

### Improving top-line trend as Natura Brazil continues to show strong momentum and Avon Brazil stabilizes; margin keeps expanding

Avon Products Inc ("API"), a non-operational holding company in the U.S., initiates voluntary restructuring aiming to address its debt and legacy liabilities

BRL million	Q2-24						H1-24					
	Consolidated		Natura & Co Latam		Avon International		Consolidated		Natura & Co Latam		Avon International	
	YoY Ch. %		YoY Ch. %		YoY Ch. %	YoY Ch. %		YoY Ch. %		YoY Ch. %		YoY Ch. %
<b>Net revenue</b>	<b>7,352.6</b>	<b>5.4</b>	<b>5,922.4</b>	<b>8.4</b>	<b>1,426.8</b>	<b>(5.5)</b>	<b>13,457.9</b>	<b>0.1</b>	<b>10,627.0</b>	<b>2.9</b>	<b>2,823.5</b>	<b>(9.4)</b>
Constant Currency		5.7%		10.0%		-8.4%		3.5%		6.8%		-6.6%
<b>Gross profit</b>	<b>4,741.7</b>	<b>6.2</b>	<b>3,869.7</b>	<b>10.4</b>	<b>871.5</b>	<b>(8.9)</b>	<b>8,719.8</b>	<b>1.1</b>	<b>6,970.3</b>	<b>5.2</b>	<b>1,748.3</b>	<b>(12.2)</b>
Gross Margin		50 bps		110 bps		-220 bps		70 bps		140 bps		-200 bps
<b>Reported EBITDA</b>	<b>670.8</b>	<b>57.2</b>	<b>827.2</b>	<b>32.3</b>	<b>(39.3)</b>	<b>(63.4)</b>	<b>1,218.3</b>	<b>18.4</b>	<b>1,557.9</b>	<b>23.4</b>	<b>(150.5)</b>	<b>125.0</b>
Reported EBITDA margin		300 bps		260 bps		-2.8%		140 bps		250 bps		-320 bps
<b>Adjusted EBITDA</b>	<b>803.5</b>	<b>14.2</b>	<b>850.4</b>	<b>17.0</b>	<b>37.6</b>	<b>(43.2)</b>	<b>1,486.2</b>	<b>9.3</b>	<b>1,516.8</b>	<b>11.6</b>	<b>112.2</b>	<b>(31.7)</b>
Adjusted EBITDA margin		80 bps		110 bps		-180 bps		90 bps		110 bps		-130 bps
<b>Net income (loss)</b>	<b>(858.9)</b>	<b>17.4</b>	-	-	-	-	<b>(1,793.8)</b>	<b>29.6</b>	-	-	-	-

**01 Consolidated Net Revenue of BRL 7.4 billion**, up 5.7% vs Q2-23 in constant currency (CC) (+1.1% ex-Argentina and The Body Shop – "TBS" - revenues) and 5.4% in Brazilian Reais

- **Natura & Co Latam:** Q2-24 revenues up 10.0% year on year (YoY) in CC (+4.3% ex-Argentina) and +8.4% in BRL. The improving trend was fueled by both Natura and Avon in Brazil, with Natura showing another quarter of strong growth (+14.8% YoY), and Avon posting a significant recovery compared to previous quarters' figures (-11.3% in Q1-24 to -0.8% in Q2-24). In Hispanic markets, Natura recorded an accelerating pace (mid-single digits YoY growth ex-Argentina), which was partially offset by the Home & Style category and by Avon adjustments across the region
- **Avon International:** Q2-24 revenues down 8.4% YoY in CC. Excluding TBS revenues<sup>1</sup>, top-line decreased -9.5% YoY in CC, with Beauty down 6.0% and a steeper decline from Home & Style. Productivity improved YoY, but was more than offset by lower rep count and the continued weaker promotional execution as noted since Q4-23

**02 Adjusted EBITDA of BRL 804 million** in Q2-24 with a 10.9% margin, up by 80 basis points (bps) YoY, marking another quarter of solid profitability expansion. This margin improvement was a result of:

- **Natura & Co Latam:** 110 bps YoY margin expansion mainly driven once again by Hispanic Latam countries where the Wave 2 was implemented. Gross margin continued to show YoY improvements (+110 bps) which, combined with SG&A efficiencies coming from the Natura and Avon brands integration, enables reinvestments in marketing and strategic growth projects (including innovation and digital investments)
- **Avon International:** 180 bps YoY margin contraction mostly explained by TBS consolidation impact and sales deleverage that more than offset the improvement in selling expenses as a percentage of net revenues compared to Q2-23. Excluding TBS impacts, Adjusted EBITDA decreased 50bps YoY

**03 Q2-24 Net loss of BRL 859 million** compared to a net loss of BRL 732 million in the same period in 2023. This was mainly caused by a one-off non-cash event write-off of BRL 725 million that impacted our tax line this quarter. This write-off was booked as a result of the voluntary restructuring that API is pursuing, which makes improbable to continue to recognize the gains caused by Avon's corporate structure optimization originally booked in Q2-21. Excluding non-operational effects underlying net income was BRL +162 million (vs. a loss of BRL -219 million in Q2-23) as higher adjusted EBITDA and lower net financial expenses more than offset higher tax expenses (ex DTA)

**04 Q2-24 Net Debt (excluding leasing) was BRL 2.1 billion (from BRL 275 million in Q1-24)**, as expected, mainly driven by ~BRL 1.0 billion dividend payment combined with ~BRL 800 million cash consumption from annual seasonality and investments in receivables to continue to drive sales momentum. Leverage is expected to go down significantly in H2 as we enter into our cash generation quarters and we continue to drive EBITDA growth

<sup>1</sup> Avon International continues to sell products for TBS, following its sale. For more details, please see the Appendix section

## Fábio Barbosa

Group CEO of Natura &Co, **stated**

“Earlier today, Avon Products Inc. (API, a non-operational holding company established in the United States and acquired by Natura &Co as part of the Avon acquisition in 2020) announced it has initiated voluntary Chapter 11 proceedings in the U.S. Bankruptcy Court. This process should enable API to address its debt and legacy liabilities and emerge as a more solid and sustainable business. Natura &Co, as the largest creditor of API, supports this reorganization and sees API’s decision as another important step in NTCO’s simplification journey, which started a couple of years ago.

As explained in the [material fact](#), no impact is expected on non-U.S. operations, including those in Latin America, where the integration of the Avon and Natura brands is making steady progress. Natura &Co will support API’s restructuring by providing debtor-in-possession (DIP) financing and submitting a bid for all non-U.S. operations, which would be paid via existing credits against API through a Court supervised auction process. Updates will be disclosed to the market as this process evolves.

On the operational side, Latam’s Wave 2 initiative continues to show progress as it remains the main driver of profitability expansion in this and recent quarters. What is worth noting in Q2-24 is that we also started to see a better trend in the top-line dynamics, reflecting a strong performance of Natura brand (with Brazil and Mexico accelerating pace vs. Q1-24) combined with a significant recovery from Avon CFT in Brazil, that landed broadly flat YoY.

The strong results in Q2-24 from Natura &Co Latam, even partially offset by the still challenging figures from Avon International, were able to turn the consolidated Natura &Co revenues back into positive territory while continuing to expand margin. Due to the API voluntary filing, a one-off non-cash write-off of deferred tax assets was triggered and impacted bottom-line that landed at BRL -859 million (underlying net income was BRL +162 million in the quarter). In addition, an investment in accounts receivables was made this quarter to support the strong sales growth momentum, particularly in Brazil, which impacted working capital dynamics. That said, margin expansion and cash conversion remain strategic priorities for the Company and a key component of management’s initiatives.

Recognizing Natura &Co’s ESG achievements, we concluded this quarter another issuance of debentures linked to sustainability goals. By issuing the BRL 1.3 billion green bonds, the Company committed itself to reach the target of incorporating 49 Amazon bioactives in its catalog by 2027—it currently has 44 ingredients. The funding included an important allocation from the International Finance Corporation (IFC) and IDB Invest. Also in Q2, Natura expanded the Amazonia Viva Financing Mechanism (a partnership with VERT Securitizadora and the Brazilian Biodiversity Fund) which is already benefiting thirteen cooperatives and associations of sociobiodiversity suppliers.

Natura &Co is still highly committed to its triple bottom line strategy and remains positive that its simplification path announced in mid-2022 remains an important lever to unlock value for all our stakeholders in the short term. As we look forward in the future, we will continue to focus on delivering our strategic priorities, which has already allowed us to increase investments to drive sustainable topline growth, based on an agenda focused on a healthy and diverse channel, consumer-centric innovations and strong brands admired by all stakeholders around them.

## 01 Results analysis

The Group segmentation is composed of:

- **Natura & Co Latam**, which includes all the brands in Latin America: Natura, Avon and the distribution of The Body Shop in the region; and
- **Avon International**, which includes all global markets, excluding Latin America

In addition, the results and analysis for the periods under comparison include the effects of the fair market value assessment arising from the business combination with Avon as per the Purchase Price Allocation – PPA.

BRL million	Profit and Loss by Business											
	Consolidated <sup>a</sup>			Holding <sup>b</sup>			Natura & Co Latam <sup>c</sup>			Avon International		
	Q2-24 <sup>d</sup>	Q2-23 <sup>d</sup>	Ch. %	Q2-24 <sup>d</sup>	Q2-23 <sup>d</sup>	Ch. %	Q2-24 <sup>d</sup>	Q2-23 <sup>d</sup>	Ch. %	Q2-24 <sup>d</sup>	Q2-23 <sup>d</sup>	Ch. %
Gross revenue	9,649.0	9,069.6	6.4	3.3	1.8	84.7	7,944.6	7,272.7	9.2	1,701.0	1,795.1	(5.2)
<b>Net revenue</b>	<b>7,352.6</b>	<b>6,973.7</b>	<b>5.4</b>	<b>3.3</b>	<b>1.6</b>	<b>109.7</b>	<b>5,922.4</b>	<b>5,461.8</b>	<b>8.4</b>	<b>1,426.8</b>	<b>1,510.3</b>	<b>(5.5)</b>
COGS	(2,611.0)	(2,510.6)	4.0	(2.9)	(0.5)	435.8	(2,052.7)	(1,956.5)	4.9	(555.4)	(553.6)	0.3
<b>Gross profit</b>	<b>4,741.7</b>	<b>4,463.1</b>	<b>6.2</b>	<b>0.5</b>	<b>1.1</b>	<b>(56.0)</b>	<b>3,869.7</b>	<b>3,505.3</b>	<b>10.4</b>	<b>871.5</b>	<b>956.7</b>	<b>(8.9)</b>
Selling, marketing and logistics expenses	(3,150.0)	(2,962.4)	6.3	-	(1.8)	-	(2,510.9)	(2,258.8)	11.2	(639.1)	(701.8)	(8.9)
Administrative, R&D, IT and projects expenses	(1,125.8)	(1,108.5)	1.6	(3.9)	(4.9)	(21.8)	(762.9)	(757.0)	0.8	(359.0)	(346.6)	3.6
Corporate expenses	(82.0)	(83.6)	(1.9)	(82.0)	(83.6)	(1.9)	-	-	-	-	-	-
Other operating income / (expenses), net	26.3	(51.3)	(151.3)	(30.8)	(0.4)	6,905.5	56.1	(4.5)	(1,351.0)	1.1	(46.4)	(102.3)
Transformation / Integration / Group restructuring costs	(146.3)	(239.1)	(38.8)	(1.1)	(1.6)	(30.7)	(66.5)	(98.7)	(32.6)	(78.7)	(138.8)	(43.3)
Depreciation	407.0	408.6	(0.4)	0.3	0.2	28.6	241.7	238.8	1.2	165.0	169.5	(2.7)
<b>EBITDA</b>	<b>670.8</b>	<b>426.6</b>	<b>57.2</b>	<b>(117.1)</b>	<b>(91.2)</b>	<b>28.4</b>	<b>827.2</b>	<b>625.2</b>	<b>32.3</b>	<b>(39.3)</b>	<b>(107.4)</b>	<b>(63.4)</b>
Depreciation	(407.0)	(408.6)	(0.4)	-	-	-	-	-	-	-	-	-
Financial income / (expenses), net	(135.3)	(384.0)	(64.8)	-	-	-	-	-	-	-	-	-
<b>Earnings before taxes</b>	<b>128.5</b>	<b>(366.0)</b>	<b>(135.1)</b>	-	-	-	-	-	-	-	-	-
Income tax and social contribution	(976.8)	(143.3)	581.5	-	-	-	-	-	-	-	-	-
Discontinued operations <sup>e</sup>	(10.8)	(222.6)	(95.1)	-	-	-	-	-	-	-	-	-
<b>Consolidated net (loss) income</b>	<b>(859.1)</b>	<b>(731.9)</b>	<b>17.4</b>	-	-	-	-	-	-	-	-	-
Non-controlling interest	0.2	0.1	208.9	-	-	-	-	-	-	-	-	-
<b>Net income (loss) attributable to controlling shareholders</b>	<b>(858.9)</b>	<b>(731.9)</b>	<b>17.4</b>	-	-	-	-	-	-	-	-	-
Gross margin	64.5%	64.0%	50 bps	-	-	-	65.3%	64.2%	110 bps	61.1%	63.3%	-220 bps
Selling, marketing and logistics as % net revenue	(42.8)%	(42.5)%	-30 bps	-	-	-	(42.4)%	(41.4)%	-100 bps	(44.8)%	(46.5)%	170 bps
Admin., R&D, IT and projects exp. as % net revenue	(15.3)%	(15.9)%	60 bps	-	-	-	(12.9)%	(13.9)%	100 bps	(25.2)%	(22.9)%	-230 bps
EBITDA margin	9.1%	6.1%	300 bps	-	-	-	14.0%	11.4%	260 bps	(2.8)%	(7.1)%	430 bps
Net margin	(11.7)%	(10.5)%	-120 bps	-	-	-	-	-	-	-	-	-

<sup>a</sup> Consolidated results include Holding, Natura & Co Latam and Avon International

<sup>b</sup> Holding results include Natura & Co International (Luxembourg) and TBS Shanghai

<sup>c</sup> Natura & Co Latam: includes Natura, Avon, TBS Brazil and Hispanic Latam and & Co Pay, as well as the Natura subsidiaries in the U.S., France and the Netherlands.

<sup>d</sup> Includes PPA – Purchase Price Allocation effects

<sup>e</sup> Related to business separation at Avon North America

BRL million	Profit and Loss by Business											
	Consolidated <sup>a</sup>			Holding <sup>b</sup>			Natura & Co Latam <sup>c</sup>			Avon International		
	H1-24 <sup>d</sup>	H1-23 <sup>d</sup>	Ch. %	H1-24 <sup>d</sup>	H1-23 <sup>d</sup>	Ch. %	H1-24 <sup>d</sup>	H1-23 <sup>d</sup>	Ch. %	H1-24 <sup>d</sup>	H1-23 <sup>d</sup>	Ch. %
Gross revenue	17,688.0	17,437.2	1.4	7.4	4.0	85.7	14,316.6	13,717.1	4.4	3,364.0	3,716.2	(9.5)
<b>Net revenue</b>	<b>13,457.9</b>	<b>13,445.3</b>	<b>0.1</b>	<b>7.4</b>	<b>3.7</b>	<b>98.8</b>	<b>10,627.0</b>	<b>10,324.6</b>	<b>2.9</b>	<b>2,823.5</b>	<b>3,116.9</b>	<b>(9.4)</b>
COGS	(4,738.1)	(4,823.8)	(1.8)	(6.2)	(1.2)	416.7	(3,656.7)	(3,697.8)	(1.1)	(1,075.2)	(1,124.8)	(4.4)
<b>Gross profit</b>	<b>8,719.8</b>	<b>8,621.5</b>	<b>1.1</b>	<b>1.2</b>	<b>2.5</b>	<b>(52.2)</b>	<b>6,970.3</b>	<b>6,626.9</b>	<b>5.2</b>	<b>1,748.3</b>	<b>1,992.1</b>	<b>(12.2)</b>
Selling, marketing and logistics expenses	(5,790.5)	(5,721.7)	1.2	-	(2.4)	-	(4,520.8)	(4,262.7)	6.1	(1,269.7)	(1,456.6)	(12.8)
Administrative, R&D, IT and projects expenses	(2,113.6)	(2,200.4)	(3.9)	(7.8)	(10.0)	(22.6)	(1,410.4)	(1,471.6)	(4.2)	(695.5)	(718.8)	(3.3)
Corporate expenses	(137.3)	(153.8)	(10.7)	(137.3)	(153.8)	(10.7)	-	-	-	-	-	-
Other operating income / (expenses), net	(24.0)	(17.3)	39.1	(44.3)	(0.9)	4,870.3	159.2	29.5	439.5	(138.9)	(45.9)	202.7
Transformation / Integration / Group restructuring costs	(235.4)	(324.0)	(27.4)	(1.3)	(2.9)	(54.7)	(108.6)	(124.8)	(12.9)	(125.4)	(196.3)	(36.1)
Depreciation	799.2	824.5	(3.1)	0.4	0.3	22.6	468.2	465.6	0.6	330.6	358.6	(7.8)
<b>EBITDA</b>	<b>1,218.3</b>	<b>1,028.9</b>	<b>18.4</b>	<b>(189.1)</b>	<b>(167.3)</b>	<b>13.0</b>	<b>1,557.9</b>	<b>1,262.9</b>	<b>23.4</b>	<b>(150.5)</b>	<b>(66.9)</b>	<b>125.0</b>
Depreciation	(799.2)	(824.5)	(3.1)	-	-	-	-	-	-	-	-	-
Financial income / (expenses), net	(496.5)	(844.2)	(41.2)	-	-	-	-	-	-	-	-	-
<b>Earnings before taxes</b>	<b>(77.5)</b>	<b>(639.9)</b>	<b>(87.9)</b>	-	-	-	-	-	-	-	-	-
Income tax and social contribution	(1,213.8)	(265.6)	357.1	-	-	-	-	-	-	-	-	-
Discontinued operations <sup>e</sup>	(502.9)	(478.6)	5.1	-	-	-	-	-	-	-	-	-
<b>Consolidated net (loss) income</b>	<b>(1,794.3)</b>	<b>(1,384.0)</b>	<b>29.6</b>	-	-	-	-	-	-	-	-	-
Non-controlling interest	0.5	(0.2)	(324.4)	-	-	-	-	-	-	-	-	-
<b>Net income (loss) attributable to controlling shareholders</b>	<b>(1,793.8)</b>	<b>(1,384.2)</b>	<b>29.6</b>	-	-	-	-	-	-	-	-	-
Gross margin	64.8%	64.1%	70 bps	-	-	-	65.6%	64.2%	140 bps	61.9%	63.9%	-200 bps
Selling, marketing and logistics as % net revenue	(43.0)%	(42.6)%	-40 bps	-	-	-	(42.5)%	(41.3)%	-120 bps	(45.0)%	(46.7)%	170 bps
Admin., R&D, IT and projects exp. as % net revenue	(15.7)%	(16.4)%	70 bps	-	-	-	(13.3)%	(14.3)%	100 bps	(24.6)%	(23.1)%	-150 bps
EBITDA margin	9.1%	7.7%	140 bps	-	-	-	14.7%	12.2%	250 bps	(5.3)%	(2.1)%	-320 bps
Net margin	(13.3)%	(10.3)%	-300 bps	-	-	-	-	-	-	-	-	-

<sup>a</sup> Consolidated results include Holding, Natura & Co Latam and Avon International

<sup>b</sup> Holding results include Natura & Co International (Luxembourg) and TBS Shanghai

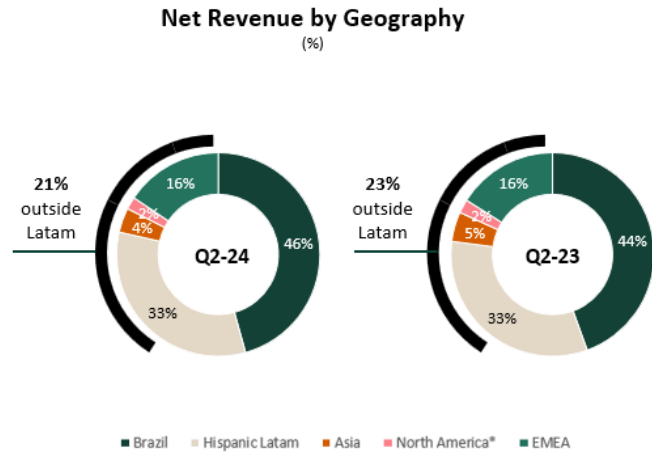
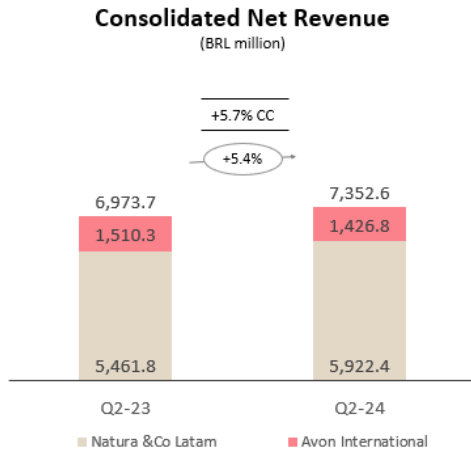
<sup>c</sup> Natura & Co Latam: includes Natura, Avon, TBS Brazil and Hispanic Latam and & Co Pay, as well as the Natura subsidiaries in the U.S., France and the Netherlands.

<sup>d</sup> Includes PPA – Purchase Price Allocation effects

<sup>e</sup> Related to business separation at Avon North America

## Consolidated net revenue

- Q2-24 consolidated net revenue was BRL 7,353 million, up 5.7% YoY in CC (+1.1% ex-Argentina and TBS) and +5.4% in BRL, reflecting solid performance at the Natura brand and a recovery at Avon Latam (CFT), partially offset by a steeper decline at Avon International

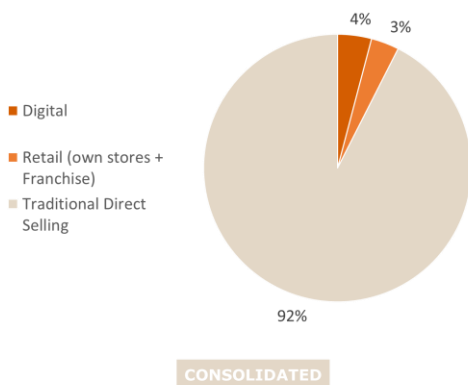


## Distribution channel breakdown

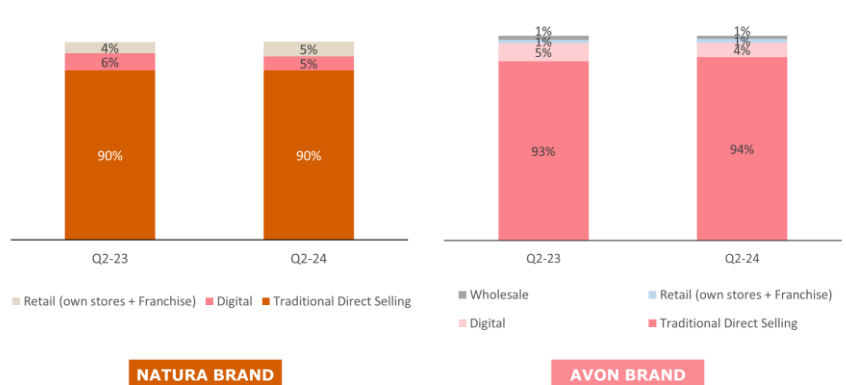
Digital sales, which include online sales and social selling, showed some deceleration in the quarter. Natura reported a 1 percentage point (p.p.) decrease to 5% of total sales, offset by the solid retail channel performance, amid omnichannel investments, increased number of stores and strategic fundamentals buildup. Avon brand also showed a 1p.p. decrease to 4% of total sales.

**Use of digital tools:** The penetration of digital tools in the consultant base reached 81.4% in Q2-24 for Natura & Co Latam. Given the change in methodology with the consolidation of a single beauty app, there is no YoY comparable base. Furthermore, at Avon International, penetration of the Avon On app (active representatives who logged in at least once in the last three campaigns) reached 35.2% in Q2-24, +1.6 p.p. vs the previous year.

Net Revenue Breakdown by Channel (%)



Share of Digital Sales per Brand (%)



\*Avon brand includes Avon Latam and International

## Gross margin

- Consolidated gross margin was 64.5% in Q2-24, up 50 bps vs. Q2-23 driven by the strong +110 bps gross margin expansion from Latam driven by richer mix of products (particularly benefited by the Wave 2 roll-out in most of Latam) and countries, as well as higher weight of Natura Brazil on total sales
- Avon International gross margin, in turn, contracted by 220 bps YoY, mainly impacted by the TBS consolidation effect. Excluding this effect, the margin showed a slight pressure (-20 bps YoY) due to price increases, favorable product mix and lower cost pressure offset by FX headwinds and unfavorable country mix

### Q2-24 Gross Margin

BRL million	Consolidated			Holding			Natura &Co Latam			Avon International		
	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %
Net revenue	7,352.6	6,973.7	5.4	3.3	1.6	109.7	5,922.4	5,461.8	8.4	1,426.8	1,510.3	(5.5)
COGS	(2,611.0)	(2,510.6)	4.0	(2.9)	(0.5)	435.8	(2,052.7)	(1,956.5)	4.9	(555.4)	(553.6)	0.3
<b>Gross profit</b>	<b>4,741.7</b>	<b>4,463.1</b>	<b>6.2</b>	<b>0.5</b>	<b>1.1</b>	<b>(56.0)</b>	<b>3,869.7</b>	<b>3,505.3</b>	<b>10.4</b>	<b>871.5</b>	<b>956.7</b>	<b>(8.9)</b>
<b>Gross margin</b>	<b>64.5%</b>	<b>64.0%</b>	<b>50 bps</b>	-	-	-	<b>65.3%</b>	<b>64.2%</b>	<b>110 bps</b>	<b>61.1%</b>	<b>63.3%</b>	<b>-220 bps</b>

### H1-24 Gross Margin

BRL million	Consolidated			Holding			Natura &Co Latam			Avon International		
	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %
Net revenue	13,457.9	13,445.3	0.1	7.4	3.7	98.8	10,627.0	10,324.6	2.9	2,823.5	3,116.9	(9.4)
COGS	(4,738.1)	(4,823.8)	(1.8)	(6.2)	(1.2)	416.7	(3,656.7)	(3,697.8)	(1.1)	(1,075.2)	(1,124.8)	(4.4)
<b>Gross profit</b>	<b>8,719.8</b>	<b>8,621.5</b>	<b>1.1</b>	<b>1.2</b>	<b>2.5</b>	<b>(52.2)</b>	<b>6,970.3</b>	<b>6,626.9</b>	<b>5.2</b>	<b>1,748.3</b>	<b>1,992.1</b>	<b>(12.2)</b>
<b>Gross margin</b>	<b>64.8%</b>	<b>64.1%</b>	<b>70 bps</b>	-	-	-	<b>65.6%</b>	<b>64.2%</b>	<b>140 bps</b>	<b>61.9%</b>	<b>63.9%</b>	<b>-200 bps</b>

## Operating expenses

- Consolidated **Selling, Marketing & Logistics** expenses in Q2-24 were 42.8% of net revenue (+30 bps vs. Q2-23), while consolidated **Administrative, R&D, IT and Project** expenses declined 60 bps YoY to 15.3% of net revenue. **SG&A expenses** (both lines above combined) as a percent of net revenue was 58.1% improving 30 bps YoY mainly driven by Wave 2 efficiencies and Avon International transformational savings, partially offset by Natura &Co Latam investments and Avon International sales deleverage effect
- Corporate expenses** in Q2-24 were BRL 82 million, broadly flat compared to same period last year, even considering the negative phasing of higher cash outflow (that benefited Q1-24) and the ~BRL -10 million expenses related to the ADR termination project. This line continues to benefit from the ongoing efforts to streamline the holding company structure
- Other operating income/expenses** in Q2-24 were an income of BRL 26 million, compared to an expense of BRL 51 million in Q2-23. Natura &Co Latam reported an income of BRL 56 million related to prior periods operating income in the quarter which was partially offset by a BRL 31 million expense at the Holding level related to strategic ongoing projects
- Transformation/Integration/Group restructuring costs** in Q2-24 were BRL 146 million, down 39% YoY, reflecting lower investments in both Latam and Avon International and benefiting from phasing related to the implementation of strategic projects

### Q2-24 Operating Expenses

BRL million	Consolidated			Holding			Natura &Co Latam			Avon International		
	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %
Selling, marketing and logistics expenses	(3,150.0)	(2,962.4)	6.3	0.0	(1.8)	-	(2,510.9)	(2,258.8)	11.2	(639.1)	(701.8)	(8.9)
Administrative, R&D, IT and project expenses	(1,125.8)	(1,108.5)	1.6	(3.9)	(4.9)	(21.8)	(762.9)	(757.0)	0.8	(359.0)	(346.6)	3.6
Corporate expenses	(82.0)	(83.6)	(1.9)	(82.0)	(83.6)	(1.9)	-	-	-	-	-	-
Other operating income / (expenses), net	26.3	(51.3)	(151.3)	(30.8)	(0.4)	6,905.5	56.1	(4.5)	(1,351.0)	1.1	(46.4)	(102.3)
Transformation / integration / group restructuring costs	(146.3)	(239.1)	(38.8)	(1.1)	(1.6)	(30.7)	(66.5)	(98.7)	(32.6)	(78.7)	(138.8)	(43.3)
<b>Operating expenses</b>	<b>(4,477.8)</b>	<b>(4,445.1)</b>	<b>0.7</b>	<b>(117.8)</b>	<b>(92.5)</b>	<b>27.4</b>	<b>(3,284.2)</b>	<b>(3,119.0)</b>	<b>5.3</b>	<b>(1,075.8)</b>	<b>(1,233.6)</b>	<b>(12.8)</b>
Selling, marketing and logistics expenses (% NR)	(42.8)%	(42.5)%	-30 bps	-	-	-	(42.4)%	(41.4)%	-100 bps	(44.8)%	(46.5)%	170 bps
Administrative, R&D, IT and project expenses (% NR)	(15.3)%	(15.9)%	60 bps	-	-	-	(12.9)%	(13.9)%	100 bps	(25.2)%	(22.9)%	-230 bps
Corporate expenses (% NR)	(1.1)%	(1.2)%	10 bps	-	-	-	-	-	-	-	-	-
Other operating income / (expenses), net (% NR)	0.4%	(0.7)%	110 bps	-	-	-	0.9%	(0.1)%	100 bps	0.1%	(3.1)%	320 bps
Transformation/integration/group restructuring costs (% NR)	(2.0)%	(3.4)%	140 bps	-	-	-	(1.1)%	(1.8)%	70 bps	(5.5)%	(9.2)%	370 bps
Operating expenses (% NR)	(60.9)%	(63.7)%	280 bps	-	-	-	(55.5)%	(57.1)%	160 bps	(75.4)%	(81.7)%	630 bps

## H1-24 Operating Expenses

BRL million	Consolidated			Holding			Natura & Co Latam			Avon International		
	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %
Selling, marketing and logistics expenses	(5,790.5)	(5,721.7)	1.2	0.0	(2.4)	-	(4,520.8)	(4,262.7)	6.1	(1,269.7)	(1,456.6)	(12.8)
Administrative, R&D, IT and project expenses	(2,113.6)	(2,200.4)	(3.9)	(7.8)	(10.0)	(22.6)	(1,410.4)	(1,471.6)	(4.2)	(695.5)	(718.8)	(3.3)
Corporate expenses	(137.3)	(153.8)	(10.7)	(137.3)	(153.8)	(10.7)	-	-	-	-	-	-
Other operating income / (expenses), net	(24.0)	(17.3)	39.1	(44.3)	(0.9)	4,870.3	159.2	29.5	439.5	(138.9)	(45.9)	202.7
Transformation / integration / group restructuring costs	(235.4)	(324.0)	(27.4)	(1.3)	(2.9)	(54.7)	(108.6)	(124.8)	(12.9)	(125.4)	(196.3)	(36.1)
<b>Operating expenses</b>	<b>(8,300.8)</b>	<b>(8,417.2)</b>	<b>(1.4)</b>	<b>(190.7)</b>	<b>(170.0)</b>	<b>12.2</b>	<b>(5,880.6)</b>	<b>(5,829.5)</b>	<b>0.9</b>	<b>(2,229.5)</b>	<b>(2,417.7)</b>	<b>(7.8)</b>
Selling, marketing and logistics expenses (% NR)	(43.0)%	(42.6)%	-40 bps	-	-	-	(42.5)%	(41.3)%	-120 bps	(45.0)%	(46.7)%	170 bps
Administrative, R&D, IT and project expenses (% NR)	(15.7)%	(16.4)%	70 bps	-	-	-	(13.3)%	(14.3)%	100 bps	(24.6)%	(23.1)%	-150 bps
Corporate expenses (% NR)	(1.0)%	(1.1)%	10 bps	-	-	-	-	-	-	-	-	-
Other operating income / (expenses), net (% NR)	(0.2)%	(0.1)%	-10 bps	-	-	-	1.5%	0.3%	120 bps	(4.9)%	(1.5)%	-340 bps
Transformation/integration/group restructuring costs (% NR)	(1.7)%	(2.4)%	70 bps	-	-	-	(1.0)%	(1.2)%	20 bps	(4.4)%	(6.3)%	190 bps
Operating expenses (% NR)	(61.7)%	(62.6)%	90 bps	-	-	-	(55.3)%	(56.5)%	120 bps	(79.0)%	(77.6)%	-140 bps

## Consolidated EBITDA

Q2-24 Adjusted EBITDA was BRL 804 million, up 14% from BRL 704 million in Q2-23, with an adjusted EBITDA margin of 10.9% (+80 bps YoY). Q2-24 margin reflected:

- Solid margin expansion of +110 bps YoY at Latam, mainly driven by Wave 2 initiative and better country mix
- A slight reduction of corporate expenses, which accounted for 1.0% of net sales during the quarter, improving by 10 bps YoY
- Margin contraction of -180 bps YoY from Avon International amid sales deleverage (-50 bps YoY ex-TBS)

## Q2-24 Adjusted EBITDA

BRL million	Consolidated			Holding			Natura & Co Latam			Avon International		
	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %	Q2-24	Q2-23	Ch. %
<b>Consolidated EBITDA</b>	<b>670.8</b>	<b>426.6</b>	<b>57.2</b>	<b>(117.1)</b>	<b>(91.2)</b>	<b>28.4</b>	<b>827.2</b>	<b>625.2</b>	<b>32.3</b>	<b>(39.3)</b>	<b>(107.4)</b>	<b>(63.4)</b>
Transformation / Integration / Group Restructuring costs	146.3	239.1	(38.8)	1.1	1.6	(30.7)	66.5	98.7	(32.6)	78.7	138.8	(43.3)
Impairment and Goodwill	(1.8)	38.0	(104.7)	-	-	-	-	-	-	(1.8)	34.8	(105.2)
Net non-recurring other (income) / expenses <sup>1</sup>	(11.8)	-	-	31.5	-	-	(43.4)	3.1	(1,477.7)	-	-	-
<b>Adjusted EBITDA</b>	<b>803.5</b>	<b>703.7</b>	<b>14.2</b>	<b>(84.5)</b>	<b>(89.6)</b>	<b>(5.7)</b>	<b>850.4</b>	<b>727.0</b>	<b>17.0</b>	<b>37.6</b>	<b>66.3</b>	<b>(43.2)</b>
Adjusted EBITDA margin %	10.9%	10.1%	80 bps	-	-	-	14.4%	13.3%	110 bps	2.6%	4.4%	-180 bps

Net non-recurring other (income)/expenses: related to prior period operational income from Natura & Co Latam and expenses related to strategic projects from the Holding company

## H1-24 Adjusted EBITDA

BRL million	Consolidated			Holding			Natura & Co Latam			Avon International		
	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %	H1-24	H1-23	Ch. %
<b>Consolidated EBITDA</b>	<b>1,218.3</b>	<b>1,028.9</b>	<b>18.4</b>	<b>(189.1)</b>	<b>(167.3)</b>	<b>13.0</b>	<b>1,557.9</b>	<b>1,262.9</b>	<b>23.4</b>	<b>(150.5)</b>	<b>(66.9)</b>	<b>125.0</b>
Transformation/Integration/Group restructuring costs	235.4	324.0	(27.4)	1.3	2.9	(54.7)	108.6	124.8	(12.9)	125.4	196.3	(36.1)
Impairment and Goodwill	44.9	38.1	17.8	-	3.3	-	-	-	-	44.9	34.8	29.0
Net non-recurring other (income) / expenses <sup>1</sup>	(12.3)	(31.2)	(60.5)	45.0	(3.2)	(1,495.2)	(149.6)	(28.0)	435.3	92.4	0.0	253,551.0
<b>Adjusted EBITDA</b>	<b>1,486.2</b>	<b>1,359.7</b>	<b>9.3</b>	<b>(142.8)</b>	<b>(164.3)</b>	<b>(13.1)</b>	<b>1,516.8</b>	<b>1,359.7</b>	<b>11.6</b>	<b>112.2</b>	<b>164.3</b>	<b>(31.7)</b>
Adjusted EBITDA margin %	11.0%	10.1%	90 bps	-	-	-	14.3%	13.2%	110 bps	4.0%	5.3%	-130 bps

## Financial income and expenses

The table below details the main changes in financial income and expenses.

BRL million	Q2-24	Q2-23	Ch. %	H1-24	H1-23	Ch. %
<b>1. Financing, short-term investments and derivatives gains (losses)</b>	<b>(53.3)</b>	<b>(205.5)</b>	<b>(74.1)</b>	<b>(20.8)</b>	<b>(492.1)</b>	<b>(95.8)</b>
1.1 Financial expenses	(210.0)	(259.0)	(18.9)	(370.9)	(506.8)	(26.8)
1.2 Financial income	113.6	192.5	(41.0)	269.7	382.9	(29.6)
1.3 Foreign exchange variations from financing activities, net	55.0	232.0	(76.3)	83.4	348.6	(76.1)
1.4 Gain (losses) on foreign exchange derivatives from financing activities, net	(11.8)	(371.0)	(96.8)	(3.0)	(716.8)	(99.6)
<b>2. Judicial contingencies</b>	<b>5.9</b>	<b>(21.3)</b>	<b>(127.7)</b>	<b>(9.0)</b>	<b>(37.2)</b>	<b>(75.8)</b>
<b>3. Other financial income and (expenses)</b>	<b>(88.1)</b>	<b>(157.2)</b>	<b>(44.0)</b>	<b>(466.8)</b>	<b>(314.9)</b>	<b>48.2</b>
3.1 Lease expenses	(24.1)	(18.6)	29.6	(67.4)	(51.4)	31.1
3.2 Other	(63.1)	(98.2)	(35.7)	(102.8)	(169.3)	368.4
3.3 Other gains (losses) from exchange rate variation	52.7	(18.4)	(45.4)	(145.2)	(31.0)	(39.3)
3.4 Hyperinflation gains (losses)	(53.6)	(22.0)	186.9	(151.4)	(63.2)	139.6
<b>Financial income and expenses, net</b>	<b>(135.5)</b>	<b>(384.0)</b>	<b>(64.7)</b>	<b>(496.6)</b>	<b>(844.2)</b>	<b>(41.2)</b>

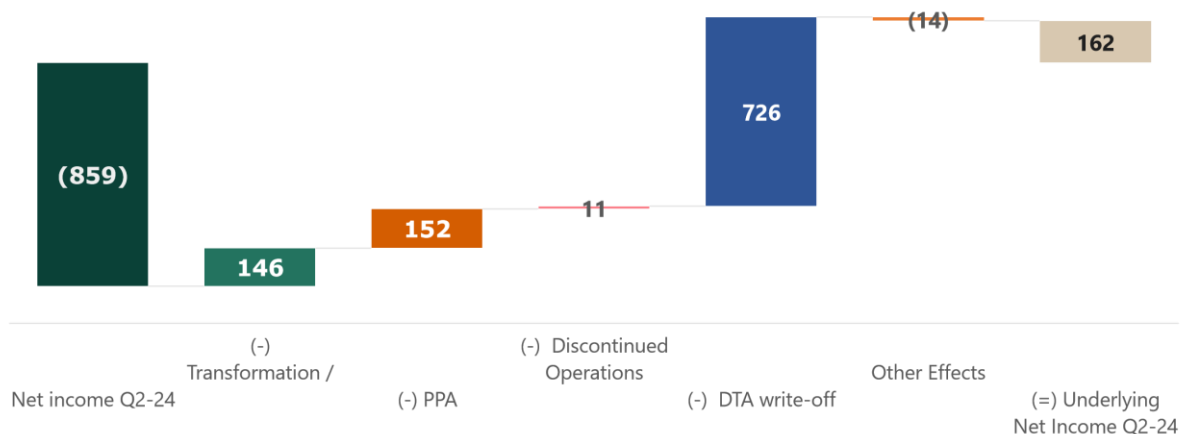
Total net financial expenses were BRL -135 million in Q2-24, compared to BRL -384 million in Q2-23 given the lower leverage level this quarter compared to same period last year. The main drivers this quarter were:

- **Item 1. Financing, short-term investments and derivatives gains (losses)** of BRL -53 million compared to BRL -206 million given the significant lower net debt position in Q2-24 that landed at BRL 2.1 billion (after dividends payment of BRL 983 million in April) from BRL 10.0 billion in Q2-23
- **Item 3.2. Other** which this quarter was BRL -63 million (vs. BRL -98 million in same period last year) mostly driven by BRL -14 million of taxes related to IoC paid from Natura Cosméticos to the Holding and also BRL -20 million reflecting the prepayment of the 11th issuance of debentures
- **Item 3.3. Other gains (losses) from exchange rate variation** of BRL +53 million compared to BRL -18 million in Q2-23, mainly driven by gains from USD currency of intercompany accounts
- **Item 3.4. Hyperinflation gains (losses)** of BRL -54 million related to an increase in inventories in Argentina

## Underlying net income (UNI) and net income

- Q2-24 reported net loss was BRL -859 million, compared to a net loss of BRL -732 million in Q2-23. This was mainly caused by a one-off non-cash event write-off of BRL 725 million that impacted our tax line this quarter. This write-off was booked as a result of the voluntary restructuring that API is pursuing, which makes improbable to continue to recognize the gains caused by Avon's corporate structure optimization originally booked in Q2-21
- Income taxes expenses landed at BRL -251 million, split between BRL-141 million from Natura Cosméticos (implying a 19.7% effective tax rate) and the remaining from Avon (related to a mix of profitable and unprofitable countries) as well as phasing of the Group Holding tax expenses
- Q2-24 Underlying Net Income, which is net income excluding transformation costs, restructuring costs, discontinued operations and PPA effects, was BRL +162 million (vs. a loss of BRL -219 million in Q2-23) as higher adjusted EBITDA and lower net financial expenses more than offset higher tax expenses (even excluding DTA impact of BRL -725 million)

### Net income to underlying net income (UNI) reconciliation





## Free cash flow and cash position

R\$ million	Q2-24	Q2-23	Ch. %	H1-24	H1-23	Ch. %
<b>Net income (loss)</b>	<b>(859.1)</b>	<b>(731.9)</b>	<b>17.4</b>	<b>(1,794.3)</b>	<b>(1,384.2)</b>	<b>29.6</b>
Depreciation and amortization	407.0	408.6	(0.4)	799.2	824.5	(3.1)
Non-cash adjustments to net income	1,337.9	796.6	67.9	2,407.1	1,660.5	45.0
Discontinued Operations Results	10.8	222.6	(95.1)	502.9	478.6	5.1
<b>Adjusted net income</b>	<b>896.6</b>	<b>695.9</b>	<b>28.8</b>	<b>1,915.0</b>	<b>1,579.4</b>	<b>21.3</b>
Decrease / (increase) in working capital	(940.6)	(454.0)	107.2	(2,396.6)	(1,947.6)	23.1
Inventories	(257.4)	8.9	(2,989.6)	(935.0)	(493.4)	89.5
Accounts receivable	(973.1)	(350.5)	177.6	(1,358.2)	(585.9)	131.8
Accounts payable	353.2	71.7	392.8	345.3	(413.4)	(183.5)
Other assets and liabilities	(63.3)	(184.1)	(65.6)	(448.6)	(454.9)	(1.4)
Income tax and social contribution	(229.8)	(99.7)	130.6	(370.9)	(224.3)	65.4
Interest on debt and derivative settlement	(225.1)	(662.4)	(66.0)	(427.7)	(953.0)	(55.1)
Lease payments	(97.8)	(94.6)	3.4	(255.0)	(212.6)	20.0
Other operating activities	(58.2)	(2.7)	2,070.4	(79.5)	(6.8)	1,063.8
<b>Cash from continuing operations</b>	<b>(654.9)</b>	<b>(617.5)</b>	<b>6.1</b>	<b>(1,614.7)</b>	<b>(1,765.0)</b>	<b>(8.5)</b>
Capex	(213.6)	(221.8)	(3.7)	(333.5)	(440.4)	(24.3)
Sale of assets	106.9	12.6	749.0	106.9	14.0	664.6
Exchange rate variation on cash balance	86.6	(28.7)	(401.7)	156.1	(42.8)	(464.8)
<b>Free cash flow - continuing operations</b>	<b>(675.0)</b>	<b>(855.4)</b>	<b>(21.1)</b>	<b>(1,685.2)</b>	<b>(2,234.1)</b>	<b>(24.6)</b>
Other financing and investing activities	(1,766.3)	850.2	(307.8)	562.3	864.3	(34.9)
Operating activities - discontinued operations	(153.0)	155.9	(198.1)	(1,031.7)	(367.8)	180.5
Capex - discontinued operations	0.0	(100.1)	-	0.0	(183.1)	-
<b>Cash balance variations</b>	<b>(2,594.3)</b>	<b>50.7</b>	<b>(5,220.4)</b>	<b>(2,154.7)</b>	<b>(1,920.8)</b>	<b>12.2</b>

In Q2-24, free cash flow from continuing operations was BRL -675 million improving BRL +180 million on a pro forma YoY basis or BRL +290 million compared to Q2-23 reported cash outflow of BRL -965 million. The improvement was due to a combination of higher adjusted net income (BRL +237 million YoY) and lower financial expenses (BRL +437 million YoY), partially offset by higher working capital (BRL -487 million YoY).

Working capital cash consumption of BRL -941 million was impacted by normal seasonality and by:

- Accounts receivable, that used BRL 973 million in Q2-24 compared to BRL 351 million in Q2-23, primarily due to the higher percentage of sales from Natura Brazil and more productive consultants, which are both linked to longer receivable terms. In addition to that, investments have been made in certain regions and campaigns to support the good momentum of the Natura brand. It is important to note non-performing loans (NPL) continues to be at very healthy levels
- Higher inventories cash consumption of BRL -266 million YoY that was fully offset by the improved accounts payable of BRL +282 million YoY



## Indebtedness ratios at both Natura & Co Holding and Natura Cosméticos

R\$ million	Natura Cosméticos S.A.		Natura & Co Holding S.A.	
	Q2-24	Q2-23	Q2-24	Q2-23
Short-Term	77.7	211.6	92.0	362.7
Long-Term	1,531.2	7,113.0	5,653.8	12,798.3
<b>Gross Debt<sup>a</sup></b>	<b>1,608.9</b>	<b>7,324.6</b>	<b>5,745.8</b>	<b>13,160.9</b>
Foreign currency and/or Interest hedging (Swaps) <sup>b</sup>	(25.3)	508.5	(76.6)	553.8
<b>Total Gross Debt</b>	<b>1,583.6</b>	<b>7,833.1</b>	<b>5,669.2</b>	<b>13,714.8</b>
(-) Cash, Cash Equivalents and Short-Term Investment <sup>c</sup>	(2,531.0)	(2,347.7)	(3,517.2)	(3,682.4)
<b>(=) Net Debt</b>	<b>(947.4)</b>	<b>5,485.5</b>	<b>2,152.0</b>	<b>10,032.4</b>

### Indebtedness ratio excluding IFRS 16 effects

Net Debt/EBITDA	-0.36x	2.19x	1.23x	7.24x
Total Debt/EBITDA	0.61x	3.13x	3.23x	9.90x

### Indebtedness ratio including IFRS 16 effects

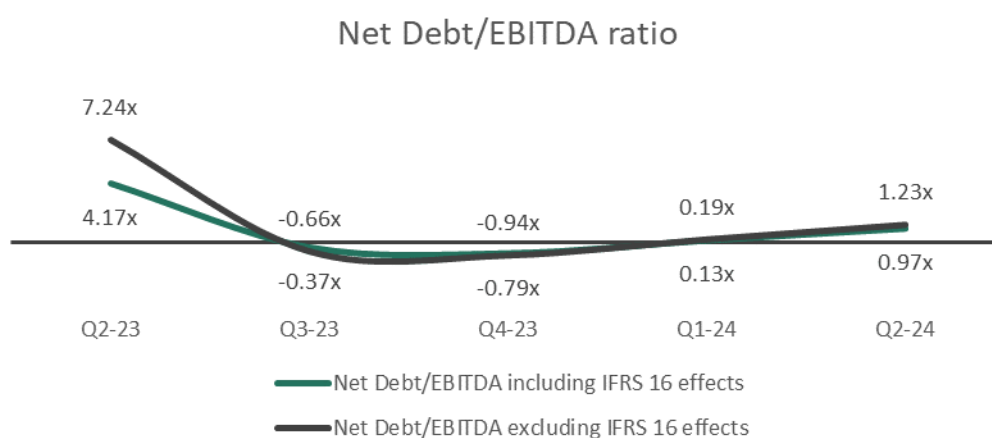
Net Debt/EBITDA	-0.33x	1.68x	0.97x	4.17x
Total Debt/EBITDA	0.55x	2.41x	2.56x	5.71x

<sup>a</sup> Gross debt excludes PPA impacts of R\$24,2 million in Q2-24 and R\$227,8 million in Q2-23, and exclude lease agreements

<sup>b</sup> Exchange rate and interest rate hedging instruments

<sup>c</sup> Short-Term Investments excludes non current balances

The graph below shows the indebtedness quarterly trajectory since Q2-23.



## Liability management

In Q2 2024, Natura Cosméticos S.A. completed a BRL 826 million tender offer for its 11<sup>th</sup> issuance of debentures, which matured in July 2027. This repurchase was financed using the Company's own funds.

Subsequent to this movement, on July 3<sup>rd</sup>, Natura Cosméticos repurchased BRL 500 million of its 1<sup>st</sup> issuance of commercial notes, which matured in September 2025. To finance these repurchases, on July 5<sup>th</sup>, Natura Cosméticos issued BRL 1,326 million for its 13<sup>th</sup> issuance of debentures, maturing in July 2029. This 13<sup>th</sup> issuance includes key performance indicators linked to the development of bio-ingredients from the Amazon region, making it the first Sustainability-Linked instrument issued by Natura Cosméticos in Brazil.

## 02 Natura & Co LATAM

- Q2-24 marks the sixth consecutive quarter of improving profitability at Latam, mainly driven by Wave 2 initiatives and improved country and brand mix. Q2-24 was also marked by a significant recovery in Avon CFT Brazil, which combined with the continued solid performance from the Natura brand, led to a double-digit YoY top-line growth in CC (and +8.4% in BRL)

### Wave 2 Status

- Brazil update** – Logistics showed sequential improvement and highlighted another quarter of elevated service levels. The logistics integration in Brazil will be carried out in H2-24, supported by the integration learning curve from other regions, though still subject to potential temporary volatilities. This will enable the capture of synergies targeted in Wave 2. Regarding inventory shortages, they remain above historical levels but have decreased compared to Q1-24
- Hispanic Latam update** – Peru and Colombia continue to deliver significant profitability improvements, which combined with better operating KPIs, underpinned a lower top-line decline in Q2-24. Chile is also showing progress on its learning curve implementation and synergies capture path. Finally, Mexico has started to prepare for the Wave 2 roll-out, which will be more staggered to mitigate execution risks, but still exposed to potential temporary challenges

### Channel Performance in Latam

Natura & Co Latam	Net revenue change (%)			Operational KPIs change(%)
	Q2-24 vs. Q2-23			Q2-24 vs. Q2-23 <sup>a</sup>
	CFT Natura Δ% CC	CFT Avon Δ% CC	Home & Style Δ% CC	Δ%
Brazil	14.8%	-0.8%	-42.4%	-22.3%
Hispanic	27.4%	2.0%	-20.1%	-15.3%
<b>Total</b>	17.9%	0.6%	-27.8%	-18.9%

<sup>a</sup> Considers the Average Available Beauty Consultants in the quarter

- Available consultants were broadly stable in Latin America QoQ (-1.5%), despite a -18.9% YoY decline. This reflects a -22.3% YoY decrease in Brazil to 1.6 million and a -15.3% YoY decline in Hispanic countries. Regions where Wave 2 was already implemented (Chile, Brazil, Colombia, and Peru) continue to be impacted by the planned exit of the least productive consultants but show a stable QoQ base, as underscored by the -1.5% consolidated Latam figure

### Natura Brand in Latam

- Natura Brazil** reported a 14.8% YoY increase in Q2-24 revenues, another quarter of strong momentum driven by successful Valentine's Day and Mother's Day campaigns, boosted by increasing cross-sell and accelerating product innovation
- Q2-24 retail sales in Brazil showed robust growth, fueled by accelerating same-store sales and a still strong pace of store openings. The brand expanded to 123 own stores (+27 compared to Q2-23) and 798 franchised stores (+110 compared to Q2-23)
- Q2-24 digital sales were down 10.8% YoY. As part of establishing the foundation for the brand's omnichannel strategy, a new digital platform was launched on the brand's website ([www.natura.com.br](http://www.natura.com.br)) offering a more consumer-friendly experience while allowing for key changes to the e-commerce engine and commercial rules. As with any soft launch, some instabilities were encountered during its implementation, which led to the softer top-line performance during this quarter, but better positioning the brand for future growth

- **Natura Hispanic Latam** reported a 27.4% Q2-24 YoY revenue increase in CC. Ex-Argentina, the YoY increase was in the mid-single digits, reflecting the improving revenues coming from Wave 2 rolled-out countries and another quarter of accelerating top-line in Mexico, driven by increasing productivity amid new commercial rules (in preparation for Wave 2 roll-out)

## Avon Brand in Latam (Beauty Category Only)

- **Avon Brazil** revenue was broadly flat (-0.8% YoY) in Q2-24, underscoring the MoM improvements delivered in Q1-24 and leading to YoY revenue growth in June. Productivity continues to improve, offsetting the YoY channel decline. Improvements were boosted by increasing cross-sell levels and welcome innovation, leading to YoY revenue growth in key categories such as color cosmetics and skin care (e.g. Renew millions launched in Q2)
- **Avon Hispanic Latam** revenue was up 2.0% YoY (-11.5% YoY ex-Argentina). While the region is still impacted by the planned channel reduction related to the roll-out of Wave 2 in Peru, Colombia and Chile, the business is on a recovery trend if we look at the top-line performance recorded in Q1-24 ex-Argentina (-24.1% YoY). This is a result of accelerating productivity and attests the improving operational KPIs mentioned in the last couple of quarters. Mexico also started to show a lower top-line decline on a softer comp base and smaller YoY channel reduction compared to Q1-24

## Home & Style in Latam

- Home & Style performance continued to suffer from a top-line perspective, as a result of the planned portfolio optimization strategy and commercial incentives reduction. The segment recorded a 27.8% revenue YoY decrease in CC due to the 20.1% and 42.4% declines in the Hispanic market and in Brazil, respectively. However, it is important to highlight the category's overall improving profitability and ROIC, which are not dilutive to Latam levels anymore

## Natura &Co Latam

Natura &Co Latam (BRL million)	P&L		
	Q2-24	Q2-23	Ch. %
Gross revenue	7,944.6	7,272.7	9.2
<b>Net revenue</b>	<b>5,922.4</b>	<b>5,461.8</b>	<b>8.4</b>
<b>Constant currency</b>			<b>10.0%</b>
COGS	(2,052.7)	(1,956.5)	4.9
<b>Gross profit</b>	<b>3,869.7</b>	<b>3,505.3</b>	<b>10.4</b>
<b>Gross margin</b>	<b>65.3%</b>	<b>64.2%</b>	<b>110 bps</b>
Selling, marketing and logistics expenses	(2,510.9)	(2,258.8)	11.2
Administrative, R&D, IT and projects expenses	(762.9)	(757.0)	0.8
Other operating income / (expenses), net	56.1	(4.5)	(1,351.0)
Transformation / integration costs	(66.5)	(98.7)	(32.6)
Depreciation	241.7	238.8	1.2
<b>EBITDA</b>	<b>827.2</b>	<b>625.2</b>	<b>32.3</b>
<b>EBITDA margin</b>	<b>14.0%</b>	<b>11.4%</b>	<b>260 bps</b>
Integration costs	66.5	98.7	(32.6)
Net non-recurring other (income)/ expenses	(43.4)	3.1	(1,477.7)
<b>Adjusted EBITDA</b>	<b>850.4</b>	<b>727.0</b>	<b>17.0</b>
<b>Adjusted EBITDA margin</b>	<b>14.4%</b>	<b>13.3%</b>	<b>110 bps</b>

- Q2-24 Revenue was up 10.0% YoY in CC and 8.4% in BRL, driven by the performance of both brands in Brazil, with Natura posting healthy growth and Avon posting a significant recovery, in addition to an accelerating pace in Natura Hispanic markets, partially offset by the Home & Style category and by Avon adjustments across the Hispanic region
- Gross margin reached 65.3% in Q2-24, +110 bps YoY, boosted by a richer product mix (particularly benefiting from the Wave 2 roll-out in most of Latam) and countries, as well as a higher Natura brand contribution to total sales. Ex-Argentina margin slightly improved on a sequential basis, reflecting the negative impact of hyperinflation accounting effects
- Adjusted EBITDA margin reached 14.4% in Q2-24, +110 bps YoY. This expansion reflects another quarter in which the YoY profitability expansion was led by the Hispanic Latam countries where the Wave 2 was already implemented. Gross margin continued to show YoY improvements which, combined with SG&A efficiencies coming from the Natura and Avon brands integration, enable reinvestments in marketing and strategic growth projects (including innovation and digital initiatives)
- Q2-24 selling expenses were impacted by BRL 23 million that was reclassified from the G&A to the selling line, as seen in the last couple of quarters
- Natura & Avon integration costs were BRL 67 million in the quarter, of which ~30% were HR costs (including severance), ~35% IT and ~15% logistics investments, with the remainder being Opex investments to integrate production facilities and some legal expenses
- The macro scenario in Argentina remains uncertain and volatile. Adjusted EBITDA margin ex-Argentina was 14.9% and expanded 190 bps YoY. In addition, the table below shows the accounting effects related to the hyperinflation impact (IAS 29) in Q2-24:

	Q2-24 (ex-hyperinflation)	Hiperinflation	FX EoP	Q2-24 (reported)
Net revenues	5,784	124	15	5,922
<b>Adjusted EBITDA</b>	<b>961</b>	<b>-118</b>	<b>8</b>	<b>850</b>
<b>% Adj. EBITDA margin</b>	<b>16.6%</b>			<b>14.4%</b>

	Q2-23 (ex-hyperinflation)	Hiperinflation	FX EoP	Q2-23 (reported)
Net revenues	5,499	148	-185	5,462
<b>Adjusted EBITDA</b>	<b>822</b>	<b>-42</b>	<b>-53</b>	<b>727</b>
<b>% Adj. EBITDA margin</b>	<b>15.0%</b>			<b>13.3%</b>

- **Emana Pay** at Natura and Avon significantly enhanced the consultant's financials in Q2-24, establishing another profitable revenue stream alongside cosmetics. The platform has secured nearly 919,000 accounts since its inception and recorded a 47% YoY growth in TPV, reaching BRL 14.5 billion in Q2-24. This growth was followed by an increase in revenues, contribution margin and net income due to a strong expansion in gross and net take rate
- Other operating KPIs continue to attest that the business is growing rapidly. Numbers of high-usage consultants went up almost 50%, which led to a 10% increase in productivity, combined with a 16% reduction in default rates. Cash-in more than doubled, leveraged by consultants' receivables tools (e.g. payment link, tap to phone and pix) and accounts bearing interests. Within the franchise network, the **&Co Pay** was already integrated in 612 stores (or 67% of the total Natura Stores in Brazil)
- In the last quarter, the on-us credit portfolio reached BRL 215 million with Emana Pay becoming the main issuing bank for the Natura & Co sales channels reducing default rates, and optimizing capital allocation

## 03 Avon International

- Avon International Q2-24 revenue was down -8.4% YoY in CC. Excluding TBS revenues related to product sales, the top-line decreased -9.5% YoY in CC, with the Beauty category down 6.0% and a steeper decline in Home & Style. Adjusted EBITDA margin contracted 180 bps YoY to 2.6%, still suffering with sales deleverage and TBS consolidation effect, despite expenses reductions amid transformational savings. Excluding TBS impacts, Adjusted EBITDA reduced 50bps compared to Q2-23

Avon International	
Operational KPIs change (%)	
Q2-24 vs. Q2-23	
Representatives	-11.1%

Avon International (BRL million)	P&L		
	Q2-24	Q2-23	Ch. %
Gross revenue	1,701.0	1,795.1	(5.2)
<b>Net revenue</b>	<b>1,426.8</b>	<b>1,510.3</b>	<b>(5.5)</b>
<b>Constant currency</b>			<b>-8.4%</b>
COGS	(555.4)	(553.6)	0.3
<b>Gross profit</b>	<b>871.5</b>	<b>956.7</b>	<b>(8.9)</b>
<b>Gross margin</b>	<b>61.1%</b>	<b>63.3%</b>	<b>-220 bps</b>
Selling, marketing and logistics expenses	(639.1)	(701.8)	(8.9)
Administrative, R&D, IT and project expenses	(359.0)	(346.6)	3.6
Other operating income / (expenses), net	1.1	(46.4)	(102.3)
Transformation / integration costs	(78.7)	(138.8)	(43.3)
Depreciation	165.0	169.5	(2.7)
<b>EBITDA</b>	<b>(39.3)</b>	<b>(107.4)</b>	<b>(63.4)</b>
<b>EBITDA margin</b>	<b>-2.8%</b>	<b>-7.1%</b>	<b>430 bps</b>
Transformation costs	78.7	138.8	(43.3)
Impairment and Goodwill	(1.8)	34.8	(105.1)
<b>Adjusted EBITDA</b>	<b>37.6</b>	<b>66.3</b>	<b>(43.2)</b>
<b>Adjusted EBITDA margin</b>	<b>2.6%</b>	<b>4.4%</b>	<b>-180 bps</b>

- Net revenue in Q2-24 was BRL 1,427 million (-8.4% YoY in CC or -9.5% excluding TBS revenues) impacted by lower rep count (-11.1% YoY) and the weaker promotional execution mentioned since Q4-23. The decline in available representatives is explained by lower appointments more than offsetting churn stability, while productivity was up on a YoY basis
- From a category perspective, Beauty performance was also impacted by the weak promotional execution and declined -6.0% (ex-TBS), with the exception of Fragrances, while Home & Style was down -26.6% amid planned portfolio reduction
- At the same time, the business unit continues to evolve with its channel diversification strategy as digital sales penetration increased by 80 bps YoY to 6.9% of total revenue and retail sales reached 4.2%, leading to 11.1% of revenues exposed to non-direct selling channels
- Gross margin was 61.1%, down 220 bps YoY. Excluding the TBS consolidation effect, the margin showed a slight pressure (-20 bps YoY) due to price increases, favorable product mix and lower cost pressure offset by FX headwinds and unfavorable country mix
- Adjusted EBITDA margin was 2.6% in Q2-24 (-180 bps YoY) or 3.9% excluding TBS (-50 bps YoY), primarily impacted by sales deleverage. Despite the revenue performance, transformational savings led to a reduction of selling expenses as a percentage of net revenues, still benefiting by the corporate structure simplification and lower people cost
- Transformation costs in Q2-24 were BRL 79 million, mainly related to Digital and R&D projects

## 04 Social and environmental performance

*(all actions refer to Natura &Co Group, unless otherwise stated)*

This quarter, Natura &Co kept advancing its sustainability agenda through impactful initiatives and strategic investments. The main highlight was the successful issuance of R\$1.3 billion through a Sustainability-linked Bond (SLB), including allocations of R\$300 million from the International Finance Corporation (IFC) and R\$200 million from IDB Invest. The funds will be directed towards procuring bio-ingredients from the Amazon, enhancing manufacturing and distribution infrastructure, and updating product lines with new equipment, underscoring our commitment to sustainable growth and innovation, aiming to achieve the goal of incorporating 49 bioactives by 2027 (55 bioactives by 2030).

Another highlight was the unveiling, during the Natura Sustainable Day, of our climate transition strategy to ensure the Company will achieve Net Zero and reduce its emissions in line with the 1.5°C goal of the Paris Agreement. Natura Cosméticos has validated science-based targets for scopes 1, 2, and 3 in the short term according to the SBTi criteria.

### Business Units Update

#### **Natura &Co Latam**

In Q2, we have further expanded the Amazonia Viva Financing Mechanism. A partnership with VERT Securitizadora and the Brazilian Biodiversity Fund, this blended finance instrument comprises an Agribusiness Receivable Certificate and a non-reimbursable investment facilitation fund and is already benefiting thirteen cooperatives and associations of sociobiodiversity suppliers. Additionally, we introduced the Regenerative Alliance at the Supplier Relationship Management event, formally engaging more than 90 Avon and Natura suppliers across various categories to address climate transition and human rights issues. We will be tracking progress with these suppliers to ensure continuity and consistency in our sustainability efforts.

Natura Cosméticos's strong dedication to sustainability has earned significant accolades, including becoming the first Latin American company to receive the Platinum Carbon Integrity Certification from VCMi. This certification reflects our robust climate transition efforts and reduction of our carbon footprint. Building on this recognition, Natura has also been named a corporate leader in sustainability, ranking 3<sup>rd</sup> on GlobeScan's "Sustainability Leaders 2024" list, showcasing our integration of sustainability into core business strategies and highlighting our position as the leader in Latin America.

#### **Avon International**

Avon's beauty and personal care products are approved by Cruelty Free International under the Leaping Bunny Program, the globally recognized gold standard for cruelty-free products. We have been taking a stand against animal testing and advocating for non-animal methods for over three decades, and this approval comes as part of our partnership with Cruelty Free International, which was first announced in July 2023.

In May, Cotton made in Africa (CmiA) announced its first partnership in the cosmetics sector with Avon. This collaboration, Supporting Women Through Our Supply Chain, marked a major step in terms of cotton sustainability and ethical action. CmiA and Avon are extremely proud to be rolling out a pilot of Pyjamas produced with CmiA. We aim to use only traceable cotton by 2025 and certified cotton by 2030.

Also in May, Avon released its 2023 Corporate Responsibility Report. The report highlights Avon's commitment to environmental and social goals across the business and can be accessed here:

<https://www.avonworldwide.com/responsible-business/responsible-business-report>.

## 05 Capital Markets and Stock Performance

NTCO3 share price on the Brazilian Stock Exchange (B3) reached BRL 15.54 at the end of Q2-24, -13.1% in the quarter. Average Daily Trading Volume (ADTV) for the quarter was BRL 115.0 million, -57.3% vs Q2-23.

On June 30, 2024, the Company's market capitalization was BRL 21.5 billion, and the Company's capital was comprised of 1,386,848,066 common shares.

Following the announcement in January 2024, the Company disclosed on April 10 the termination of its ADS program. August 7, 2024 was the effective termination date of both the deposit agreement for our ADS program and the ADS program itself.

## 06 Fixed income

Below is a table detailing all public debt instruments outstanding per issuer as of June 30, 2024:

Issuer	Type	Issuance	Maturity	Principal (million)	Nominal Cost (per year)
Natura Cosméticos S.A.	Debenture - 12th issue	10/06/2022	09/15/2027	BRL 255.9 million	DI + 0.8% per year
		10/06/2022	09/15/2029	BRL 487.2 million	IPCA + 6.80%
		10/06/2022	09/15/2032	BRL 306.9 million	IPCA + 6.90%
Natura Cosméticos S.A.	Debenture - 13th issue	06/15/2024	06/15/2029	BRL 1.326 million	DI + 1.20% per year
Natura &Co Luxemburg Holding (Natura Lux)	Bond - 2nd issue (Sustaina	05/03/2021	05/03/2028	US\$ 450.0 million	4.125% per year
Natura &Co Luxemburg Holding (Natura Lux)	Bonds	04/19/2022	04/19/2029	US\$ 270.0 million	6.00%
Issuer: Avon Products, Inc.	Unsecured Bonds	03/15/2013	03/15/2043	US\$ 21.8 million	8.450% <sup>(1)</sup>

<sup>(1)</sup> Coupon based on current credit ratings, governed by interest rate adjustment provisions

### Ratings

Natura &Co Holding S.A.			
Agency	Global Scale	National Scale	Outlook
Fitch Ratings	BB+	AAA	Stable
Moody's	Ba3	-	Negative
Standard & Poor's	BB	AAA	Stable
Natura Cosméticos S.A.			
Agency	Global Scale	National Scale	Outlook
Fitch Ratings	BB+	AAA	Stable
Moody's	Ba2	-	Negative
Standard & Poor's	BB	AAA	Stable
Avon International			
Agency	Global Scale	National Scale	Outlook
Fitch Ratings	BB	-	Stable
Moody's	Ba3	-	Negative
Standard & Poor's	BB-	-	Stable



### Natura &Co Latam Revenue Breakdown

Natura &Co Latam	Net Revenue change (%)	
	Q2-24 vs. Q2-23	
	Reported (R\$)	Constant Currency
Natura Latam <sup>a</sup>	14.3%	17.9%
Natura Brazil	14.8%	14.8%
Natura Hispanic	13.3%	27.4%
Avon Beauty + Home & Style	-4.3%	-7.3%
Avon Brazil	-9.5%	-9.5%
Avon Hispanic	-0.7%	-5.4%

<sup>a</sup> Natura Latam includes Natura Brazil, Hispanic and others

### Avon International ex TBS impacts

- Avon International continued to manufacture products for The Body Shop following the sale of the business. As a result, from Q1-24 onwards revenues and costs from the sales of those products are recognized in Avon's P&L (vs. considered an intercompany before).

Avon International	Q2-24			Q2-23
	Consolidated	TBS	Avon Ex TBS	
<b>Net revenues</b>	<b>1,426.8</b>	<b>17.1</b>	<b>1,409.7</b>	<b>1,510.3</b>
COGS	(555.4)	(34.3)	(521.1)	(553.6)
<b>Gross profit</b>	<b>871.5</b>	<b>(17.1)</b>	<b>888.6</b>	<b>956.7</b>
<b>Gross margin</b>	<b>61.1%</b>		<b>63.0%</b>	<b>63.3%</b>
Selling, marketing and logistics expenses	(639.1)		(639.1)	(701.8)
<b>% of NR</b>	<b>-44.8%</b>		<b>-45.3%</b>	<b>-46.5%</b>
Administrative, R&D, IT and project expenses	(359.0)		(359.0)	(346.6)
<b>% of NR</b>	<b>-25.2%</b>		<b>-25.5%</b>	<b>-22.9%</b>
Other operating income / (expenses), net	(0.7)		(0.7)	(11.6)
<b>% of NR</b>	<b>0.0%</b>		<b>-0.1%</b>	<b>-0.8%</b>
Depreciation	165.0		165.0	169.5
<b>% of NR</b>	<b>11.6%</b>		<b>11.7%</b>	<b>11.2%</b>
<b>Adjusted EBITDA</b>	<b>37.6</b>		<b>54.8</b>	<b>66.3</b>
<b>Adjusted EBITDA margin</b>	<b>2.6%</b>		<b>3.9%</b>	<b>4.4%</b>

## Free Cash Flow Reconciliation

The correspondence between Free Cash Flow and Statements of Cash Flow is shown below:

R\$ million	Free Cash Flow Reconciliation	Free Cash Flow	Cash Flow Reconciliation
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net (loss) income for the period</b>	(a) <b>Net income</b>	<b>Net income (loss)</b>	(a)
Adjustments to reconcile net (loss) income for the period with net cash used in operating activities:			
Depreciation and amortization	(b) <b>Depreciation/amortization</b>	<b>Depreciation and amortization</b>	(b)
Interest and exchange variation on short-term investments	(c)		
Loss from swap and forward derivative contracts	(c)		
Increase (reversion) of provision for tax, civil and labor risks	(c)		
Monetary adjustment of judicial deposits	(c)		
Monetary adjustment of provision for tax, civil and labor risks	(c)		
Income tax and social contribution	(c)		
Income from sale and write-off of property, plant and equipment and intangible	(c)		
Interest and exchange rate variation on leases	(c)		
Interest and exchange rate variation on borrowings, financing and debentures, net of amortization costs	(c) <b>Non-cash adjustments to net income</b>		
Adjustment and exchange rate variation on other assets and liabilities	(c)		
Provision (reversal) for losses on property, plant and equipment, intangible assets and leases	(c)		
Provision for impairment	(c)		
Increase (reversion) of provision for stock option plans	(c)		
Provision for losses with trade accounts receivables, net of reversals	(c)		
Provision for inventory losses, net of reversals	(c)		
Provision for carbon credits	(c)		
Effect from hyperinflationary economy	(c)		
Reversal of fair value recognized in business combinations	(c)		
<b>Increase (Decrease) in:</b>			
Trade accounts receivable and related parties	(d2) <b>Accounts receivable</b>		
Inventories	(d1) <b>Inventories</b>		
Recoverable taxes	(d4) <b>Other Assets and Liabilities</b>		
Other assets	(d4) <b>Other Assets and Liabilities</b>		
Domestic and foreign trade accounts payable and related parties	(d3) <b>Accounts payable</b>		
Payroll, profit sharing and social charges, net	(d4) <b>Other Assets and Liabilities</b>		
Tax liabilities	(d4) <b>Other Assets and Liabilities</b>		
Other liabilities	(d4) <b>Other Assets and Liabilities</b>		
<b>OTHER CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payment of income tax and social contribution	(e) <b>Income Tax and Social Contribution</b>		
Release of judicial deposits	(h) <b>Other Operating Activities</b>		
Payments related to tax, civil and labor lawsuits	(h)		
(Payments) proceeds due to settlement of derivative transactions	(f) <b>Interest on Debt and derivative settlement</b>		
Payment of interest on lease	(g) <b>Lease Payments</b>		
Payment of interest on borrowings, financing and debentures	(f) <b>Interest on Debt and derivative settlement</b>		
Operating Activities Discontinued Operations	(m) <b>Operating activities - discontinued operations</b>		
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>			
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions of property, plant and equipment and intangible	(j) <b>Capex</b>		
Proceeds from sale of property, plant and equipment and intangible	(i) <b>Capex</b>		
Short-term acquisition	(j) <b>Sale of Assets</b>		
Redemption of short-term investments	(i)		
Redemption of interest on short-term investments	(i) <b>Other financing and investing activities</b>		
Investing activities - discontinued operations	(o) & (l) <b>Capex - discontinued operations &amp; Other financing and investing activities</b>		
<b>NET CASH GENERATED BY (USED IN) INVESTING ACTIVITIES</b>			
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of lease - principal	(g) <b>Lease payments</b>		
Repayment of borrowings, financing and debentures - principal	(i)		
New borrowings, financing, and debentures	(i)		
Acquisition of treasury shares, net of receipt of option strike price	(i)		
Payment of dividends and interest on equity	(i)		
Receipt (payment) of funds due to settlement of derivative transactions	(i)		
Capital Increase	(i)		
Financing activities - discontinued operations	(n) <b>Payment of lease - discontinued operations</b>		
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>			
Effect of exchange rate variation on cash and cash equivalents	(k) <b>Exchange Rate Effect</b>		
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Opening balance of cash and cash equivalents			
Closing balance of cash and cash equivalents			
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>Free Cash Flow</b>	
		Other financing and investing activities	(l)
		Payment of lease - principal discontinued operation	(n)
		Capex - discontinued operation	(o)
		<b>Cash Balance Variation</b>	

## Consolidated Balance Sheet

ASSETS (R\$ million)	Jun-24	Dec-23	LIABILITIES AND SHAREHOLDER'S EQUITY (R\$ million)	Jun-24	Dec-23
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	1,596.3	3,750.9	Borrowings, financing and debentures	92.0	163.8
Short-term investments	1,918.4	4,024.1	Lease	325.0	298.6
Trade accounts receivable	4,524.9	3,524.4	Trade accounts payable and reverse factoring operations	5,757.7	5,302.5
Accounts receivable - sale of subsidiary	-	22.9	Dividends and interest on shareholders' equity payable	41.4	294.2
Inventories	3,982.5	3,087.4	Payroll, profit sharing and social charges	954.6	1,019.7
Recoverable taxes	654.2	608.5	Tax liabilities	582.7	634.8
Income tax and social contribution	266.9	175.6	Income tax and social contribution	163.8	908.4
Derivative financial instruments	173.3	189.0	Derivative financial instruments	167.7	329.7
Other current assets	817.8	604.4	Provision for tax, civil and labor risks	509.3	491.3
Assets held for sale	-	-	Other current liabilities	882.2	970.5
<b>Total current assets</b>	<b>13,934.3</b>	<b>15,987.2</b>	<b>Total current liabilities</b>	<b>9,476.5</b>	<b>10,413.5</b>
<b>NON CURRENT ASSETS</b>			<b>NON CURRENT LIABILITIES</b>		
Accounts receivable - sale of subsidiary	375.7	806.6	Borrowings, financing and debentures	5,653.8	5,947.9
Recoverable taxes	942.6	1,112.4	Lease	778.8	851.8
Deferred income tax and social contribution	1,681.7	2,200.7	Payroll, profit sharing and social charges	28.6	16.1
Judicial deposits	410.1	408.0	Tax liabilities	175.7	127.2
Derivative financial instruments	60.2	89.5	Deferred income tax and social contribution	404.9	328.1
Short-term investments	45.7	36.7	Provision for tax, civil and labor risks	1,297.9	1,255.5
Other non-current assets	1,107.2	1,027.7	Other non-current liabilities	687.6	686.5
<b>Total long term assets</b>	<b>4,623.2</b>	<b>5,681.5</b>	<b>Total non-current liabilities</b>	<b>9,027.2</b>	<b>9,213.1</b>
Property, plant and equipment	3,587.7	3,457.6	<b>SHAREHOLDERS' EQUITY</b>		
Intangible	17,572.8	16,569.9	Capital stock	12,484.5	12,484.5
Right of use	1,041.3	1,050.8	Treasury shares	(54.9)	(164.2)
<b>Total non-current assets</b>	<b>26,825.0</b>	<b>26,759.8</b>	Capital reserves	10,460.6	10,466.5
			Profit Reserves	50.3	780.3
			Accumulated Losses	(1,793.7)	-
			Other comprehensive income	1,090.9	(463.8)
			<b>Equity attributable to owners of the Company</b>	<b>22,237.7</b>	<b>23,103.2</b>
			Non-controlling interest in shareholders' equity of subsidiaries	17.9	17.2
<b>TOTAL ASSETS</b>	<b>40,759.3</b>	<b>42,747.0</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>40,759.3</b>	<b>42,747.0</b>

## Consolidated Income Statement- Including Purchase Price Allocation (PPA) Amortization

R\$ million	Q2-24	Q2-23	Ch. %	H1-24	H1-23	Ch. %
<b>NET REVENUE</b>	<b>7,352.6</b>	<b>6,973.8</b>	<b>5.4</b>	<b>13,457.9</b>	<b>13,445.3</b>	<b>0.1</b>
Cost of Products Sold	(2,611.0)	(2,510.6)	4.0	(4,738.1)	(4,823.8)	(1.8)
<b>GROSS PROFIT</b>	<b>4,741.7</b>	<b>4,463.1</b>	<b>6.2</b>	<b>8,719.8</b>	<b>8,621.5</b>	<b>1.1</b>
<b>OPERATING EXPENSES</b>						
Selling, Marketing and Logistics Expenses	(3,012.7)	(2,861.6)	5.3	(5,509.8)	(5,405.3)	1.9
Administrative, R&D, IT and Project Expenses	(1,207.8)	(1,192.1)	1.3	(2,250.9)	(2,354.3)	(4.4)
Impairment losses on trade receivables	(137.3)	(100.9)	36.1	(373.2)	(316.3)	18.0
Other Operating Expenses, Net	(120.0)	(290.5)	(58.7)	(166.9)	(341.3)	(51.1)
<b>NET INCOME FROM OPERATIONS BEFORE FINANCIAL RESULT</b>	<b>263.8</b>	<b>18.1</b>	<b>1,360.4</b>	<b>419.1</b>	<b>204.2</b>	<b>105.2</b>
Net Financials	(135.3)	(384.0)	(64.8)	(496.5)	(844.2)	(41.2)
<b>NET INCOME (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBU</b>	<b>128.5</b>	<b>(366.0)</b>	<b>(135.1)</b>	<b>(77.5)</b>	<b>(639.9)</b>	<b>(87.9)</b>
Income Tax and Social Contribution	(976.8)	(143.3)	581.4	(1,213.8)	(265.6)	357.1
<b>LOSS FROM CONTINUED OPERATIONS</b>	<b>(848.3)</b>	<b>(509.3)</b>	<b>66.6</b>	<b>(1,291.3)</b>	<b>(905.5)</b>	<b>42.6</b>
Income (Loss) from discontinued operations	(10.8)	(222.6)	(95.1)	(502.9)	(478.6)	5.1
<b>LOSS FOR THE PERIOD</b>	<b>(859.1)</b>	<b>(731.9)</b>	<b>17.4</b>	<b>(1,794.2)</b>	<b>(1,384.1)</b>	<b>29.6</b>
Attributable to controlling shareholders	(858.9)	(731.9)	17.4	(1,793.7)	(1,384.3)	29.6
Attributable to non-controlling shareholders	(0.2)	(0.1)	203.4	(0.5)	0.2	(325.0)

## Purchase Price Allocation (PPA) Amortization

R\$ million	Consolidated		Natura & Co Latam		Avon International	
	Q2-24	Q2-23	Q2-24	Q2-23	Q2-24	Q2-23
<b>Net Revenue</b>	-	-	-	-	-	-
Cost of Products Sold	(11.5)	(1.9)	(10.8)	(1.1)	(0.7)	(0.8)
<b>Gross Profit</b>	<b>(11.5)</b>	<b>(1.9)</b>	<b>(10.8)</b>	<b>(1.1)</b>	<b>(0.7)</b>	<b>(0.8)</b>
Selling, Marketing and Logistics Expenses	(60.5)	(62.3)	(29.1)	(32.3)	(31.4)	(30.0)
Administrative, R&D, IT and Project Expense:	(74.1)	(72.0)	(1.3)	(1.3)	(72.8)	(70.7)
Other Operating Income (Expenses), Net	(3.3)	(4.9)	8.7	5.5	(12.0)	(10.4)
Financial Income/(Expenses), net	(6.3)	(5.0)	-	-	-	-
Income Tax and Social Contribution	4.2	(27.6)	-	-	-	-
<b>LOSS FROM CONTINUED OPERATIONS</b>	<b>(151.5)</b>	<b>(173.7)</b>	<b>(32.5)</b>	<b>(29.2)</b>	<b>(116.9)</b>	<b>(111.9)</b>
Depreciation	(146.0)	(136.1)	(41.1)	(34.7)	(104.9)	(101.4)

## Consolidated Statement of Cash Flow

R\$ million	Jun - 24	Jun - 23	Free Cash Flow Reconciliation	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net (loss) income for the period</b>	<b>(1,794.2)</b>	<b>(1,384.1)</b>	(a)	<b>Net income</b>
Adjustments to reconcile net (loss) income for the period with net cash used in operating activities:				
Depreciation and amortization	799.2	824.5	(b)	<b>Depreciation/amortization</b>
Interest and exchange variation on short-term investments	(219.1)	(383.2)	(c)	<b>Non-cash adjustments to net income</b>
Loss from swap and forward derivative contracts	70.8	764.4	(c)	
Increase (reversion) of provision for tax, civil and labor risks	34.4	31.9	(c)	
Monetary adjustment of judicial deposits	(13.5)	(13.3)	(c)	
Monetary adjustment of provision for tax, civil and labor risks	27.5	37.2	(c)	
Income tax and social contribution	1,213.8	265.6	(c)	
Income from sale and write-off of property, plant and equipment and intangible	41.6	37.8	(c)	
Interest and exchange rate variation on leases	67.4	53.7	(c)	
Interest and exchange rate variation on borrowings, financing and debentures, net of acquisition costs	223.8	98.4	(c)	
Adjustment and exchange rate variation on other assets and liabilities	0.0	1.5	(c)	
Provision (reversal) for losses on property, plant and equipment, intangible assets and leases	44.9	11.1	(c)	
Increase (reversion) of provision for stock option plans	16.3	23.2	(c)	
Provision for losses with trade accounts receivables, net of reversals	373.2	319.2	(c)	
Provision for inventory losses, net of reversals	140.0	240.5	(c)	
Provision for carbon credits	(1.4)	(5.7)	(c)	
Effect from hyperinflationary economy	387.5	178.2	(c)	
<b>Increase (Decrease) in:</b>				
Trade accounts receivable and related parties	(1,358.2)	(585.9)	(d2)	<b>Accounts receivable</b>
Inventories	(935.0)	(493.4)	(d1)	<b>Inventories</b>
Recoverable taxes	117.7	(16.3)	(d4)	<b>Other Assets and Liabilities</b>
Other assets	(146.8)	61.3	(d4)	<b>Other Assets and Liabilities</b>
Domestic and foreign trade accounts payable and related parties	345.3	(413.4)	(d3)	<b>Accounts payable</b>
Payroll, profit sharing and social charges, net	(103.8)	(207.2)	(d4)	<b>Other Assets and Liabilities</b>
Tax liabilities	(19.9)	(88.0)	(d4)	<b>Other Assets and Liabilities</b>
Other liabilities	(295.7)	(204.6)	(d4)	<b>Other Assets and Liabilities</b>
<b>OTHER CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(984.4)</b>	<b>(846.7)</b>		
Payment of income tax and social contribution	(370.9)	(224.3)	(e)	<b>Income Tax and Social Contribution</b>
Release of judicial deposits	11.4	23.9	(h)	<b>Other Operating Activities</b>
Payments related to tax, civil and labor lawsuits	(91.0)	(30.7)	(h)	
(Payments) proceeds due to settlement of derivative transactions	(120.2)	(481.8)	(f)	<b>Interest on Debt and derivative settlement</b>
Payment of interest on lease	(66.7)	(51.8)	(g)	<b>Lease Payments</b>
Payment of interest on borrowings, financing and debentures	(307.5)	(471.2)	(f)	<b>Interest on Debt and derivative settlement</b>
Operating Activities Discontinued Operations	(528.8)	110.8	(m)	<b>Operating activities - discontinued operations</b>
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(2,458.0)</b>	<b>(1,971.7)</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Additions of property, plant and equipment and intangible	(333.5)	(440.4)	(j)	<b>Capex</b>
Proceeds from sale of property, plant and equipment and intangible	106.9	14.0	(i)	<b>Capex</b>
Short-term acquisition	(14,966.5)	(4,760.1)	(j)	<b>Sale of Assets</b>
Redemption of short-term investments	17,158.8	5,389.2	(l)	<b>Other financing and investing activities</b>
Redemption of interest on short-term investments	176.4	76.2	(l)	
Investing activities - discontinued operations	0.0	(183.1)	(o) & (l)	<b>Capex - discontinued operations &amp; Other financing and investing activities</b>
<b>NET CASH GENERATED BY (USED IN) INVESTING ACTIVITIES</b>	<b>2,142.1</b>	<b>95.8</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment of lease - principal	(188.3)	(160.8)	(g)	<b>Lease payments</b>
Repayment of borrowings, financing and debentures - principal	(949.9)	(118.8)	(l)	<b>Other financing and investing activities</b>
New borrowings, financing, and debentures	131.5	654.9	(l)	
Payment of dividends and interest on equity	(982.8)	(0.0)	(l)	
Receipt (payment) of funds due to settlement of derivative transactions	(5.2)	(39.4)	(l)	
Capital Increase	0.0	0.1	(l)	
Financing activities - discontinued operations	0.0	(337.9)	(n)	<b>Payment of lease - discontinued operations</b>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(1,994.7)</b>	<b>(1.9)</b>		
Effect of exchange rate variation on cash and cash equivalents	156.1	(42.8)	(k)	<b>Exchange Rate Effect</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,154.5)</b>	<b>(1,920.6)</b>		
Opening balance of cash and cash equivalents	3,750.9	4,195.7		
Closing balance of cash and cash equivalents	1,596.3	2,275.1		
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,154.5)</b>	<b>(1,920.6)</b>		

# natura & co

## 08 Conference call *and webcast*

### **Natura &Co** (B3: NTCO3)

is pleased to invite you to join its Q2 -24 Earnings Conference Call:

Tuesday, August 13th, 2024

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08:00 a.m. | New York Time

09:00 a.m. | Brasília Time

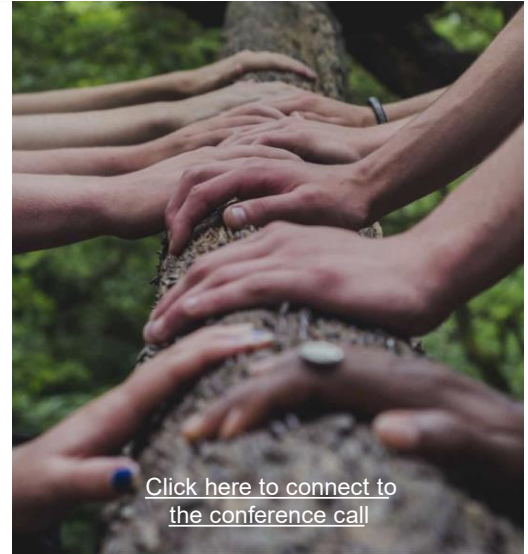
13:00 p.m. | London Time

The broadcast will be held in Portuguese with simultaneous translation into English



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**natura & co**



[Click here to connect to the conference call](#)

The Q2-24 Results will be available on August 12th, Monday, after B3 trading hours at the website:

<http://ri.naturaeco.com/en>

**ADR:** An American Depositary Receipt is a negotiable certificate issued by a U.S. depository bank representing a specified number of shares of a non-U.S. company stock.

**ADS:** The individual issuance of shares in a U.S. stock exchange by a non-U.S. company is referred to as American Depositary Shares (ADS)

**Adjusted EBITDA:** Excludes effects that are not considered usual, recurring or not-comparable between the periods under analysis

**APAC:** Asia and Pacific

**ARS:** the foreign exchange market symbol for the Argentine peso

**Avon representatives:** Self-employed resellers who do not have a formal labor relationship with Avon

**B3:** Brazilian Stock Exchange

**BPS:** Basis Points; a basis points is equivalent to one percentage point \* 100

**Brand Power:** A methodology used by Natura &Co to measure how its brands are perceived by consumers, based on metrics of significance, differentiation and relevance.

**BRL:** Brazilian Reais

**CDI:** The overnight rate for interbank deposits

**CEE: Central and Eastern Europe**

**CFT:** Cosmetics, Fragrances and Toiletries Market (CFT = Fragrances, Body Care and Oil Moisture, Make-up (without Nails), Face Care, Hair Care (without Colorants), Soaps, Deodorants, Men's Grooming (without Razors) and Sun Protection

**COGS:** Costs of Goods Sold

**Constant currency ("CC") or constant exchange rates:** when exchange rates used to convert financial figures into a reporting currency are the same for the years under comparison, excluding foreign currency fluctuation effects

**CO2e:** Carbon dioxide equivalent; for any quantity and type of greenhouse gas, CO2e signifies the amount of CO2 which would have the equivalent global warming impact.

**EBITDA:** Earnings Before Interests, Tax, Depreciation and Amortization

**EMEA:** Europe, Middle East and Africa

**EP&L:** Environmental Profit & Loss

**Foreign currency translation:** conversion of figures from a foreign currency into the currency of the reporting entity

**FX:** foreign exchange

**FY:** fiscal year

**G&A:** General and administrative expenses

**IAS 29:** "Financial Reporting in Hyperinflationary Economies" requires the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy to be restated for changes in the general purchasing power of that currency so that the financial information provided is more meaningful

**IBOV:** Ibovespa Index is the main performance indicator of the stocks traded in B3 and lists major companies in the Brazilian capital market

**IFRS –** International Financial Reporting Standards

**Hispanic Latam:** Often used to refer to the countries in Latin America, excluding Brazil

**NYSE:** New York Stock Exchange

**P&L:** Profit and loss

**PP:** Percentage point

**PPA:** Purchase Price Allocation - effects of the fair market value assessment as a result of a business combination

**Profit Sharing:** The share of profit allocated to employees under the profit-sharing program

**Quarter on quarter ("QoQ"):** is a measuring technique that calculates the change between one fiscal quarter and the previous fiscal quarter

**SEC:** The U.S. Securities and Exchange Commission (SEC) is an independent federal government regulatory agency responsible for protecting investors, maintaining fair and orderly functioning of the securities markets, and facilitating capital formation

**SG&A:** Selling, general and administrative expenses

**TBS:** The Body Shop.

**Task Force on Climate-Related Financial Disclosures ("TCFD"):** climate-related disclosure recommendations enable stakeholders to understand carbon-related assets and their exposures to climate-related risks

**Task force on Nature-related Financial Disclosures ("TNFD"):** The TNFD Framework seeks to provide organisations and financial institutions with a risk management and disclosure framework to identify, assess, manage and report on nature-related dependencies, impacts, risks and opportunities ("nature-related issues"), encouraging organisations to integrate nature into strategic and capital allocation decision making

**TPV:** Total Payment Volume

**UNI:** Underlying Net Income, which is net income excluding transformation costs, restructuring costs, discontinued operations and PPA effects

**Year-over-year ("YOY"):** is a financial term used to compare data for a specific period of time with the corresponding period from the previous year. It is a way to analyze and assess the growth or decline of a particular variable over a twelve-month period

**Year to date ("YTD"):** refers to the period of time beginning the first day of the current calendar year or fiscal year up to the current date. YTD information is useful for analyzing business trends over time or comparing performance data to competitors or peers in the same industry

## 10 Disclaimer

EBITDA is not a measure under BR GAAP and does not represent cash flow for the periods presented. EBITDA should not be considered an alternative to net income as an indicator of operating performance or an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and the definition of EBITDA used by Natura may not be comparable with that used by other companies. Although EBITDA does not provide under BR GAAP a measure of cash flow, Management has adopted its use to measure the Company's operating performance. Natura also believes that certain investors and financial analysts use EBITDA as an indicator of performance of its operations and/or its cash flow.

This report contains forward-looking statements. These forward-looking statements are not historical fact, but rather reflect the wishes and expectations of Natura's management. Words such as "anticipate," "wish," "expect," "foresee," "intend," "plan," "predict," "project," "desire" and similar terms identify statements that necessarily involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price and product competitiveness, the acceptance of products by the market, the transitions of the Company's products and those of its competitors, regulatory approval, currency fluctuations, supply and production difficulties and changes in product sales, among other risks. This report also contains certain pro forma data, which are prepared by the Company exclusively for informational and reference purposes and as such are unaudited. This report is updated up to the present date and Natura does not undertake to update it in the event of new information and/or future events.

**Investor Relations Team**  
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