Operator: Good morning ladies and gentlemen and thank you for waiting. At this time, we would like to welcome everyone to Natura &Co’s second quarter 2020 results. Today with us we have Mr. Roberto Marques, group CEO and Executive Chairman of the board of Natura &Co, Mr. José Filippo, CFO of Natura &Co, Mr. João Paulo Ferreira, CEO of Natura &Co Latam and Ms. Viviane Behar, Investor Relations Officer of Natura &Co.

This event is being recorded and all participants will be in listen only mode during the company's presentation. After Natura’s remarks are completed, there will be a question and answer session. At that time further instructions will be given. We have simultaneous translation into Portuguese and questions may be asked normally by participants connecting from abroad either in English or Portuguese. We have a simultaneous webcast that may be accessed through Natura’s IR website: ri.naturaeco.com.

The slide presentation may be downloaded from this website. There will be a replay facility for this call on the website after the end of the event. This presentation may contain forward looking statements. Such statements are not statements of historical fact and reflect the beliefs and expectations of Natura &Co management. Forward looking statements speak only as of the date they are made, and the company does not undertake any obligation to update them in light of new information or future developments. This presentation also includes adjusted information prepared by the company for information and reference purposes only, which have not been audited.

Now I will turn the conference over to Ms. Viviane Behar, Investor Relations Officer of Natura &Co. Ms. Behar, you may begin, the floor is yours.

Viviane Behar: Good morning or good afternoon to everyone. I am Vivian Behar, Natura &Co’s Investor Relations Officer. I hope you are all well. Thank you for joining us today, in these still unusual times, for this call to present Natura &Co’s second quarter 2020 earnings.

I am joined today by Roberto Marques, Executive Chairman and CEO of Natura &Co, José Filippo CFO of Natura &Co, as well as João Paulo Ferreira, CEO of Natura &Co. Latin America, who will join us for the Q&A session. Our Investor Relations team of Natura &Co is also with us.

The presentation we will be referring to during the call is available on the Natura &Co. Investor Relations website. Roberto will start with an overview of our performance; Filippo will detail our financials Natura &Co, and after that Roberto will make concluding remarks and we will open the floor to your questions.

Let me now hand over to Roberto. Roberto, please.

Roberto Marques: Thank you, Viviane and hello, everyone. Thank you for joining us, I hope all of you are safe and well in these still challenging times.

Let me begin on slide 3 with the highlights of our performance in an unprecedented and yet very active quarter for us. Overall this second quarter demonstrated the resilience of our business and the strength of our omnichannel and global footprint model. In the face of a continuing global pandemic, the peak of lockdown in many geographies, with many lives sadly lost and livelihoods impacted, we were extremely proud and pleased how our associates globally, partners and our entire network performed, exceeding our expectations in terms of results.

First, from a sales standpoint, our overall results outperformed both the global and Brazil’s CFT markets. Second, we contained the sales drop to 12.7% in the quarter and our adjusted EBITA margin stood at 8.8%. An improved gross margin and cost discipline, particularly in Q2, to mitigate COVID-19 impacts on revenue. Third, we strengthened our capital structure and cash position, finishing with a strong over R$7 billion in cash by the end of the quarter. We also successfully completed a private capital raise of R$2 billion, subscribed by our own controlling investors and existing shareholders. The proceeds allowed us to deleverage the company faster, strengthen our balance sheet and to build on our digital momentum.

The strength of the quarter was due to the remarkable acceleration in our digital transformation. We pivoted rapidly to online channels, as lockdown measures hit stores and impacted consumer, consultants and representatives mobility. In the quarter, our group-wide e-commerce sales rose by a very strong 225%, and adoption of digital tools across the group also grew significantly. A particular callout to the Natura brand which posted remarkable growth
in Brazil and to The Body Shop and Aesop, which successfully managed to largely offset the impact of store closures. A quick switch to online and digital resulted in an online growth at Aesop of 430% and also a very strong growth in The Body Shop's e-commerce and At Home channels of almost 300% combined. We also saw rapid growth in e-brochure sales at the Avon brand in Q2. To help fuel this transformation we plan to continue stepping up our digital and IT investment with an outlay now of R$400 million over the coming six months, in line with our CAPEX budget, while we are still planning for significant ongoing investments over the coming years.

We continue to make progress on the Avon integration and synergies. In this second quarter, we delivered US$25 million in cost savings, mainly in procurement, which was ahead of the estimates in the quarter and we are on track to deliver our full year synergy commitments. As also disclosed earlier in the quarter, Avon was impacted by a cyber incident that interrupted some systems and partially affected operations during the last weeks of the quarter. This has created a phasing impact on sales of about R$450 million on a consolidated basis, which were already captured in Q3. Excluding this phasing impact, the quarter would have posted a decline of only 7% versus prior year.

We also took a number of strategic actions in the quarter to strengthen our business for the future. Let me start with the partnership between the Natura brand and Singu, a leading Brazilian digital platform for at home beauty services. We believe that the combined strength of the two companies can provide thousands of beauty professional consultants with the opportunity to drive higher incomes by offering their services through the Singu platform. In addition, we signed a partnership with VaynerMedia, a global powerhouse in social media which will include support for the relaunch of the Avon brand that is planned for a rollout starting in Q3 of this year, with a focus on digital and content creation, using also our own network of representatives.

And in line with our strategic priorities to expand our geographic footprint, The Body Shop has signed an agreement to acquire its Japan business from its head franchisee, a transaction that is expected to close in October of this year. During this quarter, The Body Shop also launched its successful At Home direct selling channel in the US, having signed to date over 3,000 consultants.

Finally, in June, we launched our ambitious 2030 Sustainability Vision, our Commitment to Life, that amplifies our belief and goals to be an all-encompassing business model that aims to create a positive impact in society and to help build a more sustainable economy. Natura &Co’s Commitment to Life sets out a 10-year plan to tackle some of the world’s most pressing issues, including addressing the climate crisis and protecting the Amazon, defending human rights, ensuring equality and inclusion, and embracing circularity and generation in our products and packaging. Today, more than ever, Natura &Co is committed to prioritizing a combined economic social and environmental performance.

Let me now hand over to Filippo to go into our financials in greater detail.

José Filippo: Thank you, Roberto, and hello to everyone.
Before going into our financials let me remind you of the adjustments that impact our numbers as seen in slide 5. Throughout this presentation we will refer to adjusted EBITA and this slide describes the principal adjustments that we applied to our reported figures to allow for a better understanding of our underlying performance. This includes transformation and acquisition costs and certain tax credits and reversals of both Natura and Avon Brazil. That said, let's now look at our Q2 performance.

As mentioned, we managed to largely offset the impact of the COVID-19 pandemic on stores and traffic with the rapid move to online and the gradual reopening of retail stores. Natura & Co. posted record acceleration in digital social selling in the quarter, with group online sales growing nearly 235%.

On slide 6 we show you a few highlights by brand. Online sales rose almost 150% at Natura and Avon brands. At Natura, the content sharing grew by more than 70%, the number of orders through consultant stores tripled versus last year. At Avon international, e-brochure sales tripled. At The Body Shop, e-commerce sales grew by more than 230% and At Home increased by more than 280%. And finally, online sales grew by more than 430% at Aesop.

On slide 7, our consolidated net sales in the quarter were down 12.7% in Reais and 33.5% in constant currency to over R$6.9 billion. This constitutes a very resilient performance, reflecting the strength of our omnichannel and social selling models. This performance was driven by remarkable growth of the Natura Brand in Brazil, of a very strong performance by The Body Shop and Aesop and was also helped by our geographical diversification. These effects allowed us to significantly offset impacts from COVID-19 and the previously announced cyber incident at Avon, which shifted approximately R$450 million in sales to Q3. Excluding the phasing effect of the cyber incident on sales, net revenue in Q2 would have been down by 7% versus Q2 19, and 18.6% at constant currency.

In the first half, sales were R$34.5 million, a drop of only 5.7% year on year, with strong growth in Reais, both in The Body Shop and Aesop, up 9% and 30.8% respectively.
On slide 8, you will see that consolidated adjusted EBITDA stood at R$615.2 million, which excludes nonrecurring Avon acquisition and transformation costs of R$60.2 million, and R$96 million for tax credits, recoveries and provision reversals in Brazil. While adjusted EBITA is down year on year, this marks a sequential improvement over the R$571.5 million recorded in Q1. The drop in adjusted EBITDA is largely due to lower EBITDA resulting from lower sales at Natura & Co Latam and Avon International due to the pandemic context, mitigated by strict cost discipline across the brands, particularly in Q2, to mitigate COVID-19 impacts on revenue.

Adjusted EBITDA margin in the quarter was 8.8% down 450 basis points. In the first half, adjusted EBITDA margin was down 340 basis points to 8.2%. On a reported basis, EBITDA was R$651.9 million in Q2 with margin of 9.3%, down 160 basis points.

Turning to slide 9, we look at Natura & Co’s Underlying Net Income. In Q2, it stood at a negative R$213.8 million. This excludes R$174.7 million in transformation costs and Avon acquisition effects. This reflects mainly COVID-19 impacts on EBITDA and a higher depreciation of R$156 million, which were partially offset by improving financial expansion for R$15.8 million and income tax for R$57 million. On a reported basis we recorded a net loss of R$388.5 million in the quarter.

On slide 10, we look at our balance sheet items and capital structure. We have a very strong cash position with R$7.4 million in cash at the end of the quarter. Our debt maturities this year are only R$14 billion, and our overall average maturity is 3.8 years. Cash flow in the quarter was an outflow of R$96.1 million versus an inflow of R$63.6 million in Q2 2019. This is consistent with seasonality and also reflects other factors including COVID-19 impacts on revenue, foreign exchange effects in working capital and extended payment plans for consultants and reps. This was partially offset by extended payables.

We strengthened our capital structure in the quarter with the successful completion of a R$2 billion capital increase, which contributed to deleveraging as shown in the next slide. We have committed up to R$400 million in investment over the coming six months, in line with our CAPEX budget and continue significant investments over the coming years. This will help upgrade Avon platforms, accelerate the Latam integration and advance digital transformation across all of our businesses.

On slide 11, starting with Natura Cosméticos, deleveraging improved in Q2 to 2.04x excluding IFRS 16, compared to 2.83x in Q2 2019, and was as well under the June 30th covenant ratio of 3.25x.
At Natura & Co Holding level, including the effects of IFRS 16, consolidated net debt to EBITDA stood at 3.63x, with total net debt of R$10.6 billion.

On slide 13, we have the key highlights of Natura & Co Latam, which encompasses our four brands in the region: Avon, Natura, The Body Shop and Aesop. For comparison purposes, we adjusted 2019 results to include Avon.

Total net sales were down 16.5% to R$3.97 billion in Q2. In the very challenging context, the Natura brand posted total growth of 4.4% in Reais and 2.6% in constant currency, driven by a remarkable performance in Brazil, where we gained market share. Avon was impacted by COVID-19 and the cyber incident, and sales were down 35.2% in Reais and 40.2% in constant currency. In the first half, total net sales went down to 7.8% in Reais and 11.3% in constant currency.

On slide 14, we look at Natura brand. Sales at Natura brand in Brazil rose 7.9% in Q2, which represents an exceptional performance in the circumstances. We saw a steady progression in sales throughout the quarter ending with strong growth in June of 29.4%. This demonstrates the success of our relationship selling model which led to the 15th consecutive quarter of higher productivity in Brazil, helped by a strong 6.9%. The number of consultants at the end of the quarter was up 5.6% versus Q2 2019.

Digital played a critical role in the current context, the number of Natura consultants trained on digital tools has tripled in relation to pre COVID-19, and there has been a continuous increase in usage and penetration. Over 90% of consultants use digital platforms. At the end of Q2, there were almost 900,000 Natura consultant online stores, 65% more than Q2 2019. Implementation of new features, such as directed e-brochures, has allowed us to significantly grow sales through the digital platforms. In the retail channels, all brands across the region were impacted by lockdown restrictions, by mid-July approximately 70% of our retail stores were reopened, mostly with restrictions.

At the Natura brand in Hispanic Latin America, Q2 net sales were down 3.6% in Reais and 10.2% at constant currency, this is mainly due to strict COVID-19 lockdowns in markets such as Argentina, Peru and Colombia in April and May. However, in June the region resumed growth. The average number of consultants decreased by 9.8% versus Q2 2019 to 734,000. In the first half, sales were up 8.7% in Brazil and 9.6% in Hispanic Latam or 3.6% at constant currency.
Turning to Avon on slide 15. The Avon brand revenue in Brazil declined by 31% compared to Q2, affected by low representative activity due to COVID-19 and the cyber incident, which had a favorable phasing effect on Q3 sales in Brazil of approximately R$180 million. The average number of representatives decreased 5.1%.

In Hispanic Latam, the Avon brand posted a revenue decline of 37.8% in Q2-20 in Reais, and 46.2% at constant currency. This is due to the effect of hard lockdowns in the region, and a 21.5% reduction in average number of representatives. The cyber incident shifted approximately R$210 million to Q3, so the overall effect of Natura &Co is about R$390 million in sales phasing. The period saw good advances in digitalization, despite the challenging environment, and we saw an increase in the satisfaction index of representatives for the first time in six years.

In the first half, sales at Avon Brazil were down 18.3% and in Hispanic Latam they were down 23.9% or at 31.9% at constant currency.

Adjusted EBITDA for Natura &Co Latam, on slide 16, were R$373.2 billion in Q2, adjusted EBITA margin was down 320 basis points to 9.4%. The Natura brand posted a 760 basis points increase in adjusted EBITDA margin, supported by higher margins at both Natura Brazil and Hispanic Latam, driven by growth in revenues and measures implemented to reduce discretionary spending, notably in the second quarter, to mitigate COVID-19 impacts. This was offset by a decrease at the Avon brand, mainly from lower revenues, causing significant deleverage of fixed expenses particularly in Hispanic Latam.

In the first half, adjusted EBITDA was R$660.9 million, down 23%, with margins down 160 basis points to 8.1%.

Let's now move to Avon international on slide 18. Net revenue declined 21.6% in Q2-20 and 38.9% at constant currency, mainly impacted by a 36% reduction in active representatives due to COVID-19, and the cyber incident later in the quarter. The cyber incident shifted approximately R$60 million of sales to Q3. Units sold declined 34%

Digitalization of representatives continued throughout the quarter. There were new digital capabilities, including easier digital brochure ordering and the ability to ship directly to consumer, allowing representatives to fulfil orders despite lockdowns. Q2-20 Avon International sales via digital brochures more than tripled versus Q2 2019, and e-commerce sales more than doubled.

The H1 revenues were down 11.9% or 26.6% in constant currency. Avon international adjusted EBITDA in Q2 was R$72.6 million, with margins of 4.4%, down 950 bps, impacted by lower revenues due to the COVID-19 and the cyber incident, resulting in operational deleverage.

In the first half, adjusted EBITDA was R$175.4 million and adjusted EBITA margin was 4.7%, down 840 bps.

We now move on to The Body Shop on page 20. Net revenue in Reais increased by 15.5% in Q2 to R$979 million and was down by 13.2% at constant currency. The decline in constant currency was primarily due to lockdown restrictions combined with the permanent closure of 25 own stores on a net basis in the last 15 months, as part of the store footprint optimization plan.

At the end of April, 87% of retail stores were closed due to lockdown measures. Revenue progressively grew as stores reopened reverting to a strong growth of 14% in June, with only 16% of the stores closed. The Body Shop offset about 90% of the COVID impact thanks to the gradual reopening of stores and an e-commerce growth of more than 230%, while At Home sales increased by more than 280%. Growth in these channels was supported by a new distribution center in the UK, open in record time in April, to meet the demand surge.

The first franchisee new concept store was launched in South Korea in the quarter, in addition to the three previously launched owned concept stores in London, Hong Kong, and in Toronto. The quarter ended with 973 owned stores and 1,746 franchise stores.

Adjusted EBITDA in Q2 reached R$145.2 million, up 9.4%, with a margin of 14.8%, down 90 bps on an adjusted basis, but up 140 bps on a reported basis. The adjusted margin decline was due to revenue reduction from store closures and lockdown measures, partially offset by lower discount, strict cost measures and COVID-19 related government subsidies, particularly in Q2.

On slide 22, Aesop’s success story continues with strong double-digit growth in both revenue and profitability in Q2 in Reais. Net revenue grew by 34.8% and was broadly stable at constant currency. Store closures early in the quarter, reaching about 90%, were offset by a remarkable growth of 430% in digital sales and the gradual reopening of stores, June growth reached 20%. Aesop took quick action to convert several stores into fulfillment centers to meet their increased e-commerce demand.
As of mid-July, 75% of the store network has reopened, most with restrictions in place. In the first half, net revenue was up by 30.8% in Reais and up 4.9% at constant currency. Profitability also grew in strong double digits in Reais, with EBITDA reaching R$102.6 million, but with a margin of 36.8% of 650 bps. This growth was driven by target cost reductions, favorable channel mix, utilization of government subsidies programs in the quarter, which helped to mitigate COVID-19 impact in revenue.

In the first half, EBITA was up 52.8%, with margin of 25% up 360 bps. Signature stores totaled 247 in the quarter up 11 over the past 12 months and stable in the year, as no new stores were launched.

Let me now hand back to Roberto.

**Roberto Marques:** Thank you, Filippo. Let me now conclude on slide 24 with the key takeaways and let me mention four of them:

- First of all, Natura's omnichannel model has shown its resilience amid the COVID-19 crisis, with strong growth in digital social selling and e-commerce, and a gradual return to revenue growth as the stores reopen and mobility increased. The Natura brand posted remarkable growth in the quarter and The Body Shop and Aesop also managed to largely offset store closures;
- Second, with a record increase in online sales in Q2, we demonstrated our digital transformation is a reality and we are planning further investments to build on the momentum, over R$400 million in the coming six months, guaranteeing the best experience for our clients and making the online channel available to all of our consultants and representative networks;
- Third, we have optimized our capital structure with a successful capital raise of R$2 billion, we also continue to deleverage our balance sheet faster than actually we even anticipated; and
- Fourth, we have made advances in our sustainable growth strategy with, on one hand the unveiling of our ambitious new target as part of our 2030 Vision Commitment to Life, and on the other hand a number of moves to boost growth and expand our footprint, including strategic partnerships such as Singu and VaynerMedia. The Body Shop acquisition of its franchisees' business in Japan, a move and At Home direct selling in the US, which will contribute to long-term top line growth and geographic footprint expansion in strategic markets such as Asia and North America, and continued advances on the Avon integration, which is so critical for us, with synergies on track.

I would like to conclude by expressing once again my gratitude to the teams across our group whose incredible energy, passion dedication and focus really enabled this performance. Thank you very much for your attention, we are now going to open the Q&A session and Filippo, JP and I are happy to take your questions.

So, the floor is now yours.

**Operator:** Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press the star key followed by the one key on your touchstone phone now. If you wish to be removed from the queue, please press the pound or the hash key. Once again for any questions, please press the star key followed by the one key.

We have a question from Thiago Macruz from Itaú.

**Thiago Macruz:** Hi guys, good morning, my first question is to Roberto. At times like the one we are living today, they bring several challenges, and some companies are basically forced to adapt very quickly. And we've seen very good news in this quarter in terms of growth margin and OPEX for more than one brand of your group. Do you think that some of these novelties could be sticky? Can you, because of the learnings of the last five months, emerge from this crisis as a more streamlined and more efficient company? And my second question to JP: I would just like to understand the Natura brand growth in Brazil, which was impressive, what do you think differentiated yourself from the competition during this period to help you sustain such an impressive growth? These are my two questions guys, thank you.

**Roberto Marques:** Thank you, Thiago, I will start and then I'll ask JP to talk about the remarkable results of Natura Brazil, which is really amazing. In terms of some of those things I would say partially it is, partially it might not be, right? So, the things that might stick are some of the more disciplined approaches. As you know we are also doing a transformation and will continue to do that in terms of our overall structure, and those things will have a more long-lasting benefit. But I also think that we need to realize that this quarter also we reduced a lot of spending, discretionary spending, and we also benefited from some of the government subsidies, which are not going to be sustainable. So I think I would probably say there is a part of that which will be more sustainable and there's a part of that that are probably more one-off, because of some of the actions to, again, help us navigate through the crisis and, also, realizing some of the benefits that came from some of the government subsidies. JP, do you want to talk about Brazil and Natura?
João Paulo Ferreira: Yes, Roberto. Thank you for the question Thiago. Before I talk about this one, I just want to remind you all that Natura Brazil was already tracking very good results in Q1. It grew almost 10% in spite of half of the month of March, when the pandemic started, and the reason for that good performance, which was carried over to Q2, has to do with the structural improvements and developments that we have been doing over many years strengthening the brand. The brand is in extremely good shape. You may have seen that during the pandemic the Natura brand in Brazil was one of the top five most relevant brands according to consumers, then there's of course all of the omnichannel approaches that we have been developing, turning, actually, consultants into an omnichannel point of sales, if you want. There is the digitalization, of course, and it was only end of Q3 last year that we fully merged on and off commercial models in Brazil, so that started to accelerate after, you know, Q4 and then Q1. And when the pandemic arrived the adoption of the digital tools, to complement the beauty consulting activity was already pretty high, although the maturity was not that high. Then, pushed by the circumstances, our consultant network adopted more sophisticated features. You see now that we have, throughout the region, almost 1 million online stores, our consultants are sharing content in multiple formats and, actually, there's a sort of content commerce because they share the content that allows their customers to order products through the social networks as well, in addition to the online stores, and so on. So, the recruitment of new consultants, which is now almost fully online, removed entry barriers into this network so, overall, that created a huge flexibility for consultants to operate. Also, many of them found more opportunities to provide for their families through these activities and in the spirit and in service of their customers in a differentiated way. Right now, people talk about fair commerce, so you cannot think of anything fairer than that; safe, and you have the products arriving to your house; and trustful, in addition to convenient. So all of that together allowed us to operate differently, adapt offerings on a daily basis, regardless of what had already been printed in the brochures, we could use digital to customize, individualize, change according to the circumstances, and I think that all those muscles built in the past were put to work during the pandemic.

Thiago Macrzu: Thank you very much, JP and Roberto, and congratulations on a very good quarter.

Roberto Marques: Thank you, Thiago.

Operator: Our next question comes from Bob Ford from Bank of America.

Bob Ford: Hey, good morning Roberto, JP, Filippo. I would also like to congratulate you on the sterling performances and improvements of your integrated brands, especially the growth of Natura in Brazil. With that said, if we were to be a little bit more skeptical, I think that the skeptics would concede a point to the decline at Avon, and JP, how can you be sure that the growth of Natura in Brazil isn't in part due to a market share shift from Avon? And Roberto, can you comment on Avon's brand health indicators more globally, anything in addition to the cyber event, that might explain the decline in Avon reps, whether it's internal or otherwise, and how this cyber event will impact the pace of system changes and integration at Avon?

Roberto Marques: Hey Bob, let me start and then I'll turn to JP to talk specifically about Brazil. So, I actually think that we are very bullish on Avon, and I'll get a little bit on the cyber incident that had an impact especially on Q2, but if you look at two aspects, Bob, one is also the significantly exponential growth of their digitalization and adoption of a social selling platform. So just as a reference, Avon International moved from an ecommerce percentage of sales being about 2% last year to now over 4% of the entire business in e-commerce. E-brochure sales grew about 30% at the Avon brand, compared to Q1 of this year, and 200% compared to Q2 of 2019. So clearly, we are seeing also a change, of course coming from a different place than Natura is, but again we're really trying to catch up and get all the learning from Natura to accelerate that.

The other thing that we are seeing Bob, in markets that we're really now becoming much more bullish is like the UK, you know, we actually doubled in this quarter the number of appointments on new reps coming to Avon, and this is a factor of two things: one, I think we are paying much more attention to the relationship with the reps and, number two, I think it's fair to say that with the increase in unemployment, you know, the possibility of social selling becomes also a source of income for a lot of people and we are seeing, not only in the UK but in many markets across the globe, an increase in terms of appointment and recruitment. So, we see that as part of the journey and, in fact, I think we are even more bullish than before.

Now, a lot of the things that we are planning to do with Avon we haven't implemented yet, right? Either because, again, let's not forget we acquired the business in January and then in February, March we are dealing with the biggest pandemic, the biggest challenge, that we've seen in our generation, and then on the last part of this quarter, we had the cyber incident that shut down a lot of servers primarily on our ability to ship product, to fill the orders. The representatives are still putting orders in the system, but we couldn't actually ship. That's why you see this shift of R$450 million that has already been captured and has already been invoiced, but actually ends up happening in Q3. Now of course this created a little bit of a challenge for us but I think the team did a phenomenal job in being in front of that, communicating with the reps, reengaging the reps, so, we think that this is being resolved and, again, we're going to capture those R$450 million in Q3 already.
So, the last thing that I will say regarding Avon Bob, which is also we are super excited, is about the relaunch of the brand. You know you heard JP talking about how important the strength of the Natura brand is, we want to also develop an Avon brand that is very up to date, that is relevant, that has a message, that brings again what Avon really stands for. We are super excited about starting this rollout of this new brand campaign in Q3 of this year and will continue through the first half of next year especially in Latam.

JP, do you want to comment specifically about Avon Brazil and some of the learnings?

João Paulo Ferreira: Sure. Hi, Bob. So, the group, the combination of all brands, we did gain share in Q2 in Brazil, but as regards to Avon, we came from a declining trend prior to the pandemic and ex-cyber incident, so that is sort of the underlying trend. Now, as Roberto mentioned, we already have put in place the turnaround plan. It is on track, fully resourced and we are, I am very confident on the outcomes of this turnaround plan across the region. And some of the quick wins which we implemented late in Q1 are, that we define late in Q1, are being implemented as we speak so, I do expect positive signs of improvement as of Q3 and mainly in Q4 already. So, yes indeed it is still in an underlying declining trend, but I'm very confident that it will be reverted very soon.

Bob Ford: You know, and the last part of the question, in how this cyber event impacted the system changes, integration, if at all.

Roberto Marques: It didn't, Bob. I mean, it was for a short period of time, two and half weeks to three weeks, so the plans still are the same. I think it's fair to say that the investment that we are communicating to the market, the R$400 million, that is something that is going to help us in accelerating the digitalization across the board, including Avon, to accelerate even further the development of the new applications, apps, for Natura and Avon, and also to help us with the integration, right? Especially in Latin America. So, we didn't have any impact, significant ones, and we are on track and actually, now, I would say we are even going to accelerate this journey on digitalization and IT because of our strong position, from a cash flow perspective, not just because of the capitalization, but because I think the team did a remarkable job in really containing costs and managing cash that we finished the quarter with over R$7 billion in cash. So, we are now in a very strong position to actually accelerate the investment and continue to build on that momentum.

Bob Ford: That's very helpful, thank you both very much.

Roberto Marques: Thank you, Bob.

Operator: Thank you. Our next question comes from Tobias Stingelin, from Citi.

Tobias Stingelin: Yes, thank you so much and congratulations. One very quick question I think, JP, just on this Avon issue. When you included it in your presentation you have kind of a course of how Natura's brand in Brazil kind of accelerated during the quarter. Can you give us a sense about how Avon was doing or how Avon kind of started the quarter and ended the quarter? I know that you have kind of this cyber-attack, but if maybe you can just give us a sense about how the underlying sense of the business are, and I think you kind of guided already the improvement going forward but if you could just include, like, by the end of the year, like December, or something like that would the brand be going already? Thank you.

João Paulo Ferreira: Hi, Tobias. So, the Avon brand in Brazil followed a similar trend, at different levels of course, but it ended the quarter, ex-cyber incident, much closer to flat against previous years in the last month of the quarter. So, this shows, just to tell you, that it is showing an improving trend already.

Tobias Stingelin: Perfect. So, let's say by July, ex-cyber-attack, sales of the Avon brand in a year in year basis kind of flat?

João Paulo Ferreira: Flattish, right? Because we really don't know precisely, because of the cyber incident, but it was already showing a significant improvement.

Tobias Stingelin: Great, and in Latin America? If you exclude Brazil, how has been the trend? Kind of similar? Is that something that you can share with us as well? How the brand, the performance has been there?

João Paulo Ferreira: So, in Latin America the Natura brand showed a very similar performance, improving towards the end of the quarter, and the Avon brand as well, but it's many more countries there so there's still a significant dispersion in terms of the performance, but we are now pushing all those countries to align to the practices. So, it's a little bit behind the Brazilian improvement plan but it's catching up.

Roberto Marques: And just one thing Tobias, also to say that I think is relevant, that we are seeing, primarily in Brazil, but I would say across all markets also, the Avon brand is strengthening as a brand and that is also probably attributed to maybe now being part of the group, maybe because Avon has always been an iconic brand that has
stood for relevant causes and, in moments of crisis, those brands, iconic brands, tend to perform better than brands that actually do not have so much a clear position and a purpose and a reason for being, that is the second reason, third reason: Avon also is a very democratic brand, it's probably the most democratic brand offering high quality at a more affordable price and, in terms of prices, we know that consumers also tend to trade down so Avon also can benefit from that. So, there are a lot of reasons also, on top of what João already explained in terms of the turnaround, the commercial model, the digitalization that I think also are, I would say, tail wings for Avon as a brand. Sorry, I interrupted you, Tobias.

Tobias Stingelin: No, no, thank you so much for that Roberto. If I can make the last question only in regard to the cyber-attacks. So, we had this kind of postponement in sales, you are kind of increasing investments in technology to address different issues. Should we see no additional impact from the cyber-attack going forward? So, now that we're kind of moving sales from one quarter to the other but, because of that, there is a backlog and because of the fourth quarter it might move back again, just to kind of understand if this is just one-off, there won't be any kind of impact on the sales trend going forward?

Roberto Marques: Yeah, no, this is right. This is a one-off and the number that we are communicating are factual numbers. So, we are not even speculating in potential sales loss that we would recuperate, the number that we are announcing, the 450 million, is a number that truly we have, we invoiced, and it just ends up being captured in Q3 versus Q2.

Tobias Stingelin: Perfect, thank you so much again and congratulations.

João Paulo Ferreira: Thank you, Tobias.

Tobias Stingelin: Thank you.

Tobias Stingelin: The next question comes from Andrew Rubens from Morgan Stanley.

Andrew Rubens: Hi, thanks very much for the question. I have two on the international business. So, for Avon international you reported an active Rep decline in the mid 30s for the quarter. I was just wondering if you have a sense of how much of that reduction might be temporary versus permanent and, particularly, anything you've seen as we've gotten a broader reopening and then, second, on the Natura brand's expansion internationally, I just wanted to know if there were any updates on learnings from Malaysia and further thoughts on how big of a priority the further brand expansion is, say, over the next year. Thank you.

Roberto Marques: Hi Andrew, Roberto here, I will start with the first part of the question then I will invite JP to talk about some of the learnings in Malaysia and how we're thinking about really strengthening the Natura brand potentially, moving beyond Latin America. So, what we saw at Avon, the reduction, it is primarily driven by the impact, especially at the beginning, the lockdown, especially in Europe and some markets that are very important for Avon internationally. If you think about the Philippines and South Africa, those were very strict lockdowns that are still having an impact and that ended up creating this reduction.

So, I think that it is temporary in the fact that, you know, as we see some businesses in the lockdowns we enroll again more representatives and the reason why we're bullish is we're seeing some of the markets that are seeing, call it an easing of the lockdown, like the UK, and we doubled the amount of appointments and recruitments in the last couple of weeks in the UK. You put that and then you add all the digitalization, e-brochures that now we are making available in many more markets at Avon international, that also creates the possibility to recruit in a much easier way and bring also a different profile of representatives to Avon international. So, we think that this was temporary, to answer your question. And I think moving forward with the new commercial model, which by the way, the Avon International team did a lot of learning from the Natura commercial model, and we're kind of importing a lot of the same concepts of long term relationship value, simplifying the model, segmenting the representatives and the sales leaders, those are all things that are being implemented in the back half of the year together with the relaunch of the Avon brand. JP, do you want to talk about the Natura international and some of the learnings in Malaysia?

Operator: We are experiencing some technical difficulties, please stand by.

Roberto Marques: So, I can talk a little bit about the learnings, Andrew, of Natura in Malaysia until JP comes back. So, again, it is a prototype. One that we're doing in conjunction with the head franchisee, actually, of The Body Shop in Malaysia, and the way we are thinking is really already establishing the Natura brand as a kind of omnichannel brand as we think about the internationalization of Natura. So, we already, you know, already started with a combination of some physical presence retail to drive awareness and help build the brand at the same time with e-commerce and, at the same time, social selling. And what we're seeing from a positioning, from a portfolio, perspective is that it has a lot of traction with the consumers. I think I would say at this point we are a little more advanced in the retail piece as we continue to do recruitment and training, especially on the social selling piece, but
the idea is having a positioning of the brand that brings a lot of the Amazon, a lot of the biodiversity, the ingredients, and at the same time in terms of going to market, thinking about a more omnichannel approach.

Andrew Ruben: That all makes sense, thanks very much.

Operator: Thank you. Our next question comes from Richard Cathcart from Bradesco BBI.

Richard Cathcart: Yeah, hi guys, good morning and also congrats on the performance through the quarter. Just a couple of questions for me on The Body Shop. So, the first one, if you can just give us an update on how the performance has been selling, sorry, both at The Body Shop and Aesop selling into China via T-Mall. I think that's something that's been commented in previous quarters and it would be interesting to hear how that has performed just given the situation around the pandemic. And then the second issue is just about the new store concept at The Body Shop, just where we are on that, you know. I know it's probably, there's probably several things going on at the moment, just given a review of the store network but just where the company is in terms of the new store concept and rolling that out. Thanks very much.

Roberto Marques: So, thank you for the question, Richard. So, again, I think it is just important too as we didn't talk much about The Body Shop and Aesop, just highlighting a remarkable performance of those two retailers businesses, their ability to offset, and most of them offset close to 85% of the COVID impact, when we had over 90% of stores closed at the beginning of the quarter. They pivoted, the shift to e-commerce. Aesop grew over 400% in e-commerce and The Body Shop, between The Body Shop At-Home and e-commerce, almost 300% it's just remarkable. And the e-commerce piece also has T-Mall, and you talk about it and we are seeing a continuous growing both at Aesop as well as The Body Shop. But we think that China is a huge opportunity for us and our teams are working very diligently in seeing how we can strengthen our position beyond the T-Mall platform in China and we think that, starting next year, we will see even more stronger presence of our two brands in China, right? So, that is something very important for the group and for our brand.

The second part, on the new layout for The Body Shop, that we call workshop, we were planning to potentially open another 10 or 12 of those new design stores this year, of course we paused because of everything that's going on, so, to your point we are really looking at the right footprint of the stores and where to open. It's interesting that where we're seeing again the stores in the markets that have been open, it's interesting that we see higher traffic, higher baskets, but interesting that e-commerce has not come back to prior to the crisis. This means that the e-commerce is actually stabilized at a much higher level than before, which is very exciting about the possibility for us to continue to optimize our footprint of physical stores and make sure that we have them in the right location, in the right places, with the right look and feel while, you know, both the e-commerce and the At Home will play an important role to complement that, and that's the reason why we also announced our interest with At-Home in the US, which is a also a super interesting opportunity for the group and for The Body Shop to strengthen their position by leveraging, again, the physical stores and now the direct selling go to market.

Richard Cathcart: Great, thanks very much for the reply Roberto.

Roberto Marques: Thanks very much.

Richard Cathcart: Thank you.

Operator: This concludes today's question and answer session. I would like to invite Mr. Roberto Marques to proceed with his closing statements. Please go-ahead Mr. Marques.

Roberto Marques: Thank you and thank you all for joining the call. Again, I think as we all saw from today's results we are very proud and actually very pleased with the results that really demonstrate this resilience and adaptability of our omnichannel model while, at the same time, really strengthening our balance sheet and also making the strategic moves looking towards the future. And, again, I would also highlight the super important unveiling of our 2030 Commitment to Life, our sustainability goals, which are core to our strategy, core to our future and outlined very ambitious goals that we need to achieve and we are very excited about that, and working with a lot of partners to make sure that we can create this positive impact on our triple bottom line approach.

Thank you again so very much for your attention, I wish you all a good day and good weekend and on behalf of all of us please stay well, stay safe. Thank you very much.

Operator: That concludes the Natura &Co audio conference for today. Thank you very much for your participation. Have a good day.