



## Conference Call Transcript

### Q1 2026 Results

**Operator:**

Good morning, ladies and gentlemen, and thank you for waiting. Welcome to Natura's Q1 2026 Earnings Conference Call.

For those who need simultaneous translation, please note that this feature is available on the platform. To access it, simply click the Interpretation button—the globe icon at the bottom of the screen—and select your preferred language, Portuguese or English. And for those listening to the conference call in English, you can mute the original audio in Portuguese by clicking Mute Original Audio.

Joining us today are João Paulo Ferreira and Silvia Vilas Boas, CEO and CFO of the Natura Group, respectively.

The presentation we will be referring to during this call is already available on the Investor Relations website.

I now turn the floor over to João Paulo Ferreira. Please, João, go ahead.

**João Paulo Ferreira:**

Good morning to everyone following Natura and joining us on today's call. As you may have noted in our press release, the results announced reflect a challenging first quarter, both in terms of revenue and profitability, although largely in line with our internal expectations.

Operationally, our results were weighed down by the delay in resuming revenue growth for the Natura brand in Brazil, the non-core costs associated with restructuring our operational model, the Argentina operation—affected by macroeconomic factors and the slow recovery following the Wave 2—and the still declining trend of the Avon brand in the region. That said, I would like to highlight that a set of initiatives already underway keeps us confident in delivering on the commitments we have made for 2026, notably the expansion of profitability and cash generation.

Returning to the main effects of the quarter. Natura's revenue in Brazil, which came in slightly below our projections, was affected by three main factors. First, the consumer market was weaker due to the macroeconomic context, especially in the Northeast, which is the main market for direct selling. Second, the network of consultants was smaller and less active than in the previous year.

And finally, disruptions in our service levels, resulting from the ongoing stabilization following the closure of the Interlagos factory and the implementation of the new integrated planning system,

both completed at the turn of the year. Although the macroeconomic outlook remains challenging, we saw at the end of the quarter that the previously announced commercial adjustments have consistently driven growth and increased activity within the consultant network. In addition, data from market monitoring institutes point to a gain in market share with growth in end-consumer sales, or sell-out, in this first quarter. Thus, although still subject to risks, these are encouraging early signs of a potential future improvement in the brand's sell-in revenues.

As for Avon, the limited innovation pipeline still impacted most of the quarter, since the brand's relaunch in Brazil only began in mid-March. So far, we have seen promising developments in the brand's health indicators. And revenue from new launches, although having little impact on the total mix, exceeded our expectations.

Moving on to Hispanic markets, we have two very different stories.

Excluding Argentina, the region continues to show healthy and consistent performance growth, though this is still overshadowed by Argentina's slow recovery, where channel recovery efforts have also shown gradual improvement. Argentina was also a drag on our profitability, as it posted a significantly compressed gross margin and operational deleveraging, which also affected the Brazilian business. However, the greatest impact on profitability for the quarter was caused by the non-core expenses related to the new operational model, which was implemented quickly and without disruption and has already resulted in a 75% reduction in administrative positions. This pressure on profitability, combined with losses on dollar-denominated debt hedges, led to a net loss in the first quarter of the year and resulted in cash burn, entirely attributable to extraordinary payments related to severance, remaining expenses from the simplification of the former holding company, and the settlement of the Chapman case.

Excluding these effects, the free cash flow to the firm was neutral, despite the typical seasonal cash burn in the first quarters, reinforcing the resilience of our business model.

I will now turn the floor over to Silvia, who will discuss these results in greater detail.

**Silvia Vilas Boas:**

Thank you, JP. Good morning, everyone, and thank you for joining us. Before we begin analyzing the numbers, I would like to reiterate, as I did at our last call, the issue of the comparability of our financial statements. Therefore, to facilitate the analysis, our press release continues to present a pro forma view.

In this presentation, as well as in the supporting materials available on our IR website, we have already provided adjusted and comparable bases. This means that, for the 2025 data, we have disregarded the simplifications that occurred throughout the year, such as the sale of Avon and the reverse merger of the holding company. We know these recurring adjustments introduce complexity, but it's coming to an end. Starting in Q3, the quarterly bases become fully comparable.

Let's now begin the financial session.

On **slide 5**, we detail the revenue performance in Brazil. As JP mentioned, macro challenges in the Northeast, combined with service disruptions, reduced the channel and activity of less productive consultants, leading the Natura brand to a 3% year-over-year decline.

Avon's performance remained impacted, with a 13.8% year-over-year decline. It is important to note that the relaunch of the Avon brand occurred at the end of the quarter, meaning we have not yet captured the benefits of the relaunch in the first quarter of this year. On a consolidated basis, revenue in Brazil closed with a 5.5% decline compared to the same period in 2025.

On **slide 6**, we detail the profitability of our Brazilian operations. The chart shows an EBITDA margin of 13.8%. This result primarily reflects two factors: non-core expenses related to the reorganization, which reduced the margin by 280 basis points, and operational deleveraging, which resulted in a 440-basis-point decline compared to the first quarter of 2025. The gross margin, in turn, remained at a healthy level of 69.3% despite a 140-basis-point compression year-over-year.

As we anticipated on the last earnings call, this quarter was impacted by severance costs, while the efficiencies associated with the new operating model and related headcount reduction have not yet been realized. Starting next quarter, synergies will begin to materialize more meaningfully, while extraordinary expenses should decline substantially. I would emphasize, however, that the full benefits are expected to be realized only over the second half of the year.

On **slide 7**, we detail the Hispanic region, which recorded a 1.1% decline in constant currency and a 10.5% decline in Brazilian reais. As JP anticipated, the slow recovery in Argentina continues to weigh on the results of the region. The slowdown in consumption and the currency impact, combined with the decline in the channel following the integration in the third quarter of last year, affected the performance of both brands in the country, with a greater impact on Avon. Meanwhile, the performance of the Hispanic region, excluding Argentina, continues to show solid growth at Natura and stability at Avon. It is worth noting that Mexico is already showing sequential channel growth this quarter, as we indicated in the last earnings conference call.

On **slide 8**, we detail the profitability in the Hispanic market. As in Brazil, the result this quarter was impacted by the severance costs related to the implementation of the new operating model. The deleveraging of expenses was offset by the benefits from Wave 2 in Mexico and Argentina, which meant that the pressure on profitability was concentrated at the gross margin line, mainly reflecting the performance in Argentina. In that country, softer consumption, FX pressure, and channel adjustments impacted sales and led to volume deleveraging at the Moreno plant, affecting the absorption of fixed costs.

In addition, we faced greater hyperinflationary pressure year-over-year.

To conclude, I'd like to reiterate the point I made regarding Brazil. Starting in the second quarter, the efficiencies from the new operating model should become much more visible, while non-core expenses are expected to decline substantially.

Moving now to **slide 9**, where we show our consolidated results. Revenue declined 7.7% in Brazilian reais and 3.7% in constant currency, reflecting declines of 5.5% in Brazil and 1.1% in Hispanic

markets. The reported EBITDA margin was 7.3%. This figure was impacted by 470 bps of extraordinary expenses and 320 bps of operational pressure. These operational effects break down into 160 bps in the gross margin, primarily from Argentina, and the other 160 bps from expense deleveraging in Brazil.

It is worth noting that, excluding the non-core items, our margin would have been 12%. While still below our commitment to expand on the 14.1% adjusted profitability delivered in 2025, this result does not yet capture any benefits from the new operating model. Those benefits should primarily come through administrative expenses. To put this into perspective, administrative expenses represented 15% of net revenue this quarter. If we exclude depreciation, amortization, and R&D expenses — which are not expected to be impacted by the reorganization — that figure would be closer to 12% of net revenue. From there, the expected gains should reflect the 25% reduction in administrative positions that we detailed on the last earnings call. And this is all before considering a potential recovery in revenues, which remains the company's other key profitability lever. So, despite the challenging results this quarter, and as JP will reinforce in his closing remarks, we are reaffirming our commitments for 2026.

On **slide 10**, we detail net income for the period. We reported a net loss of R\$ 445 million, compared to a comparable loss of R\$ 50 million in the first quarter of 2025. The additional R\$ 395 million loss was mainly driven by three factors.

First, a reduction of R\$ 86 million in EBIT excluding extraordinary items.

Second, an impact of R\$ 177 million on net financial expense, resulting from the appreciation of the real and its effect on the hedge on our dollar-denominated debt, including both the cost of carrying this debt and the mark-to-market of our position.

These effects were partially offset by an R\$ 89 million reduction in taxes.

Finally, we add to these factors the largest impact of the quarter: R\$ 221 million in non-core expenses related to our reorganization. This set of effects explains the change in our net income compared to the same period last year.

On **slide 11**, we break down the free cash flow to the firm. In the first quarter, we recorded a cash outflow of R\$ 315 million, compared to an outflow of R\$ 75 million in the first quarter of 2025. This increase mainly reflects the pressure on profitability during the period, with adjusted net income declining by R\$ 396 million. This effect was partially offset by a R\$ 140 million improvement in working capital, primarily driven by inventory optimization.

As for extraordinary disbursements, severance payments were close to the amount reported in the income statement, which was R\$ 240 million; when added to the R\$ 90 million related to remaining expenses from asset sale projects, they totaled extraordinary disbursements of approximately R\$ 330 million for the quarter.

Therefore, the total cash outflow of R\$ 315 million for the period is fully explained by these R\$ 330 million in extraordinary payments that I just detailed.

On **slide 12**, I conclude my presentation by detailing our debt and leverage position. We ended the quarter with net debt of R\$ 4 billion, a sequential increase of R\$ 565 million. This change is explained by three factors.

First, the operating cash burn of R\$ 315 million, which I just detailed.

Second, the disbursement of R\$ 360 million related to the Chapman payment.

And third, these effects were partially offset by proceeds from the sale of Avon Russia.

Due to this increase in debt and the EBITDA for the period, our leverage ratio reached 2.12 times.

I'll wrap up here and hand it over to JP, who will provide the closing remarks. I'll be back shortly for the Q&A session. Thank you.

**João Paulo Ferreira:**

Given the market context, which should remain challenging, the newly implemented operating model puts us in a stronger position to navigate this environment, with a leaner, more agile, and more customer-centric company. And we are already seeing this in practice through the rapid adjustments made to the business model to resume growth in the consultants network, as well as through the acceleration of the innovation and communication pipeline — one example being the content and media hub that has recently gained notable attention in the market.

Looking ahead, restructuring expenses will be significantly lower, and we will begin to capture the benefits of a more efficient organization. We continue to expect a gradual recovery in revenue, but I must caution that in June we will undergo the replacement of one of our industry's SAP systems, which, despite high technical readiness, may cause some disruption. Now that we have completed a large part of the restructuring, our focus is entirely on accelerating revenue, and we remain fully confident in delivering the growth in profitability, cash flow, and shareholder returns committed to for 2026.

I'll wrap up here, thank you for your attention, and we're now open for questions.

**Operator:**

We will now begin the Q&A session. To ask a question, click the Q&A icon at the bottom of your screen and type your question to join the queue. When your turn is announced, a prompt to activate your microphone will appear on the screen. You must then activate your microphone to ask your question. We ask that all questions be asked at once.

The first question comes from Danni Eiger, XP. Please, Danni, go ahead.

**Danni Eiger - XP:**

Good morning João, Silvia, thank you for taking my question. I have two here with me. The first is a follow-up on this performance trend throughout the second quarter. You mentioned this recovery—you had already hinted at it a bit during the last earnings call—that March had already seen some results from the changes to the commercial model. I'd like to ask for a bit more detail regarding both

how this has played out in relation to the core consultant activity—where you’ve seen the most improvement and the greatest impact—and how this connects to gross margin dynamics, given that this was a key factor putting pressure on Brazil due to increased incentives there. So, I think that would be my first question. And my second question regarding SAP: I personally think the market as a whole is a bit wary of changes to SAP, so I’d like to understand a little bit about how you’re planning to mitigate that effect. I imagine this change is scheduled for after Valentine’s Day, perhaps around the World Cup, which is a period that might already see a slower pace of consumption, but I’d like to understand what mitigating factors you have in place to ensure this transition has as little impact as possible. Thank you.

**João Paulo Ferreira:**

Good morning, Danni. Regarding the health of the channel, all indicators continue to improve, both in terms of the number of consultants and their activity levels. We’ve made adjustments to increase attractiveness and facilitate consultants’ entry into sales cycles, especially the smaller ones, and this has been progressing very positively. So, we should start seeing larger comparative bases very soon.

As for the SAP, as you mentioned, we’ve had a very detailed plan in place for quite some time, though there’s always the risk of the unexpected. Implementation is set for early June. We have a set of mitigating measures, ranging from stockpiling, supplying channels and stores, and stocking our distribution center in advance, to integration tests that have already been conducted numerous times, as well as data migration—in short, our technical readiness is quite high. So, we believe we are as well prepared as possible, as we could possibly be, but based on past experiences, I think it’s wise to issue a warning to the market.

**Silvia Vilas Boas:**

Danni, Brazil’s gross margin closed at 69.3%, which is a healthy gross margin, even with a level of promotional spending above normal for this period. Keep in mind that we consider a healthy gross margin for Brazil to be around 69–70%.

**Danni Eiger – XP:**

That’s great, thank you.

**Operator:**

Our next question comes from Joseph Giordano, JP Morgan. Joseph, please go ahead.

**Joseph Giordano – JP Morgan:**

Hello, good morning, everyone. Thank you for taking my question; I’d like to explore two points. First, regarding this macro issue: how have you viewed the recovery, particularly in the Northeast? Is there anything worth highlighting in the second quarter? And perhaps you could comment a bit on how Mother’s Day went, and based on that, try to explain how you see the evolution or deterioration

of the company's receivables portfolio. We're seeing an uptick in NPLs, so I'd like to understand if this might, in any way, change credit policies going forward.

And the second point goes a bit into what we haven't seen yet this quarter—we've had a fairly significant cut in corporate expenses; you mentioned something equivalent to around 300 basis points in the EBITDA margin. I'd like to understand how this is expected to play out over the year, whether we can already see this in the second quarter, if there are any additional severance expenses, you mentioned 75% has been executed—how significant is that, versus what has already been provisioned? So I'd like a bit more visibility on how we should think about this bridge to cash flow through the end of the year, because as far as I understand, the second quarter doesn't seem to show a very substantial change compared to the first quarter, but I'd like to hear your thoughts on these two points. Thank you.

**João Paulo Ferreira:**

Good morning, Joseph. We took notes here; let us know later if we missed anything in the questions. You mentioned a bit about consumption trends, some indicators of slight improvement in consumption, our own sell-out, signs of sell-out growth, but nothing disruptive. In our view, the trends remain very similar. You're tracking issues related to debt, disposable income for consumption, and the shift of consumption toward other categories, but ultimately, we've seen marginal improvements in consumption—our own sell-out figures indicate this—but I don't expect any radical change in direction. In fact, Mother's Day was positive, but also nothing radically different. As for debt, Silvia can comment.

**Silvia Vilas Boas:**

Joseph, when we talk here about the impact of our credit portfolio, it's important to look at the portfolio currently in Emana Pay and in the commercial portfolio which is still in transition. Today, we have already migrated 43% of the portfolio to Pay. And the delinquency rate for this portfolio in Pay closed at 2.9%, which is an improvement compared to the first quarter of last year, but practically flat when we compare it to Q4 2025. As for the consolidated delinquency rate, that is indeed higher, because nearly half of the portfolio is still in the commercial entity; it closed at 6.5% on a year-over-year, but we have been accelerating the migration since last year and will complete the full migration this year.

The market scenario continues to require close attention, but we are already beginning to see the cohorts improve as the situation stabilizes at this level. We remain highly vigilant, but the first signs we are seeing now point to a positive trend.

What were your last two questions?

**Joseph Jordano - JP Morgan:**

I'd like to better understand: we had all this expense of roughly R\$ 220 million in the quarter, plus the moral hazard you mentioned, but looking at that R\$ 220 million and having seen 75% of it executed, we should already be seeing that here, right? The R\$ 220 million—is that 75% of the non-

recurring expenses we should be seeing, or does it already account for the total? And the second point: are we already starting to see those 300 bps now in the second quarter, directly?

**Silvia Vilas Boas:**

So here we go. We've already completed 75% of the workforce reduction we committed to. Keep in mind that the new model is now in place. Now we have only a much smaller portion left to complete in the coming quarters. So, regarding the severance costs we had in Q1, it's important to remember that there was also an amount in December; so, the combined Q1 and December total around R\$ 240 million, which is the cash impact we experienced. So, what will happen? We didn't capture any benefit in Q1. And we'll start capturing that benefit significantly starting in Q2. The full benefit will be realized over the second half of the year, but in Q2 we'll already see the benefit of that 75% reduction in positions.

**Joseph Jordano - JP Morgan:**

Perfect, thank you.

**Operator:**

Moving on, the next question is from João Soares at Citi. João, please go ahead.

**João Soares - Citi:**

Good morning, thank you for taking the questions. First, I'd like to explore the market dynamics a bit. My takeaway from the opening remarks is that the market is challenging and there's this specific situation with the SAP. But I'd like to hear a bit more—it seems you're a little more optimistic about the sell-out outlook and market share gains. And when we look at the forecast from Euromonitor, there's an expectation of roughly 7% growth for Brazil. So JP, I'd like to hear a bit about whether you think this Euromonitor forecast might suddenly be revised, given that the overall market context is a bit challenging, or if we might suddenly see Natura accelerate over the course of the year and grow more in line with this industry expectation. I'd like to hear a bit about these dynamics here. And the second point, regarding profitability: you just mentioned that we should see the benefits of reduced overhead, but at the same time we're seeing increased investment—R&D, at least, came in higher than we expected—and there's the entire relaunch of the Avon brand. So I'd like to hear a bit about how we should think about the expense dynamics given all these moving parts. I think the bottom line here should see growth; we should see EBITDA margin expansion through 2026, especially in Brazil, given the 20% growth you achieved last year. Can we think about that in light of all this operational deleveraging you've gone through recently, and our expectation that things will improve? Help us think a bit about that margin.

**João Paulo Ferreira:**

Good morning, João. Speaking of market dynamics, the estimates we have are similar to what you mentioned; it's a market that's barely growing in volume, a bit more due to price, but honestly, looking at the global and Brazilian environments, I think there's a lot of uncertainty ahead. There are

geopolitical issues affecting supply chains, commodity costs, fuel prices, and it's an election year. I believe we have to be prepared for market volatility. So, having said that, yes, we are working to help the Natura brand regain market share. This won't happen overnight; I hope it happens over the course of the year, but in the short term, I think there's still a lot of turbulence, and I don't expect any radical changes in direction, no.

**Silvia Vilas Boas:**

Hi, João. Regarding profitability in Brazil. Profitability in both Brazil and the region as a whole was in line with our expectations. If we eliminate the impact of non-core expenses, that profitability shows a different performance.

Regarding your point, if we look ahead and assume profitability in Brazil around the 20% level, SG&A was clearly impacted by deleveraging this quarter. So, as we move back toward growth, we should naturally see some improvement there. But more importantly, what should really drive profitability going forward is the positive impact on G&A from capturing the efficiencies of the new operating model. In Q1, as I mentioned, we didn't capture any of those benefits yet — we only absorbed the negative impacts, mainly severance costs and, in Brazil specifically, higher medical claims expenses, which are fairly typical in this type of restructuring process. So, looking ahead, we believe we still have meaningful room to continue improving profitability in Brazil toward levels that we consider healthy.

**João Soares - Citi:**

Perfect, thank you.

**Operator:**

The next question is from Erick Juan at Santander. Erick, please go ahead.

**Erick Juan - Santander:**

Good morning, Silvia. Thank you for taking our questions. I think we'd like to hear a little more about the Hispanic markets here. I think Argentina continues to be a headwind for you there. Could you elaborate a bit more on how you plan to take a more proactive approach regarding the Wave 2 there? I think this would really help us understand when we might eventually see a stronger recovery in Argentina specifically. Thank you.

**Silvia Vilas Boas:**

Eric, good morning. In fact, Hispanic markets, ex-Argentina, are doing quite well. The Andean countries, Chile, and now Mexico are recovering very well, with significant profitability gains, and I understand that these markets are on the right track. Argentina is also recovering, but much slower than we had anticipated. At the same time, we are working to accelerate the channel; many of the adjustments made in Brazil are being replicated there, with initial positive signs, while we also need to better balance prices, expenses, product costs, and overall expenses to improve profitability. So we are addressing all these areas at the moment.

**Erick Juan - Santander:**

Perfect, and if I may ask one more question, it's about the retail channel here in Brazil. You mentioned a lot of work on the new franchise format; I'd just like to understand a bit more—perhaps regarding the timing. You mentioned something for the remainder of this year, but I think there might be a little more visibility on the timing, so we can also understand when we might see a significant inflection point in same-store sales for the physical channel. Thank you.

**Silvia Vilas Boas:**

Yes, in fact, we focused in the last quarter on accelerating renovations and format changes, especially for franchised stores, to more productive formats, which has been going well. Moving forward, we will accelerate the opening of own and franchised stores. Given that the old, unproductive formats are now relatively few in number, we will continue this transition, but we will also accelerate store openings here in Brazil and in Hispanic Latin America as well.

**Erick Juan - Santander:**

Perfect, thank you for your response.

**Operator:**

Thank you. Moving on, the next question is from Vinícius Prieto, Itaú BBA. Vinícius, please go ahead.

**Vinícius Prieto - Itaú BBA:**

Good morning, João Paulo, Silvia. Thank you for taking our questions. First, I wanted to follow up on this sell-in dynamic. You mentioned in the earnings release that you've already started to regain market share in sell-out, and that the channel showed sequential improvement toward the end of the quarter, which could eventually translate into a recovery in sell-in at some point. What do you think is still holding back that conversion at this point? Is the consultant base still going through a destocking process? Could it be related to a greater need for credit? Or do you see this as something more structural within the channel?

The second point I wanted to discuss is that you mentioned service level disruptions in the first quarter. If you could elaborate a bit more on what happened here, and whether this is more a matter of lost sales due to service level issues or a shift in revenue between Q1 and Q2 that could help Q2 sell-in?

And finally, could you comment a bit on the ICMS-ST tax change in São Paulo? What have you observed so far in terms of competitive positioning? Are you already seeing competitors passing on any of this to prices due to this increased tax burden on brick-and-mortar channels? And what are your expectations regarding the impact of this on door-to-door delivery as it takes effect in the coming months? Thank you.

**João Paulo Ferreira:**

Vinícius, regarding the difference between sell-in and sell-out, I understand that the main factor is really destocking by the consultant network. We are being very strict with credit approvals; we have seen a much higher number of consultants blocked due to debt. We keep this number well under control. So, even though there are opportunities for credit approval, the biggest effect, in my view, is the impact of inventory adjustments within the consultant network.

With regard to services, two factors impacted us. With the closure of the Interlagos plant, we had to move production to Cajamar; there was a need for adjustments to production lines and material flows, which caused some difficulties in the first quarter.

A second factor that affected us was the replacement of the planning systems, which we discussed at length last year as one of the major investment areas of the previous year. This new integrated planning system began operating at the turn of the year and also had to undergo synchronization and parameterization adjustments typical of this type of implementation. This resulted in some shortages during that period. Which, yes, translates into lost sales. It's not a shift in sales, no. It's lost sales that I expect to normalize starting in Q2.

A second factor that impacted us was the replacement of our planning systems, which we discussed extensively last year as one of our main investment fronts. This new integrated planning system went live around the turn of the year and, as is typical with this kind of implementation, required synchronization and parameterization adjustments. As a result, we experienced some product shortages during the period. And yes, that translated into lost sales — not sales being postponed or shifted forward, but effectively lost sales that I expect to normalize starting in Q2.

**Silvia Vilas Boas:**

Vinícius, regarding the ICMS-ST, its exclusion for relationship selling will take effect starting in July. In Q2, however, we expect a temporary impact related to the end of MVA 177, which is not fully synchronized with the exclusion of the ST, but this effect should be offset over the course of the second half of the year. So, ultimately, the end of the ST should have a positive impact for us. As for competitors, I can't really say at this point whether they are already passing this through to prices or not.

**Operator:**

Moving on, the next question is from Andrew Ruben, Morgan Stanley. Please, Andrew, go ahead.

**Andrew Ruben - Morgan Stanley:**

Hi. Thank you. I'd like to understand a bit more about trends in the social selling channel. We see the growth in Omni and the decline in relationship selling. And one of the items you mentioned was a transition from some relationship selling to social selling. So, I'm curious how you see that channel evolve over time and if you can help us understand if it's the same representatives that are active in social selling and if so, how you're doing that classification. Again, I think it's going to be a trend here. So, trying to understand how it's progressing in your business.

**João Paulo Ferreira:**

Hello, Andrew. Thanks for the question. In fact, sales through social media, marketplaces, and WhatsApp have been growing significantly among our consultants. And we've been actively encouraging the acceleration of this trend, including through the launch of a new model called Minha Loja, where consultants have access to a Seller Center to manage the relationship with their customer base. Adoption within our network has accelerated meaningfully, and our goal is to continue accelerating this penetration even further going forward.

In fact, when we report this revenue in the earnings release, it's included within Omni/Digital. And in the notes to the financial statements, we explain that part of this revenue is generated by consultants. So, looking at relationship selling in isolation, without adding the sales generated online, can be somewhat misleading, and that's exactly why we provide that reconciliation in the notes. That said, adoption has been quite strong and continues to grow across all consultant segments. But it's also fair to say that, on average, this trend tends to resonate more with younger consultants.

So, I think this is a very positive trend for the renewal and rejuvenation of our consultant network, and we expect to see these numbers continue to grow meaningfully in future disclosures.

**Operator:**

Our next question comes from Bob Ford, Bank of America. It is a written question. How do you assess churn in the channel and efforts for the network? How should we analyze brand equity at Avon and the brand's initial indicators? Those were Bob's questions.

**João Paulo Ferreira:**

Thank you, Bob. As I mentioned earlier, the efforts we've made to facilitate the work of our consultants—especially the smaller ones—have yielded positive results. The number of consultants has grown, as has their activity, which means that churn has also decreased. Regarding Avon's Brand Equity and the initial indicators, we saw that brand consideration and purchase intent improved significantly as early as the first quarter, although the majority of investments in the relaunch have taken place in the second quarter. So this gives us a lot of enthusiasm. This was also accompanied by strong sales performance for the new launches, though they represented a small portion of the total portfolio sold. These are preliminary signs, still in their early stages, but promising and exciting for us. You also know that Avon's relaunch isn't a big bang; it's happening progressively. We're allocating resources as the brand's performance improves, so there's still a long journey ahead until this entire portfolio renewal represents the majority of the assortment being offered. But the initial signs have been quite positive.

**Operator:**

This concludes the Q&A session and Natura's first quarter 2026 earnings conference call. The Investor Relations team remains available to answer any additional questions. Thank you all very much for joining us, and have a great day.