

**Operator:**

Foreign Ladies and gentlemen, thank you for waiting. Welcome to Natura &Co's first quarter 2025 earnings call. Simultaneous translation services are available on the platform. Click the interpretation button, the globe shaped icon at the bottom of the screen and choose your preferred language. For those listening to the video conference in English, there's an option to mute the Portuguese audio by clicking Mute Original audio.

We have Mr. João Paulo Ferreira and Ms. Silvia Villasboas respectively, the CEO and CFO of the company are here with us today. The presentation will be referring to during this call is available on the investor relations website. I now hand it over to Mr. João Paulo Ferreira.

**João Paulo:**

Good morning everyone. Thank you for being here with us. It is with great enthusiasm and confidence that I begin a new chapter for Natura. Today we are reporting the results for the first quarter of 2025. I would like to start with the group's latest news. We have just completed another very important step in our simplification journey as the extraordinary general meeting approved the merger of Natura and Co into Natura Cosméticos. This process should be completed within a few weeks following final regulatory approval. With this move, Silvia and I have taken on the management roles of the consolidated company.

Therefore, I would like to take this opportunity to express my deep gratitude to Fabio Barbosa for his leadership and camaraderie. We wish him great success in his new role as Chairman. I would like to also thank the board for their support, their guidance and trust. And finally, I'd like to thank Gui Castellan for his energy and commitment as he leaves us in the coming days.

So today, after quite a while, Fabio and Gui are joining us remotely along the same lines. I would also like to thank the investors and analysts who met with us after the publication of our last quarterly results and gave us a series of suggestions which we have already begun incorporating into the publication of these results.

New adjustments will be made in a new disclosure that will be announced on Investors Day to happen to take place in June. I would like to also inform that we've already published the annual report for 2024 which highlights another year of important progress, especially toward our commitment to life 2030.

Turning to performance highlights and starting with Latin America, I would like to highlight

the recovery in recurring margin year over year with a significant improvement compared to the 9.6% we had in Q4 of last year. Margins in the first quarter 25 were 15% or 13.9% excluding non operational effects.

On the operation side, we continued progressing with Wave two implementation in both Mexico and Argentina. We also delivered solid revenue performance for the Natura brand which was offset by weaker performance from the Avon brand in the region. Finally, I'd like to highlight strong cash generation for Oblatin. Even in a quarter that is typically seasonally weaker, Avon International recorded yet another quarter of revenue deleveraging, pressuring margins and leading to high operational cash burn. To minimize this cash burn, still in 2025 we have started an accelerated restructuring of this business unit which includes drastic measures such as the reduction of around 1100 jobs in addition to other aggressive cost cutting actions.

And now I'll turn it over to Silvia Villasboas who will walk us through the Q1 results and I'll come back later for closing remarks and the Q&A session.

**Silvia Villasboas:**

Good morning everyone, this is Silvia speaking. My first time here with you and very very happy for the chance for us to get closer.

I'll start with a slide on revenue in Latin America. The first quarter 25 we reported the revenue growth of 12.2% year on year in constant currency and 4.1% when we exclude Argentina, the Natura brand in Brazil posted revenue growth of 8.2% reflecting the better mix and price increases that were partially offset by a slight drop in the channel across the region. It is worth mentioning that despite this drop, productivity in March has improved and led revenues to a mid tint growth in the month. In Hispanic America, the Natura brand grew by 38.4% or mid teens.

When we exclude Argentina, it's also worth noting that this growth is similar to that filed in Q4 2024 even when the change from multi level to bilevel that took place over the first quarter 2025 in New Mexico. Also in Mexico, the drop in the channel due to the change in our commercial model was offset by an increase in productivity on the part of our consultants which led to a growth rate in the first quarter. Vis a vis fourth quarter 24, the Avon brand fell by 12% in Brazil.

Despite the positive evolution posted in the fragrance category, the brand's performance was impacted by the lower number of launches in the period, especially in the makeup category in Hispanic America, Avon saw an improve in performance in Argentina, Peru and Mexico. Despite persistent challenges in managing the combined portfolio across both brands and Tour and Avon. This quarter avon grew by 12.4% in the region, but fell by 6.4% with when we exclude Argentina, home and style category continued to fall year on year, although less or to a lesser extent than the drop seen in the fourth quarter 2024, the drop was 15.9% in Brazil and 15.2% in Hispanic America.

Turning to slide number six, we see that LATAM's recurring EBITDA margin was 15% in this quarter including 110bps on non recurring items. As already mentioned by Gianpaolo, that shows significant recovery when compared to Q4.24 and an improvement of 50bps when compared year on year.

The EBITDA margin for Q1 reflected an improvement of 90bps in gross margin driven by the expansion in wave 2 countries and the price increase implemented at the beginning of the year. In addition to that there was an improvement of 80bps in admin expenses result of the operating leverage which more than offset the increase in investments in the period. On the other hand, there was a pressure of 120bps on sales, marketing and logistics expenses mainly due to investments in marketing and in sales due to progress of digital products to support the channel, which led to an attenuation of logistical efficiencies obtained especially in Brazil and Argentina.

Moving on to slide number seven which compares the group's revenue and EBITDA, it is worth mentioning that last year the operation of Avon International was accounted for as a discontinued operation until December 4th when it was re consolidated. Along these lines, the year on year comparison is polluted by the inclusion of metrics from Avon international in the first quarter of the year, but not in Q4. 24. For a better year on year comparison, we have included a pro forma statement with the complete information which can be found in the attachment for the press release.

Returning to the final numbers, in Q1 2025 group's revenues totaled 6.7 billion vis a vis 4.6 billion posted in the same period of 24. The results reflect a growth of 15.5% in Atura and Comb La Times in addition to a contribution from Avon international which reached \$1.4 billion in the quarter. Looking at profitability we see that the recurring EBITDA margin was 11.8% in the quarter which led to a drop of 140bps year on year which can be explained by the dilution of margins from the re consolidation of Avon International.

On the other hand, as I mentioned before, on the previous slide, Latam showed an improvement in profitability while the holding reduced its expenses by 55% year on year which reflects the final stages of the simplification journey on the corporate structure and also takes into account a phase out of 11 million which is expected to impact the next quarter.

On slide 8 you can see the Breakdown of our Last Line the Bottom line in the first quarter 2025, we posted a loss of \$151 million reflecting a recurring EBITDA of 790 million, which was more than offset by transformation expenses of \$190 million, financial expenses of \$251 million and also tax expenses of 160 million BRLs. It's worth noting that our financial result was impacted by the group's higher leverage, which we'll see later, and by \$177 million in this quarter due to the mark to market effect non cash of the derivatives that hedge the principal of our debts in US dollars, the 2028 bonds and 2029 bonds.

In addition, tax expenses were impacted by the expectation of a profit projected for the year, which generates a greater impact in seasonally weaker periods, which is the case as

Q1. As you can see in the graph, excluding EBITDA adjustments, the PPA and the mark to market non cash of our derivatives, net income for the quarter would have been \$264 million.

On slide number nine we present our cash flow which was negative by \$675 million in the quarter. Excluding the effects of interest on debt and foreign exchange, we calculated the firm's cash flow, which was a cash outflow of \$531 million in Q1. This cash outflow reflects a cash generation at LATAM of \$185 million as disclosed in Cosmetico's financial statements. Despite the seasonality of Q1, it also takes into account the outflow of 91 million from the holdings in strategic projects and the consumption of Avon International, which had yet another quarter with pressured margins. As we have already explained. Looking at it on a consolidated basis, the 531 million burn in the period is mostly explained by the reported EBITDA of 595 million and cash outflows of 437 million from operating working capital and 574 million from other assets and liabilities.

Slide number 10 shows the evolution of our debt. We ended Q1 with a cash balance of \$3.7 billion and a net debt of \$2.9 billion, bringing our net debt EBITDA ratio to 1.43 times. Our net debt varied by approximately \$500 million over the first quarter and reflects the negative free cash flow of \$675 million that I just mentioned. In addition, it includes the buyback program which we accounted for an outflow of 16 million during the quarter and a non cash benefit of around 250 million in our total Debt due to the depreciation of the US dollar against the real in the period.

I'll now turn the floor back over to João Paulo for his final remarks.

**João Paulo:**

To conclude today's presentation, I emphasize our main Messages on slide 12. Number one. We plan to complete the wave 2 implementation process in Mexico in Q2 this year and in Argentina in Q3. We will then conclude the transformation cost cycle, which in 2025 will not exceed the amount incurred in 2024. Furthermore, I reiterate our commitment and confidence in our journey of expanding recurring margins year over year. Wave 2 efficiencies will be partially reinvested in marketing, innovation and strategic projects, but more evenly throughout the year to reduce quarter to quarter volatility. Our second highlight refers to the simplification process, which remains a priority for the company. We're moving fast with the restructuring of Avon International while a dedicated team continues to explore all strategic alternatives for this business unit.

And finally, the last message I would like to leave with you concerns the group's management adjustments. As Fabio always pointed out, we remain absolutely rigorous in capital allocation and in pursuing higher returns from our investments, aiming for sustainable growth and value creation for our shareholders. That's it for me. Thank you very much. And we'll now have the Q and A session.

**Operator:**

We'll now begin the Q and A session. To ask a question, click the Q and A icon at the bottom

of your screen and type your questions to enter the queue. Once announced, a request to activate your microphone will appear on the screen and you must then enable your mic to ask your question.

We kindly ask that all questions be asked at once. Danniela Eiger from XP asks the first question. You may now enable the mic.

**Danniela Eiger- XP:**

Good morning. Thank you for taking my question.

I have two gross margin dynamics. It remains consistent, but you've pointed out a couple of pressures from now on. And then Wave two. That would provide important gains. Market Mix and other retailers point out that the environment is more favorable for price increases. What's your take? More price transfers, More price increases? But how can we consider the gross margin increase from now on?

My second question is about Wave two. The Mexico Dynamics surprised me because we are now moving away from the multi level model. You have been able to mitigate those negative impacts. Well, having said that, there should be a good tailwind for Wave two, which connects to my first question. Can you give us an update on the how the wave 2 in Mexico is playing out? That disassembly of the multi level system? What's the productivity of consultants are like and better distribution as a result. Thank you.

**João Paulo:**

Good morning, Danni. This is João Paulo, Silvia and I will be fielding your questions. Let me address the part of your question related to Mexico and let me share that with all of you. Today, May 13th, we kick off the commercial integration. All migrations, the systems adaptation, everything has been smooth, no bumps along the road. And today we have the kickoff of the combined commercial operation in Mexico.

I can address what happened in Natura when we disassembled the multi level system. There have been productivity gains. We are very pleased with how the consultants come to this integration moment. The outlook is very promising. I cannot address the combined productivity. We are at a very early stage in that sense. But actually it's better than expected, if I can put it that way. Q2 will reflect those changes before the integration. On the other hand, further down the road, Mexico provides the best gross margin gains opportunities. Once the transition is completed, minor adjustments will have to be made. But there will be opportunities for gross margin gains in Mexico. The last one will be in Argentina. We are still working on the preparation in Q2, but the integration will happen in the following quarter. Over to Silvia to talk about the gross margin dynamics.

**Silvia Villasboas:**

Good morning, Danni. Thank you for your question.

Let me now address the Gross Margin Dynamics Q1. It was healthy. We've expended

margins in all countries once again emphasizing the potential of Wave two. Argentina had a slightly lower margin for the region. Fewer distortions than in previous quarters. At a smaller scale, there was a price increase effect that anticipated the cost impact in working capital which happens every year and then throughout the year.

Addressing your question about prices will be making adjustments as they're needed, depending on the market dynamics. And looking forward in Q2, we may have impact of part of the costs or the cost of cogs and the impacts when we combine the businesses in Argentina and Mexico. On the other hand, sorry, on top of Argentina and Mexico, there's another impact for Q2 which is the seasonality for the Mother Day, the Mother's Day campaign. Again, cogs, cost impacts of a combination of Argentina, Mexico and the seasonality for the Mother's Day campaign. And the mix of four presence on the more favorable front will still be reaping the benefits of Wave two. And there's a favorable brand mix for Natura which contributes to the gross margin dynamics.

But the most important topic here is that despite volatile volatility in gross margin, our goal is to reduce the volatility of EBITDA margins throughout the quarter. This is our number one goal still.

**Danniela Eiger- XP:**

That's very clear. Just a follow up for Joan's question as to the distribution of productivity of consultants in mix in Mexico. Free integration. They were very concentrated and very low productivity numbers maybe distorted to the left. In other regions is more normal. Have you seen that change happen? Do you believe that will happen? That can be even more productive as they transition?

**João Pedro:**

Yes, there has been an increase in productivity which can be seen in this first quarter. This assembly started back in December. So we have a whole quarter where you can already see an increase in productivity on average across all consultants. The experience in other countries leads us to believe that productivity tends to grow. It's also true that the combined channel will shrink a bit, just as a reminder. But the short answer is yes, your conclusion is correct. Danniela, thank you.

**Danniela Eiger-XP:**

Thank you so much.

**Operator:**

Moving on, our next question comes from Ruben Couto from Santander. Ruben, you may proceed.

**Ruben Couto- Santander:**

Good morning everyone. My question for about Avon Brazil. It became quite clear the combined effect of the makeup launches in the quarter. But can you help us understand a little bit the trends you expect to see going forward throughout the year based on the

release? You mentioned that the year has started at a slow pace until new launches materialize. But can we expect more stability in terms of revenue or should we expect further drops as we've seen in the first quarter? And along the same lines as for makeup, do you see any shift for a higher consumption of natural brand makeup as opposed to Avon? Or you expect to lose share to other brands leading to a change in the basket that consultants work with? Thank you.

**João Paulo:**

Hi Ruben. As it is clear now, we have not been able to resume growth and the Avon brand, which is our objective, of course we have also prioritized profitability and cash generation for Avon. But still we would like to see this brand growing again. Q1 here in Brazil was pressure because the channel was less active, which affects both brands, of course. But in essence the effect came from a more modest innovation pipeline, if you will. After chapter 11, we started managing the Avon brand in Latin America last quarter. Q4 Basically that's when we really got our hands down and we are now readdressing the portfolio based on opportunities we see that does not happen overnight.

So I cannot tell you now that we do have expectations terms of change. Of course that will happen overnight. No, but that is our objective. That's what I can tell you. And this was especially felt in makeup. Fragrances performed well, but makeup products, which is Avon skash cow fell short. It's difficult to see AC suite between Avon and Natura because we have very different price points. Avon performed well. Avon's makeup also performed well. But there is no change that there was a switch across brands when you look at the market.

**Operator:**

Our next question comes from Luiz Felipe from BTG. You may carry answer.

**Luiz Felipe-BTG:**

Good morning everyone. A question about the free cash flow. If you could tell us how you see the company's working capital policy for the coming quarters. This was a factor that for this specific quarter was represented pressure on cash generation from the point of view of funding of consultants, but also on the side of inventory management. You did mention that March improved for Natura in Brazil. Thank you.

**Silvia Villasboas:**

Hi Luiz, thank you for your question. This is Silvia. As for the working capital dynamics for LATAM for the year, we expect to see variations across the receivables account to monitor market moves in line with our credit management. We do not expect other relevant moves in that space. In this quarter we have. We saw a better performance in stock management and our commitment is to improve cash conversion throughout the year. That's the journey we have embarked on for the for the coming quarters.

**Luiz Felipe-BTG:**

Thank you.

**Silvia Villasboas:**

Sorry, just as a compliment, important to say that now in Q1, which is a seasonal quarter, we did generate cash for Latam. Just to be sure.

**Operator:**

Moving on, Felipe Rached from Goldman Sachs is up next. You may enable your mic.

**Felipe Rached- Goldman Sachs:**

Good morning folks. Thank you for taking my question. My question is about gross margin and I have another question. Does it make sense that the smaller gains in Argentina and Q4 remained this quarter? Right. What is the impact year over year?

This has been offset by price increases and a better brand mix. Is this the dynamics? I just want to make sure we clearly understood that. My other question is about Avon International. Cash burn was relevant in Q1. You've announced that you're taking measures to cut costs. How much do you expect to cut down after these measures? Are you going to do even more? Despite all the changes you've made in the past, it's important to know what the topline impact should be in that case.

**Silvia Villasboas:**

Can you rephrase your first question please? Luis, this is Rached. I'm sorry.

**Felipe Rached- Goldman Sachs:**

My question is about. It's a follow up from Danny's first question, gross margins Q4. There was a relevant impact in inflationary gains in Argentina due to the inventory that appreciated from the moment you purchased it and then when you sold it. We discussed it at length. This gains dynamics is no longer true this quarter, is that right? And the improvement of gross margins per se, especially sequentially, came from price increases in Q1. Does that make sense? Is that right?

**Silvia Villasboas:**

Thank you. Now, now it's clear. Here's what happened in Argentina in this quarter. We've seen economic scenario in which inflation and effects are walking hand in hand that contributes in our capacity to better manage prices to offset these impacts. And we expect, if the scenario remains the same, Argentina will be posting gross margins a little below that of the region in Q1. More specifically, let me point out that we had a benefit in margins there so that we did not have a tax incurred that would impact the same quarter of last year.

**João Paulo:**

Well, restructuring started at the Chapter 11 process. That was the first and most important step in that restructuring process. When we came back from it, we started reducing costs very aggressively, as we said, on a midterm basis. It's not going to happen overnight. We would do away with cash burn.

There are implementation costs, no doubt about it. Of course, when you lay off people, there are severance related costs. I cannot give you any ballpark figure at this point in time, but on a midterm basis, the operation will no longer consume cash.

**Operator:**

Perfect. Thank you very much. Joseph Giordano from JP Morgan is going to ask the next question. You may now proceed.

**Joseph Giordano- JP Morgan:**

Hello. Good morning, João Paulo, Silvia. I would like to address two topics.

My question is about the holding. What will the phasing of those gains from the corporation of the holding take into account expenses as well and tax benefits. What can you unlock? What kind of potential could you unlock in terms of premium or accrued losses? And the second question is what the stage of the negotiations of the possible spin off or a more definitive solution for Avon International you're working on to reduce costs Very intensively. But what would be a possible spin off or sale of the company? If you can address that, please?

**João Paulo:**

Hi, Joseph. Let me address this spin off. I cannot comment on beyond what we've already said before in our release. The separation of those assets is a strategic decision that has been pointed out before. It is a priority. There is a dedicated team considering these alternatives. Of course I monitor it, but Fabio is closely overlooking this process. I cannot give you a definite response as to when and how it will happen. This is only. This is what I can say for now. Silvia will address the holding costs.

**Silvia Villasboas:**

Thank you, Joseph, for the question as to the simplification process for the holding. The process is moving on according to plan and we expect to complete it in Q3. There's an important step which is the reverse incorporation of holding within Cosmetics. It will allow us to have an additional simplification for both structures and processes. And about the other question you asked after the incorporation, we do have a profitable company, Cosmetics, that's a profitable. This will be the new holding company and there are possibilities to capture several benefits. We can make future dividends payments and on top of that, we'll be pursuing an optimization of capital structure and considering opportunities to move financial assets to, you know, capture those benefits.

**Joseph Giordano- JP Morgan:**

Thank you very much.

**Operator:**

Our next question comes from Mr. João Soares from Citi. You may carry on. Hello, can you hear me?

**João Soares- CITI:**

Yes. Okay, I have two quick follow ups. Number one, you did mention that Latam is now generating cash and in a quarter which is seasonably weaker. So how can we understand this seasonality in terms of cash generation for Latam? Should we expect important evolutions? Given the number of important opportunities you are now capturing, how do you see this potential improvement in cash conversion?

And JP when you talk about in the midterm having international Avon not burning cash anymore? You did mention important adjustments being done across Avon International. Can we see some change this year or should we expect major changes in the mid to the long run? What's the timeline for those changes and at what pace can we expect those changes to unfold? Thank you.

**João Paulo:**

Well, I'm going to start by the last one. What we expect to see is that the pace of cash

consumption, cash burn, expected to drop until the end of the year. We want to see that number going down. Cash burn, it's not very likely to bring it down to zero this year, of course, but we expect to see it dropping significantly this year. Silvia, over to you.

**Silvia Villasboas:**

Thank you, João. About gas generation for Latam in Q1, we had a very good performance in terms of cash generation because of a larger inflow of receivables due to a strong Christmas campaign we had and also due to a better management of our stock. These were offset by payments by suppliers and by also taxes.

Looking forward, our commitment, as I mentioned, is to improve cash generation in the year. But we could have some volatilities going forward throughout the quarters, especially in what refers to transformation moves in Mexico and Argentina, which might end up weighing down on the coming quarters in terms of cost of transformation. But as you know, those will activate several other combinations coming out of the combination.

**João Soares- CITI:**

Okay, you did mention something important, Silvia. In terms of transformation costs, should we see this as going down phasing out in the second half? What's the timing for that transformation cost to diminish.

**Silvia Villasboas:**

But transformation cost will continue to be around us for the coming quarters. What we did was to have a better balance across quarters. In other words, we're not going to see any concentration of those costs. As we saw in Q4, the amount will not go above that post in 2024 and it should be over this year in the coming quarters.

**João Soares- CITI:**

Okay, thank you.

**Operator:**

Next question from Rob Ford from Bank of America. Accept the MIC now, please. And we proceed.

**Bob Ford- Bank of America:**

Good morning. Thank you. What was the size of the retraction of credit in Brazil and how much of the inventory is being financed by Natura? And how long does you need to bring that to a normal level? And he also mentioned that March sales went up by 15% in Brazil. Or mid teens, I believe. Is that a fair comparison when we include Easter? And how are sales in April and early May? Thank you.

**João Paulo:**

Bob, can you please repeat the beginning of your first question?

**Bob Ford- Bank of America:**

Sure. What was the magnitude of the slowdown in credit in Brazil for consultants? For consultants. And what's the size of the inventory being financed by you at this point?

**João Paulo:**

Okay. We started to slow down on credit in late October, early November last year, looking to adjust our policies to keep default levels under control. Our numbers are quite low in

terms of default. Very comfortable level, I would say, as we restricted credit, of course, that also reduces the number of active consultants, as you. Well, as you know only too well. So part of that reduction of that slowdown, when you see it, a drop in the number of consultants in Brazil, year on year, consultant numbers. Basically half of that drop, which was slightly. Which was relatively small. Right.

Small fluctuations after stabilization. But half of that drop in consultants is due to a credit restructuring move. Okay. Restriction move. In terms of inventory, you know that our network of consultants has a very limited capacity to increase inventory, especially the larger ones. Always try to find opportunities to buy good products, acquire good products in good terms and then sell later. But that's a very small number of consultants, the really big ones. That's why when we have even a slow, a small slowdown in the economy in consumption levels, this will affect their activity. That accounts for about the other half of that drop in active consultants. But because that capacity is very limited, the dynamics is quickly restored. That's why in March, as I said, we see the dynamic or dynamics resuming prior levels. I hope I have been helpful to you.

**Bob Ford- Bank of America:**

Okay, Jean Paulo, but the comparison for March, is it fair when we had Easter? And if you could comment a bit about early May and late April, please. Terms of sales?

**João Paulo:**

Well, the calendar Effects were only marginal this year. Tom, what really affect us, affects us is when we start our Mother Days campaign and then we see a fluctuation of a few days year on year. Nothing really major. Not enough to explain a pickup in performance for March. Okay.

**Bob Ford- Bank of America:**

Okay, thank you.

**Operator:**

Vinicius Preto from ITAU BBA asks the next question.

**Vinicius Preto – ITAU BBA:**

Good morning. Thank you for taking our question. This is a follow up on the question about growth. Can you elaborate on that trend in both April and May? My other question is about Avon International. The Cash Burn was surprised. Can you give us more color of what the main drivers were for that cash burn? What is from the restructuring effort and what is recurring business?

And lastly, the breakdown for Margin X Argentina. We estimate we have about 12% EBITDA in Argentina around 23. What is the sustainability expectations? Forward, looking forward. And what explains that higher number for Argentina?

**João Paulo:**

You asked many questions, Benicius. Can you slow down a bit? The first question is about the growth level at 15%. What's going to happen in April or May? I cannot talk about it. What I can say both January and February were unusual. The outflow rhythm is back to normal. When you look at the market size, our important market share gains. The first numbers for the year indicate that market share improvement. So January and February

should not be used as a benchmark for the rest of the year. That's what I can say. What was. What was the second question?

**Vinicius Pretto -Itaú BBA:**

The main drivers of Cash Burn for Avon International. What is because of that restructuring process and how much is from recurring businesses?

**Silvia Villasboas:**

Thank you for your question, Vinicius. That cash consumption for Avon International in Q1 happened as expected. We have a very high capex consumption for the quarter that had been withheld by chapter 11. And it's a non recurring effect. As we said in our release, given the restructuring, we'll have a peak of costs in both Q2 and Q3 to support the benefit capture that will contribute to less cash consumption throughout the year. You had a third question, right?

**Vinicius Pretto -Itaú BBA:**

The third question is about Ebitda margin. When you break that down between Argentina and Ex Argentina. When you talk about the hyperinflation, it's about a 12% margin for my Latam ex Argentina, 23 for Argentina. I would like to better understand why there's that difference in levels. What made Argentina have a higher performance level and are they sustainable?

**João Paulo:**

Over to you, Sylvia.

**Silvia Villasboas:**

Okay, when we exclude Argentina, our margin was 3.4. A 20 bips expansion therefore. But this way of looking at things is not fair. The margin ex Argentina of 3.4. We know most investments are in Brazil and Argentina is the largest market in the Hispanic Latin America. Even when you exclude Argentina, we do have that expansion.

**Operator:**

Thank you. Andrew Rubin from Morgan Stanley asks the next question. You may proceed now, Mr. Andy Rubin. Mr. Andrew Rubin.

**Andrew Rubin-Morgan Stanley:**

I just had a question on consultant counts. We saw the declines for Natura in both Brazil and Hispanic Latam. I'm curious when you think we would see the consultant counts stabilize and just any update on what you think the right number of consultant counts are also when considering the greater cross sell under wave two. Thank you.

**João Paulo:**

Thank you for your question. Here's how the dynamics play out when you integrate Avon and Atura. We reduce the number of consultants. Then that number flats out or flattens out and there's a margin of growth later on. This is how things usually play out. When you look at integrated countries, this is what usually happens. There may be some minor fluctuations throughout the year. Up 2%, down 2%. This will be impacted by the economic activity of those countries. So in those integrated countries we see that dynamics play out. There's a small 4% decrease in the quarter in Brazil, but we expect that number to stabilize throughout the year. However, in Argentina and Mexico that integration hasn't happened. We'll see that new combined consultants base. There will be some reductions in the first three to four months and then it will stabilize. At year's end we

have. We will have a new healthy and stable base which will be the number of consultants for. For Latin America.

**Andrew Ruben-Morgan Stanley:**

Thank you. Thank you.

**Operator:**

The Q&A session is now over. Q1 results score. Results score for natural Renko is now over. Company's IR remains available for other comments or questions you may have. Thank you for joining and have a nice day. Every done!