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# Second- Quarter 2024 Results

*August 13, 2024*



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**natura & co**

# Disclaimer

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# Key Highlights

## Natura &Co Performance Q2-24

### Avon Products, Inc (API) announces voluntary Chapter 11 proceedings in U.S. Bankruptcy Court

- Natura &Co is API's largest creditor and supports the decision
- Process should enable the Company to resolve its debt and legacy liabilities
- No impact is expected on Avon operations outside United States

### Natura &Co will support API's restructuring

- Debtor-in-possession (DIP)
- Bid for all API non-US operations
  - Payment would be made via Natura &Co existing credits against API through a Court supervised auction process

### Study of potential separation of the brands put on hold until Chapter 11 process is complete

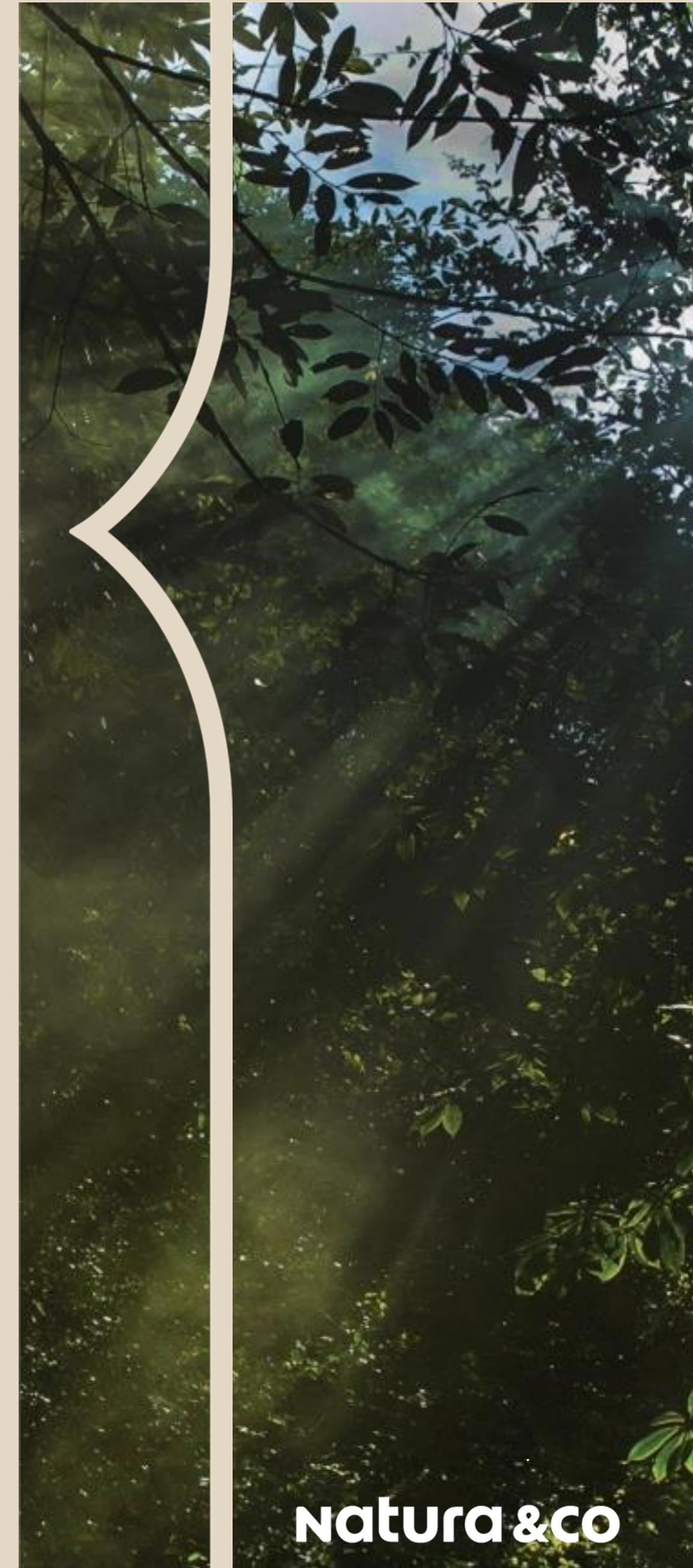
- API's restructuring represents an important step in Natura &Co's ongoing simplification journey

### Natura delivering strong performance and concrete signs of Avon brand turnaround in Brazil

- Natura keeps growing double-digit sales in Brazil
- Avon brand stabilizes revenue in Brazil
- Hispanic countries that have already implemented Wave 2 are driving Natura &Co Latam's profitability

# Consolidated Financial Performance

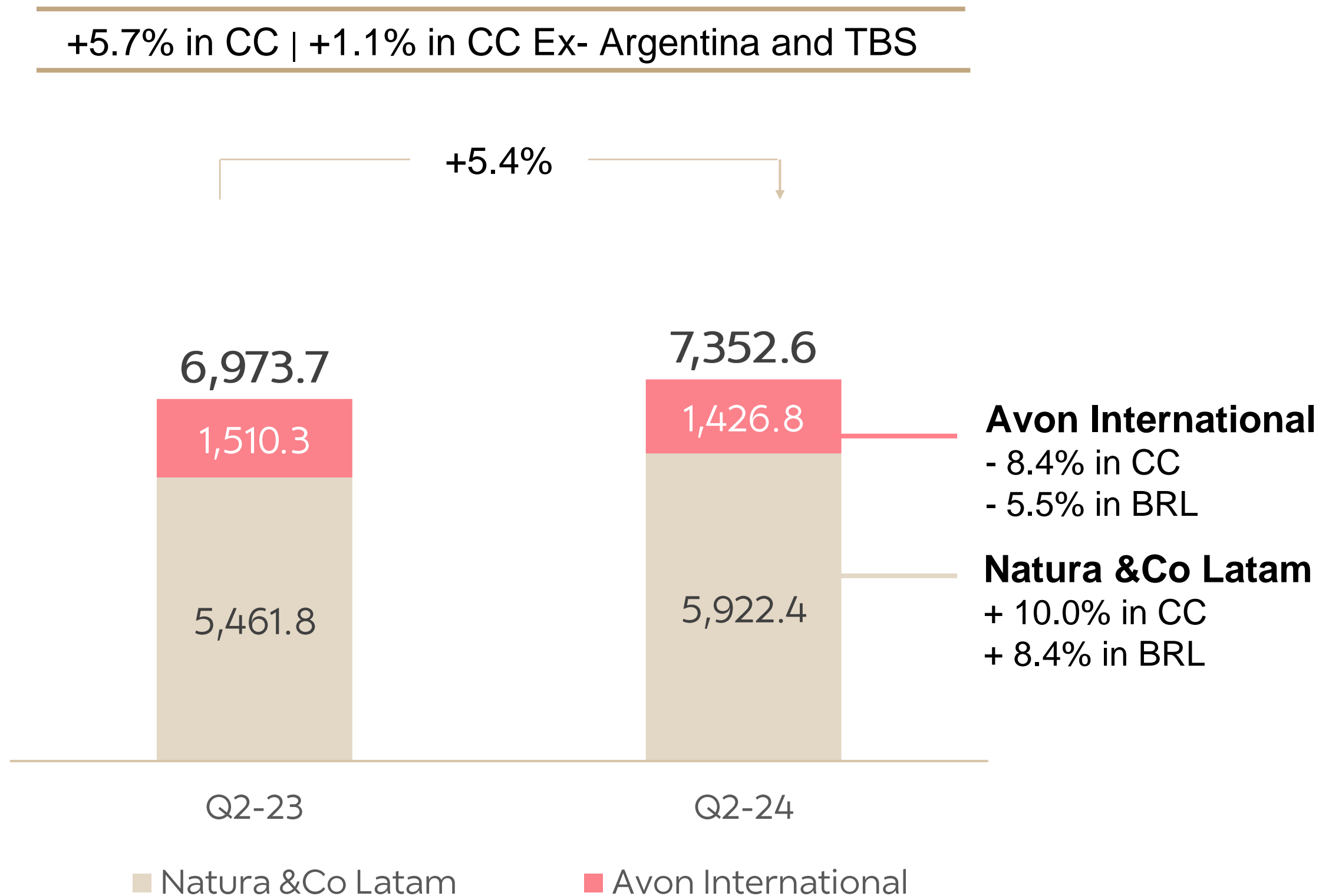
Guilherme Castellan, CFO



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# Natura &Co: Improving top-line trends as Natura Brazil continues to show strong momentum while Avon Brazil stabilizes

Net Revenue (BRL million)



## Highlights

- Solid performance at Natura in Brazil with accelerating pace in Mexico
- Better trends from Avon Brazil, especially in Skin Care and Make-up

### Partially offset by:

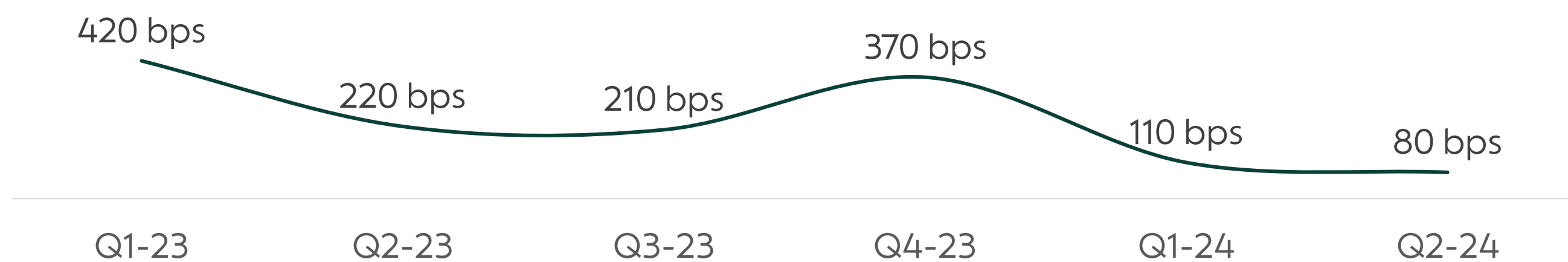
- Avon International's top-line decrease
- Home & Style category

# Adjusted EBITDA: another quarter of margin expansion mainly driven by Hispanic Wave 2 countries partially offset by Avon International

Q2-24 Consolidated Adjusted EBITDA Margin



Adjusted EBITDA Margin expansion YoY



<sup>1</sup> The increase also reflects a BRL 23 million expense reallocation from G&A to Selling line

## Highlights

**+110**  
bps YoY  
Natura &Co Latam

mainly driven by Wave 2 initiatives and better country and brand mix

**+10**  
bps YoY  
Corporate Expenses

slight reduction of corporate expenses

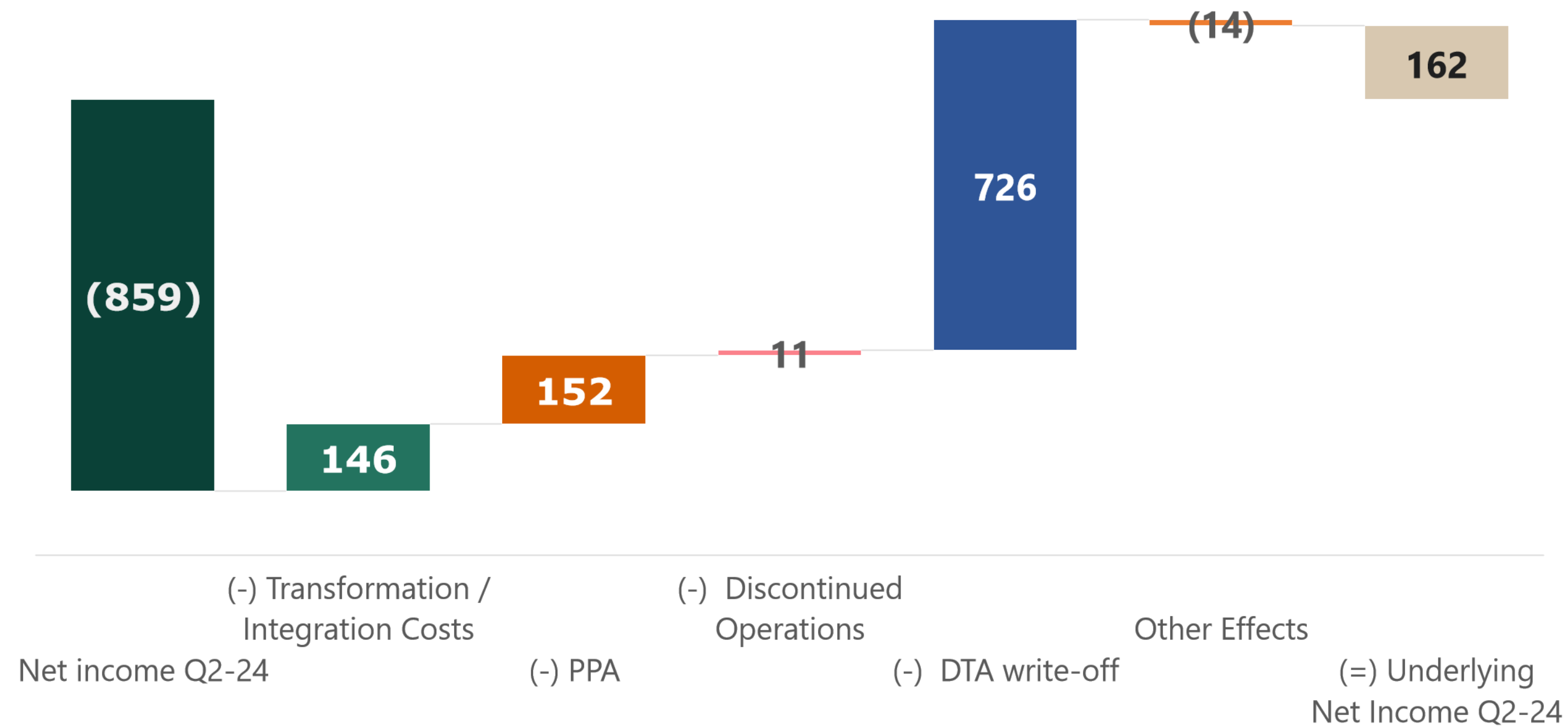
### Partially offset by:

**-180**  
bps YoY  
Avon International

margin contraction amid sales deleverage and TBS impacts (-50 bps YoY Ex-TBS)

# Underlying net income (UNI) and net income

## Net income to underlying net income (UNI) reconciliation Q2-24 (BRL million)



### Highlights

UNI improvement vs. BRL -219 mn loss in Q2-23

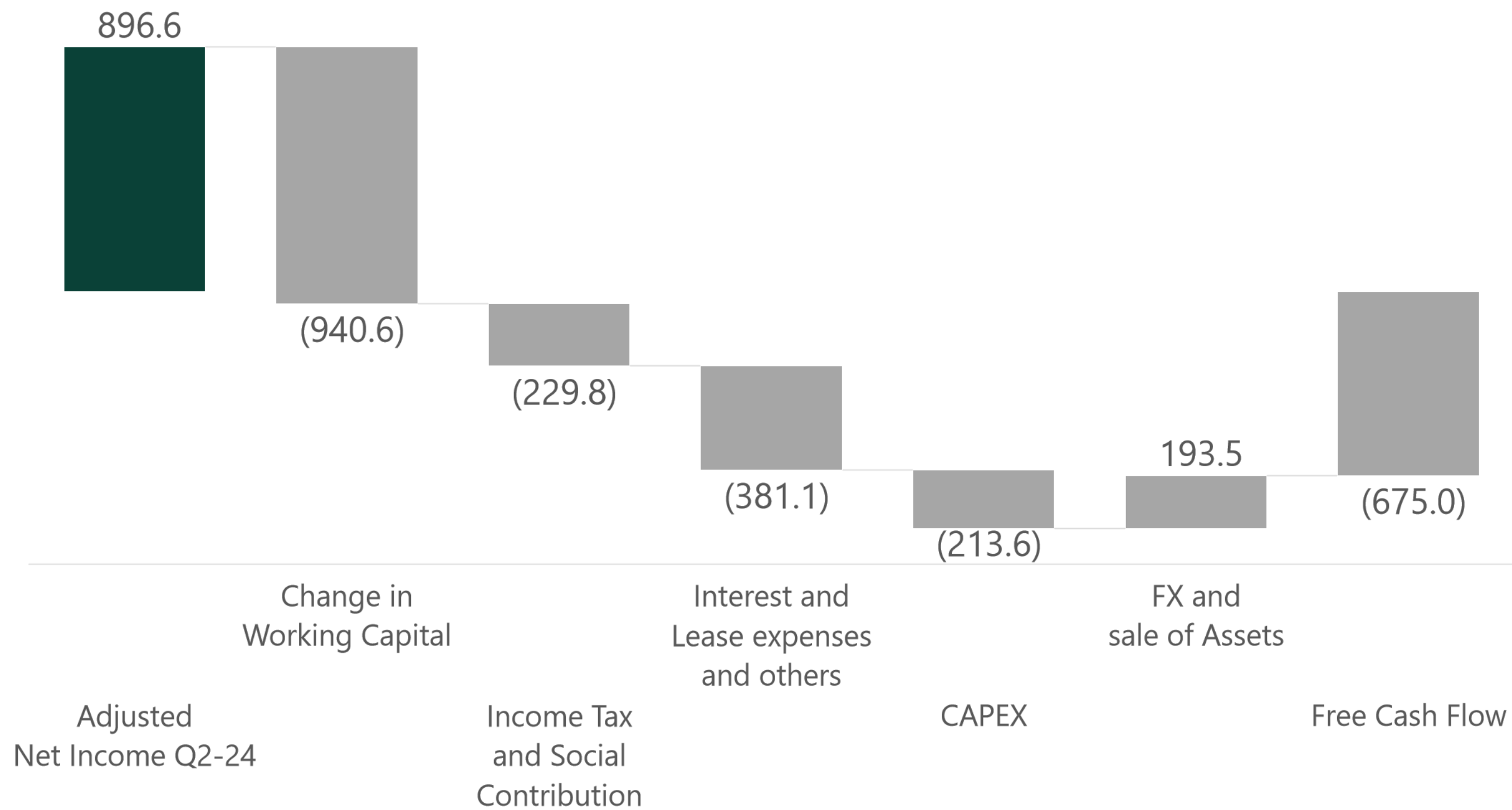
- Higher Adjusted EBITDA
- Lower Financial Expenses

#### Partially offset by:

- Higher income taxes expenses

# Free cash flow in Q2-24 improved BRL+180 million YoY or BRL+290 million when compared to Q2-23 reported cash outflow

**Adjusted net income to free cash Flow <sup>1</sup>**  
Q2-24 (BRL million)



**Highlights**

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**Mainly driven by:**

- Higher Adjusted Net Income
- Lower Financial expenses

**Partially offset by:**

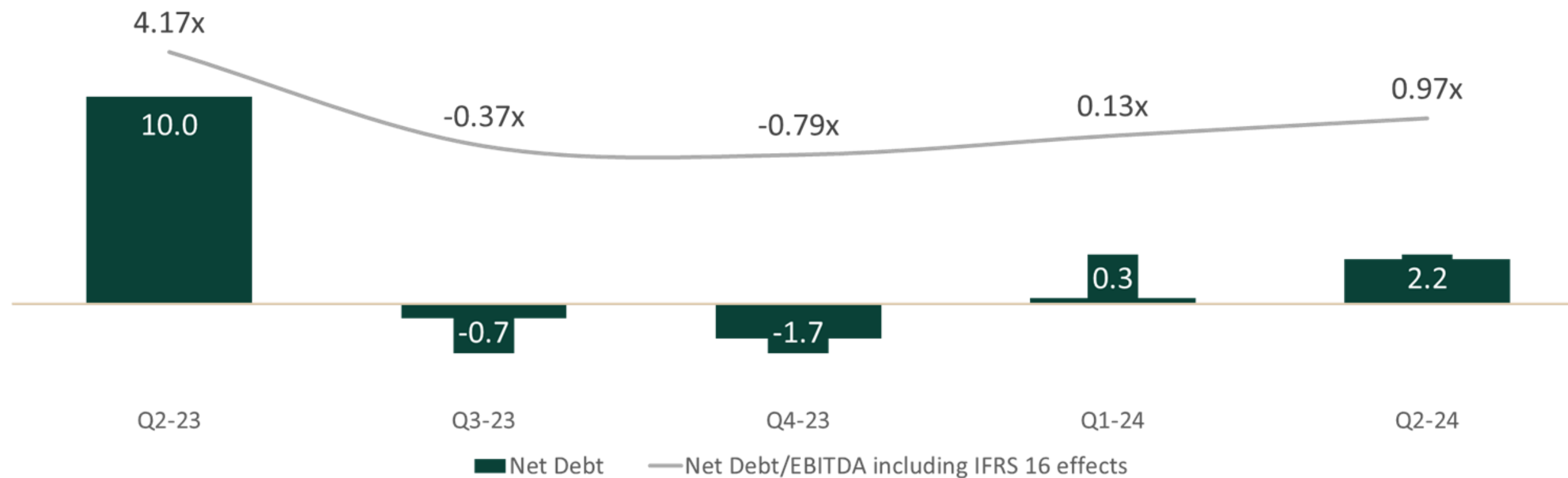
- Higher Working Capital, due to:
  - Accounts receivables
  - Inventories

<sup>1</sup> Net Income excluding depreciation and amortization, non-cash adjustments to net income, and Discontinued Operations Results

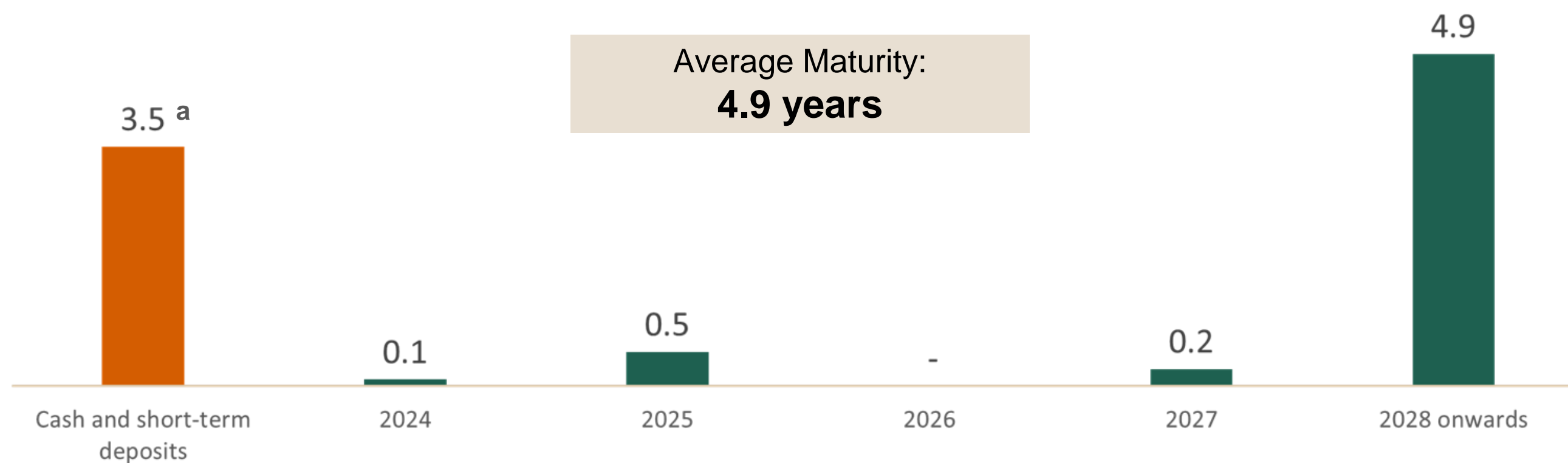


# Indebtedness: Extending debt maturity through prepayment and new issuances, including a sustainability-linked instrument

Net debt and net debt-to-EBITDA ratio (BRL billion)



Amortization schedule (BRL billion)



(a) Gross debt excludes PPA impacts, lease agreements, and foreign currency hedging

**BRL 3.5 billion**  
Cash balance at period-end

**0.97x**  
Group net debt-to-EBITDA, as expected, amid dividend payment, seasonality and WK investments

**BRL 1.3 billion**

- BRL 826 million tender offer for 11<sup>th</sup> issuance of debentures maturing Jul-27
- BRL 500 million repurchase of 1<sup>st</sup> issuance of commercial notes maturing Sep-25
- Successful issuance of BRL 1.3 bn through a Green Bond maturing Jun-29

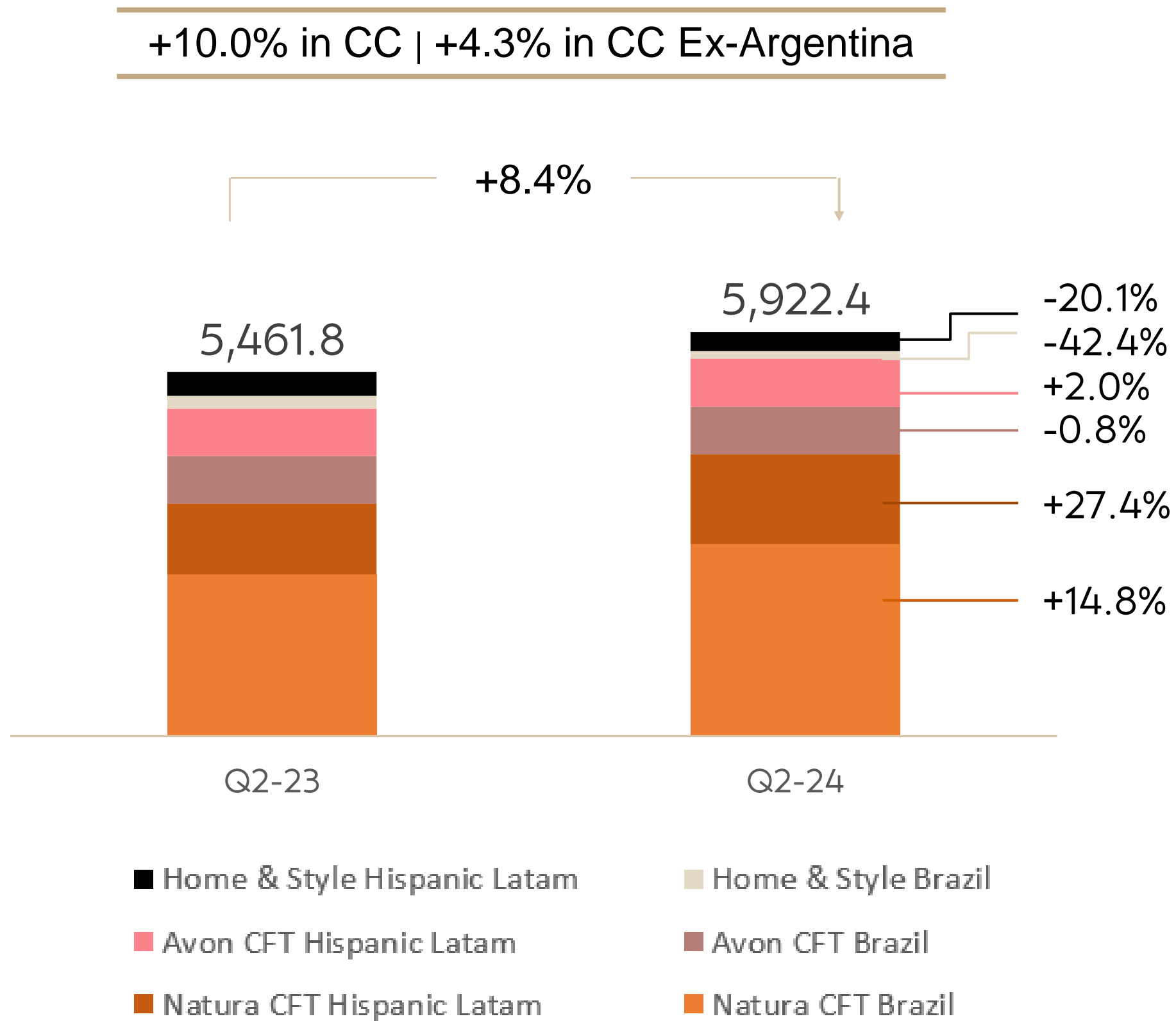


# Natura &Co Latam

## Financial Performance

# Natura &Co Latam: Accelerating momentum in Brazil and improving trends in Hispanic regions

Net Revenue (BRL million)



### Natura CFT:

- **Brazil:** another strong quarter driven by successful campaigns, increasing cross-sell and product innovation
- **Hispanic:** accelerating top-line growth in Mexico driven by commercial model adjustments on top of improving trends from Wave 2 countries

### Avon CFT:

- **Brazil:** broadly flat -0.8% YoY; productivity offsetting YoY channel decline
- **Hispanic:** +2.0% YoY (-11.5% YoY ex-Argentina) still impacted by Wave 2 implementation and preparation

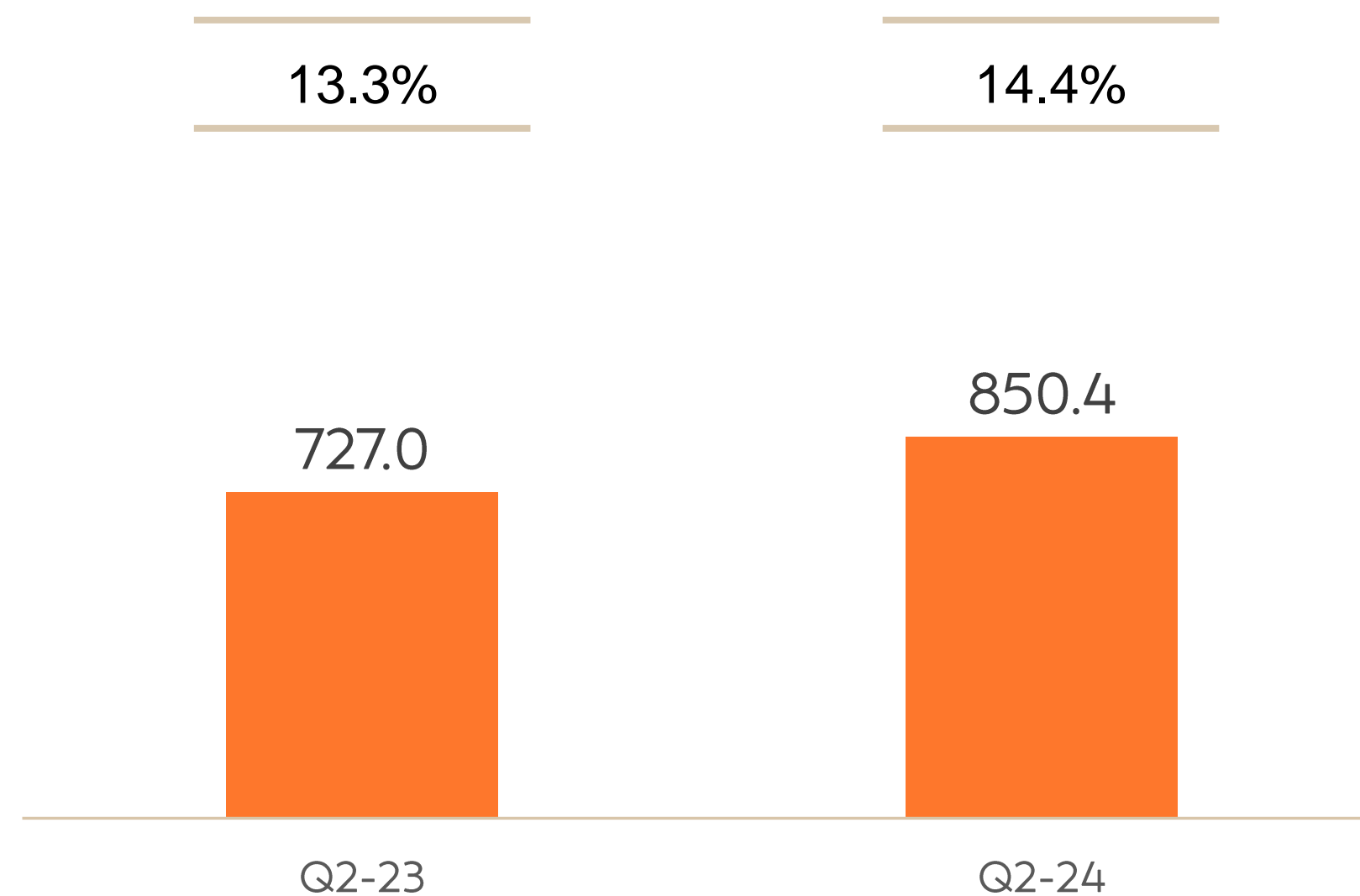
### Home & Style:

- Still declining in CC from the planned portfolio optimization strategy and reduction in commercial incentives

# Profitability: Sixth consecutive quarter of YoY expansion enabling higher investments in marketing and growth projects

## Adjusted EBITDA<sup>1</sup> and Adjusted EBITDA margin

(BRL million, %)



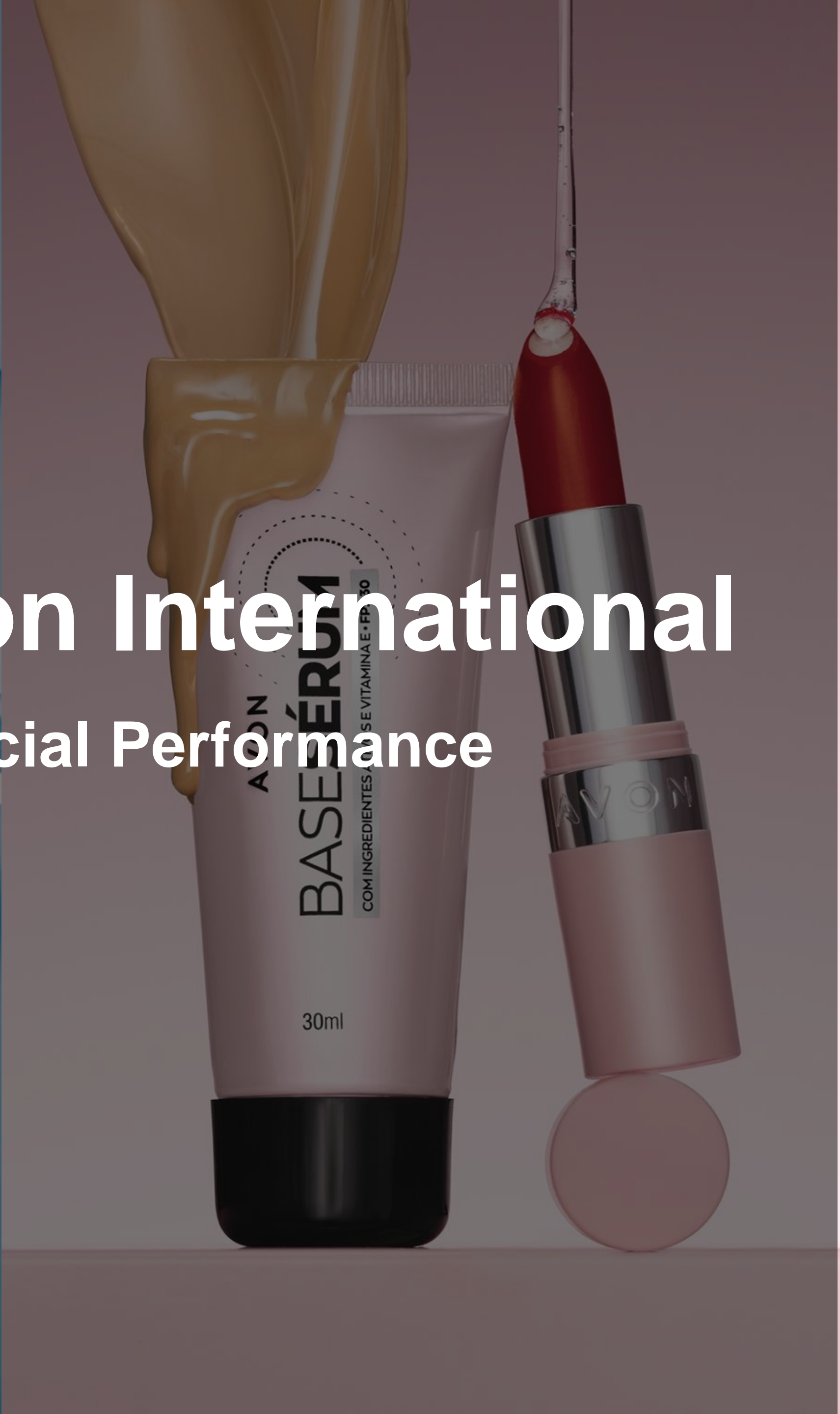
<sup>1</sup> Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as integration costs and other net non-recurring (income)/expenses

### Highlights

Driven by:

**+110**  
bps YoY  
Adj EBITDA Margin

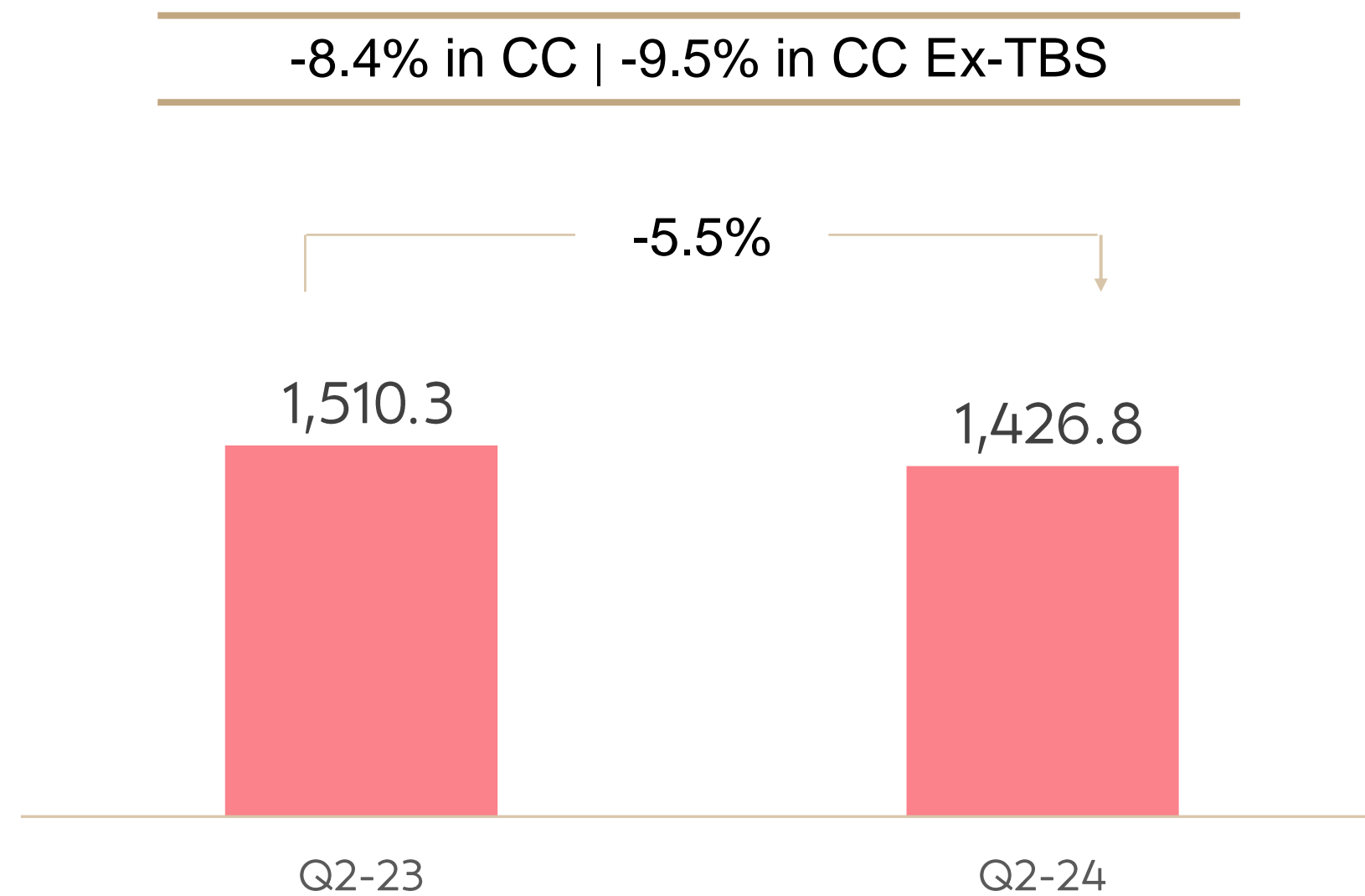
- Gross Margin
- Another quarter of profitability expansion led by the markets where Wave 2 was implemented



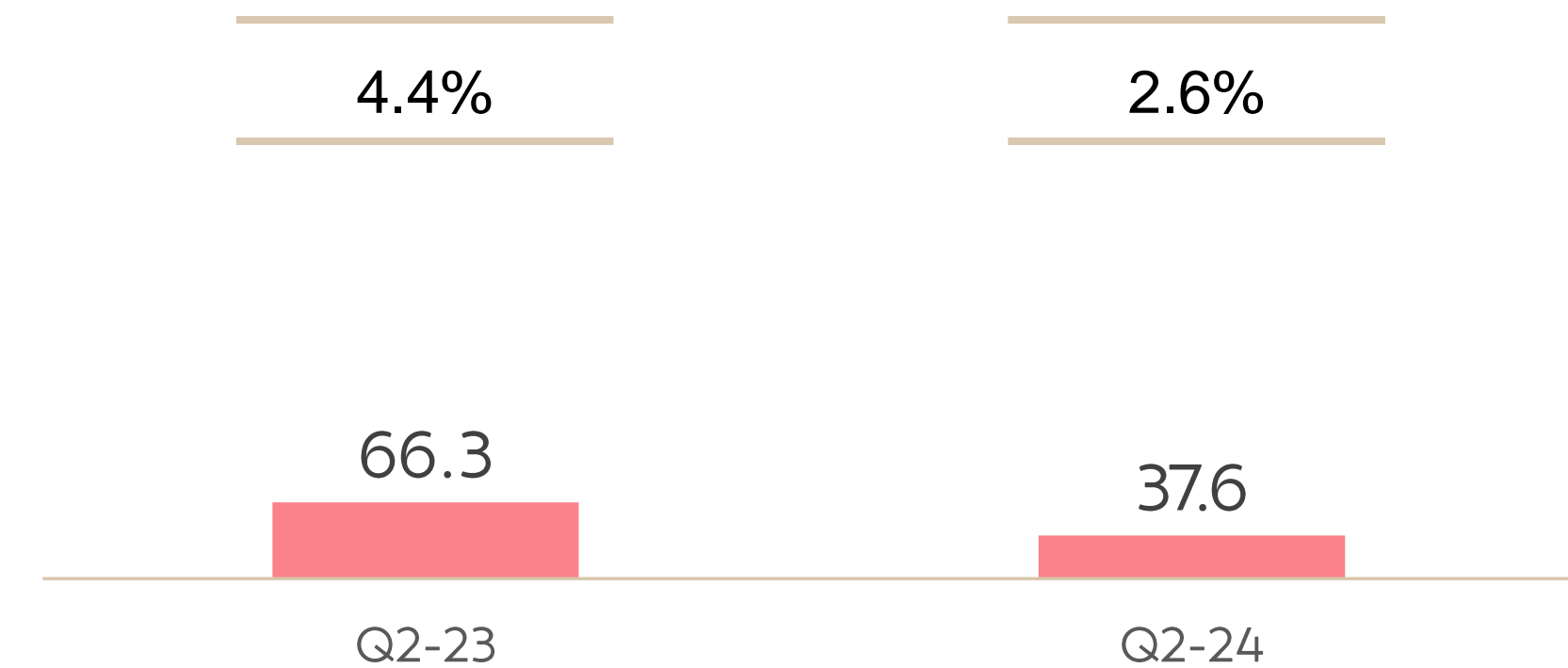
# Avon International Financial Performance

# Avon International: Another challenging quarter with top-line decline

**Net Revenue** (BRL million)



**Adjusted EBITDA<sup>1</sup> and Adjusted EBITDA margin** (BRL million, %)



**-8.4%**  
YoY in CC  
Net Revenue

**Driven by:**

- Beauty category drop (-6%)
- steeper decline in Home & Style (-27%)
- lower rep count
- weaker promotion execution

**-180 /-50**  
Ex-TBS  
bps YoY  
Adj EBITDA Margin

**Driven by:**

- sales deleverage and TBS impacts

**Partially offset by:**

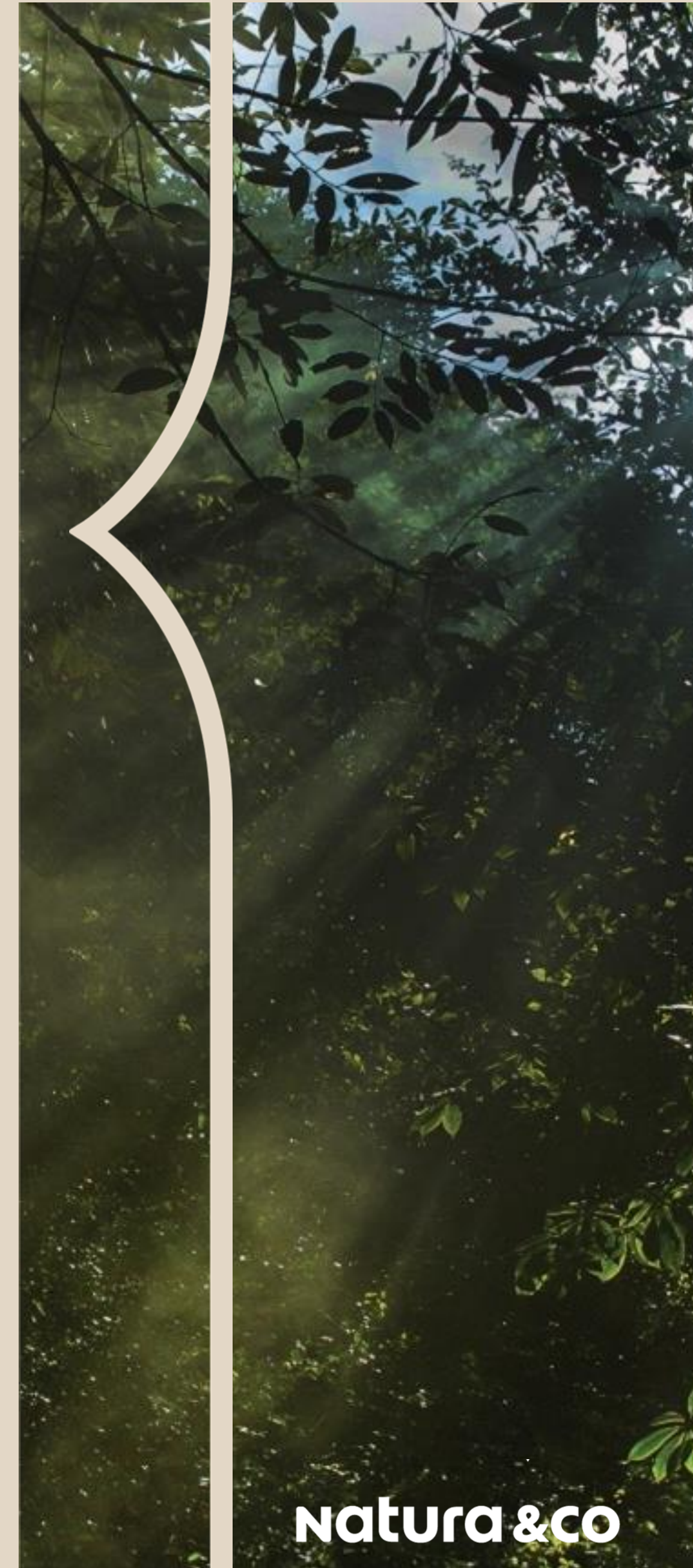
- reduction of selling expenses amid transformation savings

<sup>1</sup> Excluding effects that are not considered recurring nor comparable between the periods under analysis, such as transformation and restructuring costs – business unit/Impairment and Goodwill



# Closing Remarks

Fábio Barbosa, CEO



# Key Takeaways & Next Steps

1. Commitment to the triple bottom line strategy



2. Simplification remains as the path to unlock value for all our stakeholders in the short term



3. We will continue to focus on delivering our strategic priorities



4. Agenda focused on healthy and diverse channel, consumer-centric innovations and strong admired brands



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# Thank You

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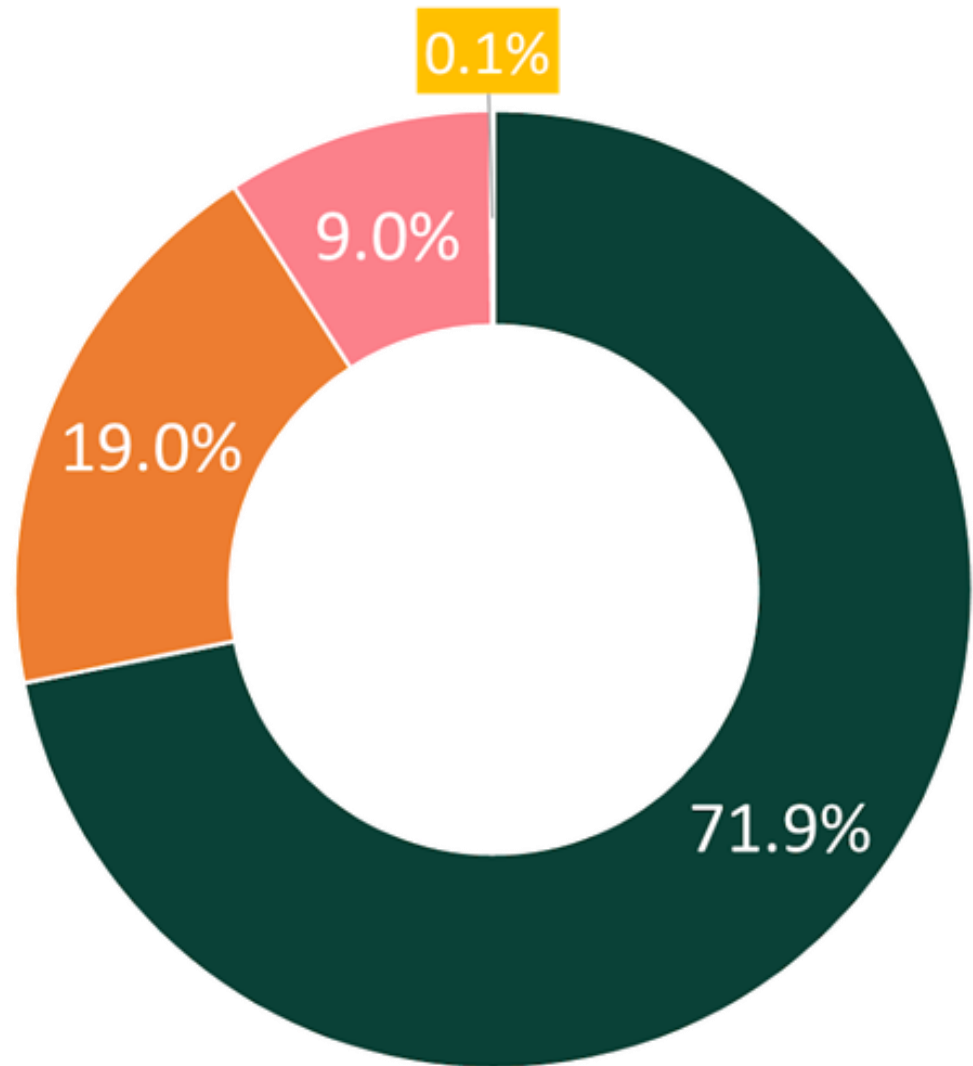


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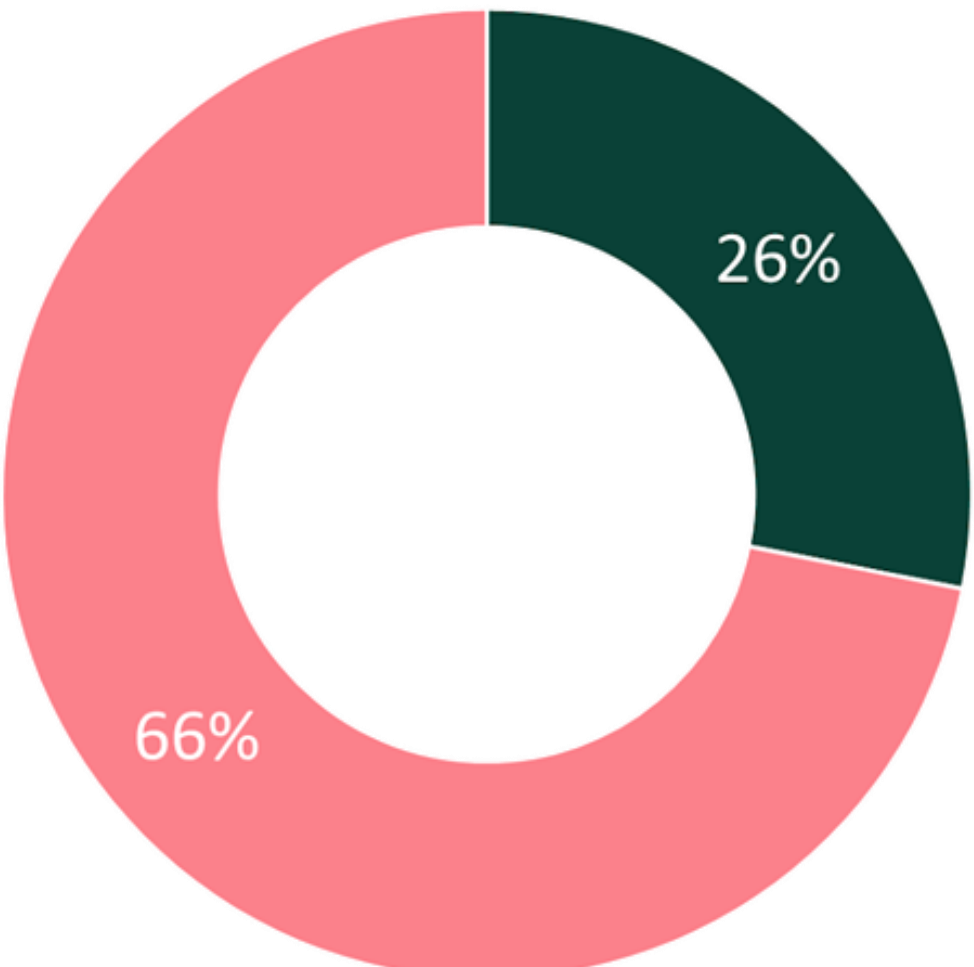
# Debt Profile

Q2-24 by type



- Bonds
- Debentures
- Comercial notes
- Other instruments

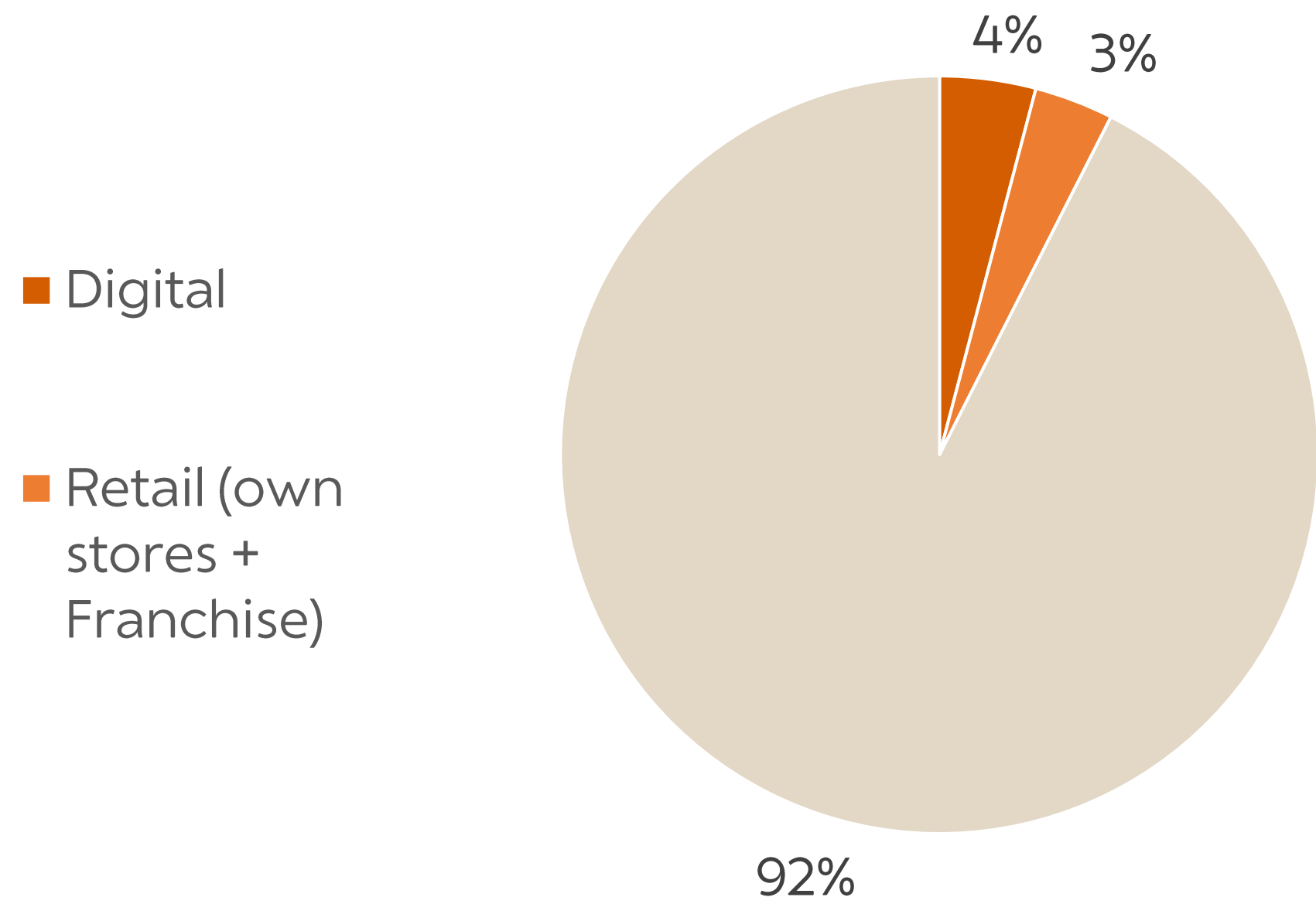
Q2-24 by currency



- BRL
- USD

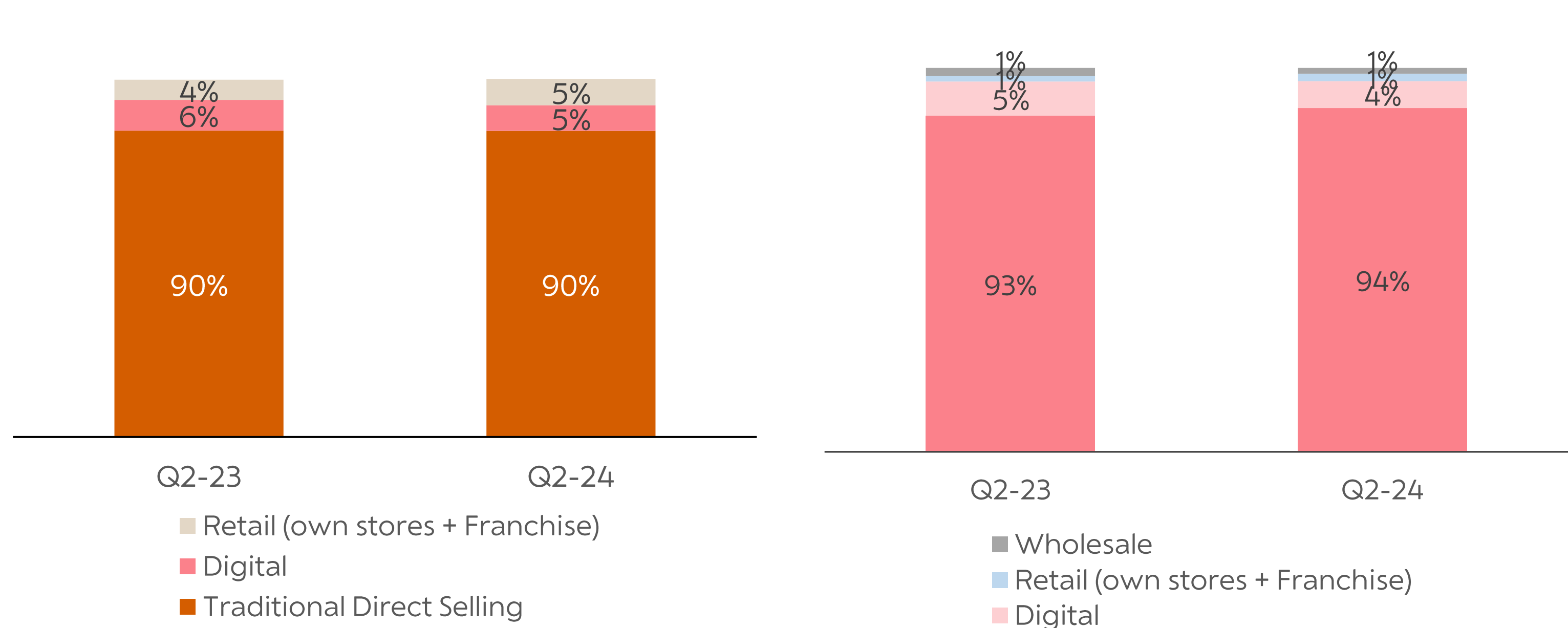


Net Revenue Breakdown by Channel (%)



CONSOLIDATED

Share of Digital Sales per Brand\* (%)



NATURA BRAND

AVON BRAND

\*Avon brand includes Avon Latam and International