

**Operator:** Good morning, ladies and gentlemen. Thank you for waiting. Welcome to Natura &Co's 2Q24 earnings conference.

If you need simultaneous translation, please note that the service is available. To access it, please click the globe-shaped icon labeled "Interpretation" at the bottom-side of your screen and select your preferred language between Portuguese and English. If you are listening to the conference in English, you can also silence the original audio in Portuguese by clicking "Mute Original Audio."

Joining us today are Natura &Co's CEO, Fabio Barbosa, and Guilherme Castellan, Natura &Co's CFO. João Paulo Ferreira, Executive Director for Latin America, will be joining us for the question and answer session.

The slide deck we will be referring to during this presentation is available for download on the Company's investor relations website.

I will now turn it over to Mr. Fabio Barbosa. Please, sir, you may proceed.

**Fábio Barbosa:** Good morning, everyone, and thank you for joining us. I will start by addressing yesterday's announcement from Avon Products, Inc. (API), which is filing for voluntary Chapter 11 bankruptcy with the US courts to address its debt and pre-existing liabilities. API is a non-operational holding company for Avon in the United States. Natura &Co is API's largest creditor and is supporting the company's decision to file for Chapter 11.

We are committed to: 1. Providing \$43 million in debtor-in-possession financing, which is a type of financing specifically for companies in Chapter 11, so they can continue to operate. 2. We have made a \$125 million offer to acquire Avon's operations outside the United States through a court-supervised auction process. For this offer, Natura &Co intends to use its existing credits against API as consideration.

With this announcement, naturally, the studies for potential separation between Natura and Avon brands are logically suspended until the Chapter 11 process has been completed. I would like to emphasize that Natura continues to believe in the potential of the Avon brand and its values.

As you have seen in the release and as Guilherme will discuss in more detail, the Natura brand is growing rapidly, and the Avon brand is already showing concrete signs of a turnaround in terms of revenue, especially in Brazil.

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Additionally, the Hispanic Latam countries that have implemented Wave 2 are driving profitability for Natura &Co LATAM. We are excited about the positive signs from our operations, which are arriving on the timelines that we had planned for. This solidity has enabled Natura Cosméticos to issue a green bond of R\$1.3 billion this quarter, maturing in four years.

I will now hand over to Guilherme, who will present our earnings, and then I will come back for my final remarks during the Q&A session.

**Guilherme Castellan:** Thank you, Fábio. Let us start with slide five, which shows the consolidated revenue, which was R\$7.4 billion for the quarter, a growth of 5.7% in constant currency and 5.4% in reais. Excluding Argentina and The Body Shop, the increase was 1.1% in constant currency.

Natura &Co LATAM continues to perform very well, due to the strong performance of the Natura brand and Avon's recovery, especially in CFT in Brazil. However, this is offset by the negative performance of Avon International. As you can see in the chart, Natura &Co LATAM grew 10% in constant currency, while Avon International declined 8.4% in constant currency. As a result, LATAM ended the first half of 2024 representing 80% of our revenue and Avon International, 20%.

In Latam, the main news is the continued strong sales dynamics of Natura Brazil, but there is also good news from Avon Brazil. We recorded a stabilization of Avon's revenue in Brazil in the quarter, which we mentioned in our last earnings call. While last quarter, Avon CFT Brazil still showed an 11% decline year-over-year, this quarter, we can say that revenue remained practically stable, with a decline of less than 1%. It is worth mentioning the performance of skincare and makeup products.

When we look at the revenue variation of Avon's Hispanic Latam countries, we also see a significant reduction in the level of revenue decline, which I will detail further down below.

At Avon International, we saw an 8.4% decline in revenue, or a 9.5% decline, if we exclude The Body Shop.

On slide six, we can see our adjusted EBITDA performance. This is yet another quarter of margin expansion, mainly driven by Hispanic Latam countries, where Wave 2 has been implemented. We saw an 80 bps improvement in adjusted EBITDA margin year-over-year, with 50 bps coming from improved gross margin and 60 bps from reduced G&A expenses, offset by a 40 bps increase in expected selling expenses.

In LATAM, the gross margin improvement remains strong at 110 bps, mainly explained by Wave 2 initiatives and the mix of countries and brands. This improvement in LATAM was partially offset by a 180 bps contraction in Avon's International margin, amid sales deleveraging and the ongoing impact of The Body Shop. Excluding The Body Shop impacts, the margin decline was smaller, at 50 bps for the period.

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Moving on to slide seven, we show our net results. For 2Q24, the reported net loss was R\$859 million, compared to a net loss of R\$732 million for the same period last year. The quarter's loss reflects a non-cash, non-recurring write-off of R\$725 million, which impacted the tax line in 2Q24. This impact resulted from an API's voluntary restructuring, which made it less likely to continue recognizing gains from the Avon corporate structure optimization, initially accounted for in 2Q21.

When we assess the underlying, which is the net income excluding transformation and integration, restructuring costs, discontinued operations and PPA effects, we recorded a profit of R\$162 million, as you can see in the chart. This better UNI result reflects higher adjusted EBITDA and reduced financial expenses due to lower debt, offset by an increase in the tax line, even when we exclude the write-off impact of R\$725 million.

Excluding these effects, income tax expenses amounted to R\$251 million, of which R\$141 million came from Natura Cosméticos, implying an effective tax rate of 19.7% and the remainder from Avon, which involves a mix of profitable and non-profitable countries. This amount also includes the scaling and the phasing of the group holdings' tax expenses.

Let us now present our cash flow. Free cash flow from continuing operations in 2Q24 was R\$-675 million. Compared to the previous year, the improvement was R\$180 million on a pro forma basis, or R\$290 million when compared to the reported cash outflow in 2Q23, which was R\$965 million.

This improvement is due to a combination of higher adjusted net income with lower financial expenses, and already considering the higher level of working capital in the quarter, which consumed R\$941 million. This working capital consumption is primarily explained by seasonality and the increased accounts receivable, directly related to the higher percentage of sales from Natura Brazil and more productive consultants, which have longer payment terms. Investments in this line were also made in certain regions and for some campaigns to continue accelerating the healthy growth of the Natura brand, especially in Brazil.

It is worth noting that, despite these investments, no worsening of delinquency levels was observed, which remains healthy.

Moving on to the next slide, we were very active during the quarter in extending our debt. We prepaid debts amounting to R\$1.3 billion that were due in 2025 and 2027, and carried out a new issuance of the same amount, maturing in 2029. In addition to extending our debt and reducing our costs, the new issuance, which is a sustainability-linked bond, includes performance KPIs related to the development of bio-ingredients from the Amazon region.

Our current net debt-to-EBITDA ratio is 0.97 times, as expected, reflecting a net debt of R\$2.1 billion, excluding leasing, at the end of the quarter, compared to R\$275 million in 1Q24, due to dividend payments of about R\$1 billion, combined with cash consumption of about R\$800 million related to annual seasonality and investments in accounts receivable to continue accelerating sales, as I just said.

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We expect this leverage to decrease significantly over the second half of the year as we enter quarters where we generate more cash and remain focused on growing our EBITDA.

After this overview of the consolidated results, let us now look in more detail at our operational results.

The next slide shows the performance of Natura &Co LATAM, where revenue increased by 10% in constant currency, which includes Argentina. Excluding Argentina, the increase was 4.3% in constant currency.

Natura Brazil grew 15% compared to 2Q23, demonstrating the brand's sales acceleration dynamics in the country, with another strong quarter driven by successful sales campaigns, increased core selling, and product innovation.

In Hispanic Latin America, we saw accelerated revenue growth for Natura Mexico due to adjustments in the business model, along with an improving trend in Wave 2 countries. As a reminder, Mexico is preparing for Wave 2, which will be implemented in phases.

Additionally, Avon CFT Brazil showed revenue that remained practically stable year over year, with a decline of 0.8%, with increased productivity offsetting the reduction in consultants. This stabilization of Avon's revenue in Brazil is just an early sign, but gives us confidence in our strategic planning and decision to integrate the Natura and Avon brands.

In Hispanic Latam we see the impact of Wave 2 implementation and preparation, with revenue up 2% year-over-year in constant currency, but down 11.5% excluding Argentina. It is worth noting that in 1Q24, the ex-Argentina decline was 24.1%. This is a result of productivity acceleration and reflects the improvement in operational KPIs mentioned in recent quarters.

Still, this revenue decline in Avon LATAM is expected due to the impacts of Wave 2 implementation in the region, which reduced consultants and SKUs.

The House & Home and Style category continues to have a negative impact, with a strong impact year-over-year by -20% in the Hispanic region and -42% in Brazil. This decline is directly connected to the planned optimization strategy of our portfolio and the reduction in commercial incentives.

Now, let us talk about the profitability of Natura &Co Latam. 2Q24 is the sixth consecutive increase of our adjusted EBITDA. We ended the quarter with R\$850 million in adjusted EBITDA, with a 110 basis points increase in the margin. This is being leveraged especially by Hispanic Latam countries, where Wave 2 has already been introduced.

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The combination of a wider gross margin combined with efficiencies because of the increased scale has allowed for improvements in marketing and strategic growth, including innovation and digital initiatives.

In this next slide, we will talk about Avon International, whose development has been low, including a decrease by 6% in Beauty and an even sharper decrease by 27% in Home & Style. This performance largely reflects the weaker execution in sales promotions, as we have mentioned, since 4Q23, and the decrease in representatives has also had a significant impact.

When we look at the margin, we see not only the deleveraging in margin but also the impacts of The Body Shop in our figures.

It is important to remember that because of yesterday's announcement, we expect Avon International's operations outside the United States not to be impacted by API's Chapter 11 filing.

I will now turn it back to Fabio for his final remarks and the next steps.

**Fabio Barbosa:** To conclude our message for today, I would like to rectify four things. First, our commitment to the triple bottom line strategy remains strong.

Two, we are confident that the path of streamlining that we have announced in mid-2022 is an important leverage to continue to unlock value for all our stakeholders in the short term.

Three, when we look into the future, we are still focused on meeting our strategic priorities, which has allowed us to increase investment to boost sustainable growth in our revenues.

And four, our agenda includes a healthy, diversified channel, with innovations focused on the consumer, with strong, admired brands.

**Daniela Eiger, XP:** Thank you for taking my question, everyone. My first question has to do with the filing for Chapter 11. I just wanted to understand whether you have any indication in terms of the timing of that file. Do we have a deadline for its acceptance, especially for its eventual conclusion?

Fábio, you also mentioned that the operations outside the United States will probably not be impacted, but are things still continuing as business as usual until you get to the auction? Then, it might stay with you or could they be dismissed? I would like to understand the timing and the dynamics of everything.

And maybe, more in the medium-term, how will things look like, considering that you step toward corporate streamlining? When do you expect to be able to share a medium-term strategic planning for us to understand how the Company's corporate structure will look after the filing for Chapter 11?

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Then, a question for João Paulo: You talked about the logistic integration in Latam, and that that should happen now, along the second half of the year. I know this has been postponed because of its complexity, but it also concerns me because we are close to 4Q24. So, I just wanted to understand where your head is at when it comes to timing, considering that it is already mid-August and we know that you are working with risk mitigation for the end of the year.

That is what I had. Thank you.

**Guilherme Castellan:** Hi, Daniela. It is great to have you joining us on our call again. Thank you for your questions. I will start by addressing your first question, with regards to timing.

API is subjected to the regular process in the United States. This is a fairly common process in the United States and, if you look at previous filings, there is a specific course that is followed, and it is difficult to predict the deadlines. There are times when it takes a long time, and sometimes it takes a very short time, so there is a wide range when it comes to timing. We believe that, in our case, it might take a few months.

Keeping in mind that API has voluntarily filed for Chapter 11 and, also, all the information may be found on the Epic website, and our Investor Relations department will be able to help you find all the information and navigate all of that. But this is information that has been requested by API and Avon. So, to your point, it is obviously difficult for us to establish a specific timeline, but Avon is confident that this will not be a process as complex as it might have been.

And you are right at what you said: as Fabio mentioned, the strategy of streamlining the corporate structure that we made back in 2022 took place before a number of things happened. We started, obviously, sharply focused on deleveraging the Company, as a result of selling Aesop and all the work we did at that time. Also, because we wanted to streamline our operations overseas. So, we sold the Body Shop last year and, at the end of this year, as you may remember, we also announced we would be delisting the ADRs and the process of studying to split Avon International and Avon Latam.

It is important to stress that this voluntary filing for Chapter 11 by API puts that study on hold. But, depending on the outcome of this process, the Company still sees merit in a potential split between Avon International and Avon Latam. We really believe in the Avon brand, which is why we are financing it for purchase of assets outside of the United States. We just continue to believe that there are no significant synergies. Obviously, there are different stories, between the two business units, Avon International and Avon LATAM.

The outcome of this will depend on the Chapter 11 process, which is overseen by the U.S. courts. We have offered a bid for those assets, and, if our bid is the largest in the process, we will be reacquiring the operational assets of Avon International. But this is a basic Chapter 11 chapter that is overseen by the courts, so there may be a scenario where other companies come in and make offers for those assets as well.

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Now, going to your last point about our logistics in Brazil, I will turn it over to João Paulo, who is better suited to comment on that and on the solutions for 3Q24 and 4Q24 that you mentioned.

**João Paulo Ferreira:** Hi, Daniela. I hope you are all enjoying our Mom and Baby lines. The changes that we make here obviously require a quarantine around our celebratory dates, especially Christmas, which for us starts in mid-October. So, with all those logistic changes in Brazil, with a few changes in our internal systems, especially in Mexico, which we have planned for the second half of the year, are likely to take place before our Christmas campaigns. Otherwise, they will be pushed forward, but everything is on track to have them take place still this year.

**Daniela Eager:** That was perfect. Thank you. And yes, we have been using your products—they are the best. Thank you.

**João Soares, Citi:** Thank you, everyone. My first question is just following up on the Chapter 11 issue. Guilherme, when we look at other cases, such as the Johnson case, there have been a few attempts in this sense where the U.S. courts may refuse the request. So, I just wanted to understand what the next step would be, or, in other words: do you need Chapter 11 to go through in order to go ahead? If that does not pin out, what would be the alternative?

On another note, I wanted to talk about your working capital this quarter. We understand there has been a mixed effect on the more productive consultants with a longer receivables deadline. I just wanted to understand the Company's cash moving forward, expecting this mix to also grow. How do you see that for the future? What would be a sustainable mix for Natura, and what does the cycle look like? What can you share with us in terms of that?

**Guilherme Castellan:** Hi João, how are you? Thank you for your question. About your first point, of course, we are not here to talk about cases involving other companies and I will not go into public information that is available about those cases. Obviously, we know a little bit about what went on, but we understand that every case is different. We understand that Avon's case—again, Avon filing for Chapter 11 with their non-operational assets in the United States—is not a complex case.

It is important to remember that Avon has not operated in the United States since 2016, and that API was a publicly traded company in the U.S. market and it was acquired by Natura &Co's holding back in 2020 via an exchange of assets. So, this is a non-operational separate entity in the United States.

Natura acquired the company in 2020, but we never operated Avon in the United States, as the company had already suspended its operations back in 2016. This is a separate cosmetics company within the holding. And we know that that company has its liabilities and legacy liabilities, as you mentioned.

I will not go into comparisons, but, by talking to the guys in Avon and hearing them, we believe that this is a case that is not as complex as other cases we have on the market.

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That being said, as I said in my answer to Daniela's question, this will be a process that will be overseen by the U.S. courts. We are committed to Avon, we believe in its turnaround, and we are very pleased about the work that João Paulo and his team have developed here in Latin America.

We are seeing results coming in - João will be able to say more about that - and we are seeing Avon Brazil with flat results this quarter, coming back with very substantial results, especially in Makeup and Skincare products. So, we believe there is great potential for the brand, especially outside the United States and outside Latin America.

This is why we are jumping in this process with a large offer, using our debt credits. We continue to believe in the brand, but I will say it again: we still believe in the merits of a split. We still believe that it makes sense to continue to study splitting the two brands, but I will keep all the rest on hold, João, because now we are focused on finishing this process.

Once we come out on the other side, we will be announcing to the market what our strategy will be moving forward, because, naturally, that will depend on the outcome of that transaction. Again, I want to emphasize that we believe in the brand, which is why we are involved and why we are supporting this process.

Now, I will let João Paulo talk more about the capital structure, and then I will come back to talk about the group's cash position.

**João Paulo Ferreira:** A little bit more about our working capital here in Latin America, there are two important aspects: inventory and credit.

In inventory, we decided to advance the inventory participation for two reasons: in Mexico, because of the container handling crisis, we had to get ahead of ourselves and double some of our efforts to be able to circumvent these handling restrictions.

In Brazil, we have some shifts in plants, which is why we decided to shuffle some of our inventory around. And because of the current economic situation, we are now completely rebalancing the traffic of available assets, and even the consumer spending mix is also changed. So, all of that is in the process of going back to normal, back to its previous standards.

As for credit, the excellent quality of our credit instruments with Natura &Co Pay (Emana Pay) has led us to invest in credit extensions with outstanding returns and very low delinquency rates. We have not yet had the opportunity to collect on that additional credit that we have offered, which explains some of what we are doing internally.

Guilherme, would you like to add anything?

**Guilherme Castellan:** I just wanted to finish this off by saying that, since 2022, we have been talking about cash conversion and improving our margins as a priority for us. There is a big difference between consuming your working capital in an unplanned way and doing that in a planned way.



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As João Paulo said, this was a planned investment. We have been doing that because of the positive indications we have had with Pay and also the positive market conditions, alongside the great returns we are seeing. So, to reinforce, working capital and cash conversion are still a great priority for the group, and, naturally, our incentives are in line with that.

**João Soares:** That was very clear. Thank you.

**Rubens Couto:** Good morning. Thank you for taking my question. My question is about the sales rhythm of Natura Brazil according to your expectations.

Despite that more difficult basis, I would like to have some color about the second half of the year, given the innovations you are expected to introduce. Do you expect the same level of sales? Is it something reasonable to expect? What is your take on this early third quarter? Is it going to pick up? I would like to better understand the sales trend in Natura Brazil. Thank you.

**João Paulo Ferreira:** We are very confident in that trend. We are seeing gains in market share, especially with the Natura brand. We have a very strong innovation plan. If you are looking at our consultants' work, you have likely seen cycles 13 and 14, and important categories, such as Hair, are coming in right now with great figures. As I said, this is a very healthy channel; delinquency rates are extremely low, with very high activity levels.

We have been particularly successful in our celebratory dates, and we have a few very important ones coming up in the second half of the year. So, we are very confident in that trend. Consumer spending is steady from a macroeconomic standpoint, and we are seeing the Avon brand picking up steadily.

Were it not for the suspension of services in Rio Grande do Sul, we would be seeing Avon CFT going up in 2Q24. All of that compounds Natura's performance, which gives us bright prospects for the second half of the year.

**Rubens Couto:** Thank you. And just to confirm, is there any prospect with regards to price in the second half of the year, or has most of the adjustment been concluded by now?

**João Paulo Ferreira:** We can conduct occasional adjustments in our categories according to market conditions. So, there is always something going on in that sense, but nothing major is about to happen when it comes to adjustments, just a few one-offs.

**Rubens Couto:** Okay. Thank you.

**Joseph Giordano:** Good morning, everyone, Fabio, Gui and João Paulo. Thank you for taking my question. I am going to focus on the operational aspects in Latam. I wanted to look into the gross margin a little bit.

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If we look at the last year, we have had some positive surprises in 3Q23; a mix of channels with fragrances with a wider margin. But we are seeing profitability going up a little bit higher than we expected. I wanted to hear from you what would be the mix effect, maybe focusing on these products that you mentioned.

You said that Avon is doing very well, especially in Makeup. I also believe it is doing well in Fragrances and other related products. I would like to understand what the more rationalized mix in both portfolios has done to contribute to your margins and your portfolio and what we should expect moving forward.

My second question has more to do with the feel rate. I understand that, even with this increase, we are seeing a rate that is lower than expected. If you could share those figures, that would be great.

Lastly, looking at your expenses, I understand there is more to rationalize. We saw that there was a one-off here in the Natura brand, where there were a bit more marketing campaigns. I would like to understand what the normalized expectation would be for Latam. Thank you.

**João Paulo Ferreira:** I will start with your last point. Structurally, what you are seeing in Latam is additional investments in marketing, selling optimizations and logistics optimizations. This is because of the integration of Wave 2, roughly speaking, of course.

In logistics, there are still some things to do, we are still realizing some synergies, and you know there are things to recoup there. But we also want to invest more in our brands. So, these are the major shifts we are seeing right now.

From a gross margin standpoint: yes, there is a mix effect across geographies. Keep in mind that, geographies where we have already integrated Wave 2 provided us with profitability gains even in the gross margin, because we accelerate our portfolio optimization and also offer more promotional sales.

There are places where that has not happened yet—notably Argentina and Mexico, where we plan to have those changes next year. But there is a favorable geography mix and a category mix that is also favorable, because we have cut off the long tail in Avon, where profitability was low.

I would also like to highlight Home & Style. This sharp drop in business volumes in Home & Style is a result of our decision to significantly improve the profitability and the cash generation in that category.

Because we still have not concluded all of these integrations across all the geographies we operate in and we still have a major innovation pipeline coming in, there are still opportunities moving forward, and we expect to see huge leaps, just as we have before. So, there might be some volatility in our gross margin, but there is also still room for optimization.

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Lastly, feel rate, in Hispana has normalized, but in Brazil, it is still a bit better than it was at the turn of the year and worse than our historical levels, which is where we expect to be when we end the year.

**Joseph Giordano:** Thank you, João Paulo. That was perfect.

**Irma Sgarz, Goldman Sachs:** Hi, good morning. Regarding Wave 2 in Mexico, I would like to hear more about what you mentioned earlier saying that you will take it step-by-step. If you could share some of the lessons that you have learned and, also, maybe the timeline for this process to implement Wave 2 and how we should be thinking about it.

Of course, there are many unknowns, but, based on what you have learned with your implementations in other geographies, and given that Mexico is a slightly different market due to the structure of its commercial environment - that is something that has to be respected -, how are you planning to navigate that?

And on another note, could you talk a bit about the debts and liabilities you have with entities not connected with Natura &Co and Avon? If the Chapter 11 process does not go through, do you have any alternatives? I know that is the base case, but what would be the alternative plan?

**João Paulo Ferreira:** Hi, Irma. I will talk a little bit about your first question, and then Guilherme will take the next one.

Because of the importance and relative weight of Mexico and what we have learned with Wave 2 in other countries, we have decided to have a phased implementation, to prevent a "big bang" scenario. This will be based on changes in commercial rules at Avon, seeking convergence, and looking at elements such as our systems and, finally, our logistics.

We have already begun to make changes at Natura, which have also helped Natura's great performance in Mexico recently. In the second half of the year, we will also be seeing some changes in our IT platforms, in the consultant app for Natura, for example. We have already made several changes at Avon Mexico since the second half of last year, streamlining our commercial structure. There is still some portfolio streamlining to be done, which we plan to do in the second half of the year.

We have also enabled a cross-selling work across these two brands, with about 50 SKUs from one side to the other, which allows our Avon consultants to know more about the Natura brand and vice versa. There are other initiatives still to be introduced, but, until we reach full integration, that should not happen until the first half of next year. That is what we have.

**Guilherme Castellan:** Hi, Irma. How are you? Just to give you some direction and tell you where to find information: on the PR Newswire website, you will have a link to Avon International's press releases, and they have a link to the Epiq website, where you will find essentially all the documents for the filing that are available for the market. These

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are the documents that Avon has published due to the filing. You had access to the API documents at the SEC until a few months ago.

Natura is API's largest financier, and a large share of those credits is part of the debt refinancing we have had since we acquired the company in 2020. You have been monitoring all the work that we have done since then. The website also has some information about other creditors, among which, again, I have to say that Natura is the largest. But you also have information about unsubordinated debt and senior debt, so you will have all that information on the website.

But Natura is API's greatest creditor. We have been supporting the company financially since 2020—not only helping to finance its existing debt or its existing court-ordered payments, but also with our operational banks.

I do not know if you remember, but, by mid-2020, there was a cyber attack that took a heavy toll on their operations and consumed some of its cash. This goes to show how much Natura has invested in them, and we are now their greatest investor. All of this information will be available on the website, and our IR department can assist you in finding anything you may need.

**Irma Sgarz:** OK, thank you.

**Andrew Rubin, Morgan Stanley:** Hi, thank you for taking my question. I was hoping you could talk more about the digital business. We see you launched a new platform and you mentioned some changes to commercial rules impacts with the soft launch. I was hoping you could provide a bit more detail about what changed and how you are looking for the progression of digital from here? Thank you.

**João Paulo Ferreira:** Andrew, I was asked to answer in Portuguese, so if you could bear with me, I hope the translation is working well.

We have been talking about how we have accelerated our omnichannel developments here in Latin America, specifically. I would like to highlight the sharp growth in retail—not only in the number of stores but also in same-store sales, where we are seeing double-digit growth. We are very happy about that and see great room for growth. Last week, we announced that the Avon brand would be coming into our specialized retail operations, which was a major step toward diversifying purchase opportunities and cross-selling.

On the other hand, our digital channel has been a great lever for that growth. But in order to move forward with that, there were two tasks that had been completed in the late first half of the year. First would be to replace the engine of our e-commerce. We have introduced Salesforce, which is one of the main and most sophisticated e-commerce platforms in the world, replacing our previous system. This allowed us to have some time to adjust our operations to the new platform.

In addition to that, we have changed a few rules for a few channels, such as pricing rules, to allow those channels to really be optimized. This was also done in 2Q24, and,

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as an effect, they sort of pressured what we call "CN Commerce," which is our consultants' e-commerce.

So, these rules between prices and promotional sales are already working. The platform is working well. And we are seeing, in 3Q24, an upturn in our digital operations, with great top-line and profitability performance. The adjustments we made in 2Q24 were necessary for this progress.

**Andrew Rubin:** Thank you, that is very helpful.

**Bob Ford, Bank of America:** Good morning, everyone. Thank you for taking my questions. How should we think about the health of Avon Latam, and how do you think about it moving forward as potentially a more aspirational brand? Also, what do you expect in terms of the receivables and their impact? If you could talk a little bit about that, please.

**João Paulo Ferreira:** Hi, Bob. Regarding your point about the Avon brand, we have revisited Avon's positioning within each of its categories to understand the spaces where it has the opportunity to grow its market share.

This work is already underway. In fact, last week, we announced our new marketing organization in the region, where we're combining the strengths of Natura and Avon categories with dedicated brand management teams for each. This ensures that each brand and category can target separate audiences effectively.

This plan is absolutely on track, and we will continue to see it expressed through accelerated product development starting in the second half of the year. We also shifted the commercial center for Avon to Cajamar, so we now have a combined distribution center. With this new organization fully devoted to identifying and occupying growth spaces, you will start seeing new product launches and expanded communication efforts moving forward.

As mentioned earlier, performance in the areas where we have already focused, notably Makeup, has been very strong, with substantial growth so far. We expect Makeup to continue being a standout category for Avon, and we are now beginning similar work for other categories, notably Perfume and Toiletries.

**Guilherme Castellan:** To your second question, I would like to clarify that the investments in receivables will not necessarily come with interest embedded in the sums. This also involves the impact of promotional sales and credit extensions to our consultants. However, what João Paulo mentioned, and it is important to stress, is that the return on these investments comes from a substantial increase in sales and productivity.

When we ran our pilots and analyzed the returns, it gave us a lot of confidence to make these investments in 2Q24. As a result, delinquency levels have remained very low, and we are pleased with this investment's impact on working capital and receivables.

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It was important for us in 2Q24, but we remain focused on cash conversion, which has been a major priority for us over the last 12 months. The second half of the year is typically a period when we generate a lot of cash, so this is effectively a bridge in our plans.

**Bob Ford:** Thank you. Just to clarify, how do you plan to manage excess inventory in the near term?

**Guilherme Castellan** There is no excess inventory for the channel, Bob. We are building our inventory in-house, but it is already returning to regular levels. There is no major issue in terms of normalizing our internal inventories.

**Pedro Tino, Safra** Hello, everyone. Thank you for taking my question. I have a question focused on Avon International. Could you please talk a bit more about your initiatives in that area to improve productivity?

Also, could you discuss the narrower EBITDA margin due to changes in your operations? What can we expect moving forward?

Lastly, if you could touch on the shutdown of unprofitable operations in other geographies, that would be great. Thank you.

**Guilherme Castellan** Hi, Pedro. Let us talk a bit about the results for Avon International in 2Q24. We understand that these might have been overshadowed by other news in the market. As we mentioned in 1Q24, what we saw back then was an expected result, and we are seeing a similar trend now.

Looking at the initiatives our team has worked on during the first half of the year with Avon, we are seeing productivity in the channel increase. While we are still facing challenges due to the loss of consultants, productivity is on the rise, and some of the initiatives that were part of the channel's reorganization have borne fruit.

We are observing positive trends in promotional sales, which have had a significant impact over the last six to eight months, particularly since 4Q23. We are now recovering from that period, which is aiding the channel's recovery, although the turnaround remains ongoing and complex.

Regarding the geographic dynamics, with Avon, we decided to focus laser-sharp on specific locations. We mentioned some time ago that we would concentrate our efforts on about 10 to 12 countries, but this would be done in waves. Initially, we focused on countries like Romania and Turkey, where we began introducing some operational initiatives.

Our omnichannel operations in Turkey, for example, are already seeing some positive results. In 2Q24, we are witnessing improvement in these countries, and we expect this to continue moving forward.

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I think the key focus for Avon is resource allocation—concentrating on a small number of countries and running commercial pilots that we can replicate in different regions. We are not trying to implement the same strategy across 30 different countries, as we know that will not work effectively.

**Pedro Tino:** It was very clear. Thank you.

**Operator** This concludes our question and answer session. Now, I would like to turn it over to the Company for its final remarks.

**Fábio Barbosa:** Thank you, everyone, for participating. I believe we were able to shed light on some important issues in addition to the Chapter 11 news. I would like to emphasize that, for the past two years, we have focused on improving our agility, adjusting our financial results, and optimizing our organizational structure. That is exactly what we have been doing, and we are seeing positive results from those efforts.

As Guilherme has just highlighted, the Avon International situation still requires some cleaning up and a lot of focus. Our aim is to concentrate on the more promising countries and fully realize the potential we see for the brand in those specific markets. That is what we have been working towards, and we are already seeing results.

I would like to thank everyone again, and naturally, as always, our Investor Relations department is available to answer any further questions, whether about the Company at large or the recent developments.

**Operator:** Natura &Co's 2Q24 earnings conference is now concluded. The Investor Relations department is available to answer any outstanding questions. Thank you for joining us, and have a great day.