leveraging, then I will move to the tax issue and finally I will pass the floor to João to talk about Wave 2.

Generally speaking, this quarter was a moment of deconsolidation. The accounting consequences were the deconsolidation of the results of API and its subsidiaries in Natura's balance sheet. Of course, that caused some noise in accounting terms, such as the net income impact, as we explained just a couple of minutes ago during our presentation; and the other thing is the leverage impact that, as you may notice, can be reversed depending on the possible outcomes of the Chapter 11 process and development.

So, basically, the scenario that I would like you to observe is based on two factors. First, our strong cash in LATAM with our very good strong revenues and EBITDA of our operations, especially with the strength of the Natura brand with a double-digit growth in Natura Brazil, that was, basically, offset by Avon and discontinued operations.

But what I mean by Avon and discontinued operations is the operational results of Avon from July 1st to August 12th. And then we have the financial results of Avon, which were treated as

intercompany results and are also between July 1st and August 12th. And finally, we have the legal issues with the API that would go from July 1st to August 12th. In addition to that, there are some debts that are linked to those operations of Avon outside the United States, and those debts were supposed to be set so that we can run that until the end of Chapter 11, which is a secure line of credit so that Avon may proceed with the operations of the operational assets outside the US. So that goes in the same line.

Additionally, all the costs related to Chapter 11, so that means DIP, other legal costs, advisory costs, etc. This is all within the pack of discontinued operations.

And then, in the end, when you are talking about the good results in LATAM with those costs, many of which are one-offs generated in 3Q24, the major lever of the increase of the net debt is the impact of the deconsolidation, which is mainly the cash deconsolidation and the recognition of some liability between Natura and Avon. This is the rationale behind the increase in the net debt.

As you remarked quite well, in case our asset purchasing agreement is also activated, a major chunk of that amount would be reverted to the current value as Avon cash, and then it would have to match the potential of each of those aspects.

Now, I would like to invite the market to think about the way that the major part of this impact of more than R\$1.3 million would be reverted in case the assets are acquired from Avon. Also, I suggest the market continues to analyze the operational aspect of the Company, which is very strong and is gaining momentum. We know that the last quarter of the year is always very strong with regards to cash generation and is, obviously, the most important quarter of the year to the Company.

With regards to the tributary aspects, we had already mentioned in 2Q24 that there is the phase-out of expenses basically between 2Q24 and 3Q24. We always suggest you analyze those issues of both effective tax rate and cash tax rate analyzing the last 12 months because we have a phase-out of tax expenditures, especially from the Holding, that generates benefits in some quarters and drawbacks in others, as well as other fiscal benefits that we can enjoy positively during 3Q24, especially in Latin America.

When you look at the future, we have to think about an effective basic rate considering the markets where we operate. Especially with Elo, we increasingly expect the strengthening of the deficit markets. They will become stronger; they will become net-income countries, and, consequently, we will have a very good mix of countries with different tax rates.

However, we are not giving you guidance, and we are not speculating anything. It was a phase-out that happened in 3Q24 that we had already mentioned during 2Q24. Therefore, we really expect to have a very strong situation when we analyze in the middle run.

Now, I would like to pass the floor to João so he can just continue with my answer.

João Paulo Ferreira:

As to Wave 2, basically, Peru, Colombia, Chile, and Brazil all have concluded the integration phase. Now, they are going through a continuous improvement phase. After one year and a half, we have already provided alternatives of uses and different combinations of businesses in countries, which yielded better results here and there. So now they are implementing these best practices to further explore cross-sell and up-sell opportunities. But it is a continuous improvement process.

As to the other countries, despite their limited size, we have introduced the Natura brand in Ecuador on October 1st. We may even call it Wave 3, which is using the cross-sell lessons from Wave 2 to introduce the Natura brand where only the Avon brand was.

The other two main countries that remain are Mexico and Argentina, where we are now laying the groundwork, using that experience we have acquired in other countries. Now we know we can remove all that noise with that preparation in advance.

In Mexico, the Natura brand has been very successful, which is not the case for Avon. We want to maintain the same stabilization we have in other countries after the integration.

As for Argentina, where both brands have had good performance, that combination will be great to offset the macroeconomic challenges the country is faced with. In short, this is the expected scenario for 2025.

Joseph Giordano:

Thank you.

Ruben Couto, Santander:

Good morning. Thank you very much for the chance to question.

Can you give us an idea of the base of the growth of the market based on the internal measure maps that you are following? Is there any acceleration compared to the first semester of the year or that acceleration on the Natura brand in Brazil is market share gain? I would like you to talk a little bit about it.

You also just showed the royalties with Avon. Is it a fixed value based on a percentage based on the sales? Can we just have an idea of what is going to happen in the future? Is there any chance of changing anything with the wrap-up of the Chapter 11 issue?

Thank you.

João Paulo Ferreira:

Hello, Ruben.

The Natura results in Brazil mean a lot of share gains. We have performance well above the market. Our market has grown at 6-8%, so Natura growth is an important share gain, not only in 3Q24, but the accrued numbers explain that substantial growth.

Fábio Barbosa:

Let me just add to that answer. This is the result of the investments we have made in marketing and technology, and João Paulo has been heading that effort. This is the investment we are now making again, and results are showing in the gain of share.

João Paulo Ferreira:

That is right. Innovations, important launches, and brand support. That is a result of the Elo, such as SG&A, selling and logistics efforts, which allow us both to invest in the innovation of our brands and at the same time expand our margins.

Guillermo, would you like to touch upon royalties?

Guilherme Castellan:

Yes. Your second question was about royalties, and you also mentioned something else I could not understand.

Ruben Couto:

My question is about royalties only.

Guilherme Castellan:

OK. I am sorry for that misunderstanding.

As part of that separation between the two companies, we negotiated on a 100% arm's length basis between Natura Cosméticos' team and Avon Products Inc.'s team an agreement to use the intellectual property of the Avon brand for all Latin American countries that are under the management of João Paulo's team.

This agreement was negotiated using a percentage of the royalties based on the total revenues of Avon in the region. I am not going to give you further details of the model of that contract, but you can assume that this percentage is a fixed rate if the scenario is business as usual in the coming years.

Regarding the results we showed in the release — and I think you are referring to the rate that is in the report — let me remind you that it is from August 13th to September 30th because, in the past, those amounts were consolidated as an intercompany transaction.

We wanted to show that separated amount because LATAM's margin had a 250-bps expansion, but had a 30-bps impact coming from the royalties on top of the impact on intangibles for the Company's SG&A, bringing margins further down. So, despite all these impacts, just like João said, the bottom line impact was positive. That is why we have a strong margin expansion despite all these impacts.

Ruben Couto:

That was very clear. Thank you.

Daniela Eiger, XP:

Good morning. Thank you very much for the chance to ask a question.

First, I would like to follow up on what you mentioned about the dynamics in market share. Perhaps we were having a feeling that, with the channel checks and, of course, some of the impacted ones participating with Boticário, the direct sales at Boticário are not doing so well, not only because of the impact coming from their integration but also the rupture of some products. We also understand this impact on franchising.

Can you just shed some light on this impact? Is it a favorable dynamic versus this more direct pairing of you, perhaps through the feedback from the consulting companies? You are investing more in innovation, which was a gap that you had in the past, and, of course, offsetting the situation to become more attractive to the consultants. Aside from the merit of your strategy with Elo, might this be a positive dynamic considering what we have ahead of us?

With regards to the second question, in terms of the gap of 20 percentage points between the brands closing, what do you think of as a structural gap when you finalize the entire adjustment in both brands? I just wanted to see what we could think of as a margin gain just for the future.

Now, if you do not mind, I would like to stretch my question. How can we think about the working capital dynamics going forward? On capital structure, in terms of dividends, will an eventual resumption only happen after the end of Chapter 11?

Basically, these are my questions. I ended up asking several questions, but thank you very much for this room for questions.

João Paulo Ferreira:

Good morning, Daniela.

As a matter of fact, I cannot say any word about the competition's dynamics. What I can tell you is about our operation along with our reps. Fortunately, we are witnessing the highest levels of satisfaction of our reps throughout our entire history, and this is in the wake of the improvement of our logistics.

Even if you compare just one year ago, when we started implementing Elo, it was very bad, and all the problems were just on. These problems have ended, and the reps are completely satisfied due to the dynamic in the trades, the support and training capacity they are receiving, and the quality of our capacity building and our launches, which are well accepted and fantastic.

That shows us that we are healthy and gives us this push to keep investing both in the

digitalization of the tools that they use and also in the rhythm of launching novelties and increasing our sales force. This is what I can share with you, and I hope that this is useful to you.

As to profitability, I mentioned before that we try to have good contribution margins. Every brand has different dynamics with regards to price, different dynamics in terms of new promotions, and of course categories have slightly different margins, but, after all, that tells us what types of investment that we have to make and in other of our levers, such as services, training, and sales force, so that we have similar margins. Basically, this is the dynamic that we might be seeing.

I would like to pass the floor to Guilherme to talk about the capital structure.

Guilherme Castellan:

Thank you very much.

Touching on what you just mentioned, of course, there is a seasonality in the third quarter that you know quite well. This seasonality can cause a very significant impact. It is worth remembering that we are coming from two quarters with a not so positive working capital, but now this is changing completely in 3Q24. However, we are not yet where we want to be.

This working capital dynamic is impacted by investments in receivables. We have been talking about that since 1Q24. Those planned investments, along with the stock dynamic for this year, are producing positive results for the company.

Looking at the future, we want to aggressively decrease the percentage of our working capital with a percentage of the revenues. We have this plan, which will be driven by accounts receivables and the use of stock in a very aggressive logistic approach, which is carried out by João Paulo and his team. I think we are going to be seeing the fruit of this approach in the second half of 2025.

Therefore, we are very convinced about the potential of this dynamic and the plan we elaborated. I think we have never had such a detailed plan per city, per channel, and per category, so we are very strong in terms of optimizing our working capital in the next few years, because we believe that there is a lot of room principally in those two aspects that I just mentioned, which are the stock and the accounts payables.

Now, with regards to the use of capital, you are absolutely right. We are in the middle of a changing time. Obviously, I understand that, in the eyes of the market, it seems that it is taking some time. However, we have this process of Chapter 11 with API, so there are potential outcomes. So we are not looking at paying dividends by any chance until the end of this cycle.

Of course, the only thing that we wanted to disclose here during our release is that this is a non-cash loss due to the deconsolidation of Avon's assets that, eventually, we might be able to offset all that with our capital reserves, obviously, considering the AGM, and, with this action, we would have the ability to pay off the dividends. We had that intention, but we are not showing by

no chance that we would pay those dividends in the short run.

Danniel Eiger:

Excellent. Very clear, and congratulations for the results. Thank you.

João Soarez, Citi:

Good morning, everyone. Congratulations on the results.

I have two questions. The first one is directed to Joao. I would like to understand this short-term issue because, in the past, we had some issues with systems integration and some disruptions due to the naturally challenging process. However, based on your tone, we have the impression that the process is a lot smoother now for both Natura and Avon. So we can only assume that 4Q24 numbers would be better because of the challenges you had last year and stronger market share up until now. How would that dynamics play out in 4Q24?

And when we talk about gross margins, we notice that it has been very robust, reaching 67% in LATAM. How sustainable would that be? Especially as you capture additional efficiencies from the integration, can we expect higher gross margins sustainably? That is my question.

Thank you.

João Paulo Ferreira:

Hello, João.

I would not like to give you a lot of information about the short term, but you are right. In 4Q23, we had a lot of operational noises, the first challenges of the logistics integration, a lack of products, and some systems problems because of the integration, which had started in September. As a consequence, 4Q23 was filled with operational difficulties, which, in the end, hurt the potential of that quarter.

Today, things are completely different. Your interpretation is correct. The implementation has been very healthy at a very good pace, so I think your analysis makes sense.

As to gross margins, we believe the current average gross margin in Latin America is very healthy. Indeed, there are operations yet to be integrated, and we know that favor mix optimization in our portfolio and our promotional investments, which will help us.

On the other hand, we have to remain competitive when compared to the competition in these different markets, which, to a certain extent, limits our capacity to transfer prices. There may be marginal opportunities down the road. However, we believe that the current margin levels are very healthy.

João Soarez:

That was very clear. Thank you, João.

Irma Sgarz, Goldman Sachs:

Hello, and good morning. Thank you very much for the chance to ask a question.

I have two very quick ones on my side. With regards to the break between volume and price of Natura Brazil, which had very strong growth. I would like to obtain more details about this growth, not in terms of productivity from the reps, but talking about prices and volume. I understand that it is more related to volume than price, but I would like to confirm that.

And the second part of the question is about your official shop you opened on Mercado Livre last month. I would like you to talk a little bit about this strategy. In your mind, is this a very important plan to really reach and increase this sales channel, or is this for you to reach new clients where you do not have so much penetration? How much are you going to be using this channel?

João Paulo Ferreira:

Hello, Irma.

Regarding Natura in Brazil, the increase in our revenue is for both volume and price. I would say half and half, roughly speaking. It is not in the exact figures, but basically, it is half and half.

With regards to Mercado Livre, of course, we want to be part of the lives of our reps with different purchasing experiences. So that is why we wanted to diversify our channels. Half of the online market in Latin America is dominated by Mercado Libre, so it seems to us quite a positive strategy to be able to be part of these market dynamics.

Our proprietary markets are still our priority, but there is no shade of the doubt that part of our clients will go and look for our products in other instances. In short, this is a strategic movement, but it is not near our main desire to make it our main driver.

Irma Sgarz:

Perhaps you could tell us about how you want to deal with having an official sale channel on Mercado Livre at the same time that your reps, on the other side, also have shops on the same platform. How do you intend to coexist with your reps in this marketplace?

João Paulo Ferreira:

Actually, our reps are our major assets, so we do not want to hinder their business by any chance. When we first had our physical shops, we had to learn to deal with their own small corner shops, owned stores, franchises, and direct sales, understanding the price dynamics and the promotions so that we all could still serve and deliver to our clientele.

Therefore, we are aware of the dynamics and approaches of our reps in the marketplaces, and

we talk directly with them to understand our policies once we start using this format. I am absolutely sure and aware that we are going to have a very helpful and balanced space with them.

Guilherme Castellan:

I would like to add something to that answer. In our release, you saw the omnichannel strategy with retail and digital sales gaining almost three percentage points in Natura's basket. At the same time, as João said, our reps have an all-time high engagement and satisfaction, showing how symbiotic that expansion on other channels can be. In addition to that, as João said, our reps' entrepreneurship is the great asset that we have.

Irma Sgarz:

Thank you.

Gustavo Fratini, Bank of America:

Good morning, everyone. Thank you for taking my questions.

I have two questions. Firstly, how did the cross-selling between Natura and Avon improve once you have implemented the combined order? How much was saved in terms of logistics costs?

Second question. Naturally, there are several possible outcomes of the API's Chapter 11 recovery. If the final decision in December postpones the entire process, what is your take on keeping on funding Avon International? I would like to have an idea of what the marginal disbursements would be and whether you would need additional cash after 3Q24.

Thank you.

João Paulo Ferreira:

Hello, Gustavo.

I can only say that, after we introduced the combined checkout, the cross-selling interpenetration went up. We are still in the learning process as to incentives to increase even further that process. And, of course, logistics costs are coming down as expected. I cannot provide any further information about it.

Guilherme Castellan:

Thank you for your question, Gustavo. I think you raised a very interesting question.

We are in that process, and its timeline has already been agreed upon. Obviously, we are working based on that given timeline, and I will be as honest as possible because the market can even speculate on different outcomes, but we do not see any material evidence that would significantly change that timeline. We believe that the approved timeline is only fair based on the second-day hearing, and that is what we have been working with.

So what can happen next? I think we were very clear during the presentation. We have a DIP approved up until January, and we are not speculating here what potential outcomes there may be, but these cash adjustments that would impact net debt were high in 3Q24. However, we do not expect that to happen in 4Q24 because both November and December are strong cash generation companies for Avon assets abroad.

And ever since 2022, our mindset has been very “cash is king”, with very cautious cash protection on our side. So when we think about capital structure, we have to take that into account just as well.

Gustavo Fratini:

That was very clear. Thank you very much.

Operator:

Now, we wrap up our Q&A session. I would like to pass the floor to Fábio Barbosa.

Fábio Barbosa:

Thank you, everyone.

As a matter of fact, we are all available, so if there is any question, please get in touch with us.

Thank you very much for your attention, and have a good day.

Operator:

The videoconference with regards to the 3Q24 earnings of Natura &Co is now closed.

Thank you very much for your participation. We are all available, so please get in touch if you have any questions.

Have a good day.