



sequoia

RELEASE 2Q22

Earnings Conference

August 12th, 2022
(Friday)
9h BRT

Portuguese

Tel: +55 11 4090-1621

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[Webcast Link](#)

English

(Simultaneous Translation)

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+44 20 3795-9972

[Webcast Link](#)

B3:SEQL3

R\$ 7,32

Per share

(10/08/2022)

140.270.473

Total Shares

R\$ 1,0 Bi

Market Cap

ri@sequoialog.com.br

2Q22 EARNINGS RELEASE

São Paulo, August 11, 2022 – Sequoia Logística e Transportes S.A. (“Sequoia” or “Company”; B3: SEQL3), a leader in e-commerce and technology logistics operations, announces its results for the second quarter of 2022 (“2Q22”). All numbers are compared to the same period of the previous year, unless specified.

As of 2022, the Company will no longer adjust Gross Profit and EBITDA for the effects of IFRS 16. To better represent the business’ economic reality, Net Income will be presented excluding the amortization of intangibles generated in the acquisitions (“ Ex Intangibles”). The reconciliation of Net Profit is presented on page 12 and the impacts related to IFRS 16 in the EBITDA on page 11.

2Q22 HIGHLIGHTS

- **Number of Orders** accelerated, reaching 20.9 million, an increase of 89.7% growth. Strong B2C growth with 19.3 million orders, up by 101.9%.
- **Gross Revenue** of R\$ 594.9 million, a growth of 36.2% and 33.7% (organic growth).
- **B2C Gross Revenue** of R\$ 399.7 million, an increase of 55.5%.
- **EBITDA** reaches R\$ 75.8 million, up by 58.3%. EBITDA margin reaches 15.3% (+2.3 p.p.)
- **ROIC** reaches 43.8% (+11.3 p.p.).

*Thousand, unless otherwise indicated

Destques	2T22	2T21	Δ	6M22	6M21	Δ
B2C	19.3	9.6	101.9%	37.5	19.2	94.8%
B2B	1.6	1.4	8.5%	3.0	2.6	16.1%
Quantity of Orders	20.9	11.0	89.7%	40.5	21.8	85.5%
B2C	399.7	257.1	55.5%	760.5	487.0	56.2%
B2B	149.6	134.3	11.4%	279.0	248.6	12.2%
Logistics	45.6	45.3	0.7%	93.5	88.2	6.0%
Gross Revenue	594.9	436.7	36.2%	1,133.0	823.8	37.5%
Net Revenue	496.4	368.9	34.6%	945.6	695.3	36.0%
Gross Profit	90.2	62.3	44.8%	171.7	119.5	43.7%
Gross Margin	18.2%	16.9%	1.3 pp	18.2%	17.2%	1.0 pp
EBITDA	75.8	47.9	58.3%	114.2	68.8	66.0%
EBITDA Margin	15.3%	13.0%	2.3 pp	12.1%	9.9%	2.2 pp
Adjusted EBITDA¹	61.7	46.2	33.7%	108.4	76.8	41.1%
Adjusted EBITDA Margin	12.4%	12.5%	-0.1 pp	11.5%	11.0%	0.5 pp
Adjusted Net Profit²	7.8	17.6	-55.8%	(0.5)	13.9	nd
Adjusted Net Margin	1.6%	4.8%	-3.2 pp	-0.1%	2.0%	-2.1 pp
ROIC³	43.8%	32.5%	11.3 pp			

1 Excludes non-recurring expenses with: (i) mergers and acquisitions; and (ii) other income/expenses.

2 Excludes intangible amortization from acquisitions and non-recurring expenses.

3 Sum of Adjusted EBITDA LTM plus Depreciation LTM, multiplied by (1 - Income Tax Rate) divided by Residual Value + Working Capital (The Income Tax and Social Contribution Rate used to calculate the ROIC was 34%).

MESSAGE FROM THE MANAGEMENT

B2C reaches a historic mark with an increase of more than 2x in the number of Orders.

2Q22 maintained the strong growth trend observed in 1Q22 and 4Q21. The total number of Orders increased by 89.7% compared to the previous year, reaching 20.9 million Orders. Total Gross Revenue grew 36.2% (33.7% organic increase), reaching R\$ 594.9 million.

The B2C segment, driven mainly by the light items (up to 3 kg) and categories with lower GMV (Gross Merchandise Value), reached the incredible mark of 19.3 million Orders, doubling the number of Orders (+101.9%) carried out in the previous year, with a 100% organic result. In 2Q22, Gross Revenue from this segment was R\$ 399.7 million, advancing 55.5% organically, and accelerating the growth presented in 1Q22 (+51.6%). This robust increase reflects the Company's success in seeking new growth avenues combined with its flexible business model that seeks to innovate and adapt logistical solutions for different types of customers, despite the lower growth of the e-commerce market in the period.

With this result, we ended the first half of 2022 with an 85.5% higher number of Orders and a 37.5% growth (30.8% organic) in Gross Revenue. This performance keeps us confident to deliver a robust result in 2022, maintaining our positive outlook for the coming years, where we will continue to explore the important avenues of growth that we have built, through an integrated model between the B2C and B2B segments with innovative solutions that will generate great benefits for our customers, being these large shippers, e-commerce and small and medium sellers.

EBITDA expands 58.3% with strong evolution as a result of the higher volume and efficiency gains.

EBITDA increased by 58.3%, reaching R\$ 75.8 million with a margin of 15.3%, 2.3 p.p. higher than the 2Q21 margin. EBITDA in the quarter was impacted by a positive, non-recurring effect, of R\$ 14.1 million stemming from the complete sale of the minority interest held in Uello Tecnologia S.A., a logtech invested in 2018 and it was not connected with Company's ecosystem strategy. The complete sale of this asset generated an excellent return for the Company.

The robust EBITDA performance also reflects the evolution achieved in Gross Profit of 44.8% and, consequently, in the Gross Margin of 1.3 p.p.. The increase in Gross Margin compared to 2Q21 and flat versus 1Q22, showed the Company's ability to mitigate inflationary effects, mainly the increase in fuel prices during the quarter. This result was possible, in part, with the price pass-through executed with our clients and efficiency gains with the high volume generated in the B2C segment.

It should be noted that the Company's Costs are mostly related to freight, but the asset light model protects it from the direct inflationary impact on Cost, allowing a combined adjustment between revenue and cost to mitigate such effects on margins.

The growing volume on the routes, with strong performance in the B2C segment combined with the efficiency of the asset light model, contributed to the dilution of operating costs and SG&A and was fundamental in the evolution of the Company's EBITDA margin.

SFx accelerates and reaches 14 million Orders in the quarter. Integration with Frenet opens the opportunity for a new growth avenue with SMBs.

In the quarter, we highlight the performance registered by Sfx, our digital pick-up solution for multiple origins, which was fundamental to the strong growth of the B2C segment. The platform has more than 22 thousand registered pick-up points in 642 cities and has contributed with more than 14.2 million orders. Currently, the platform mainly serves SMBs (Small and Medium Business) that offer their products in large marketplaces, and increasingly, the integration of Sfx with the other solutions that make up the Company's digital ecosystem -

Frenet, Drops, and Lincros – will be fundamental to increase the penetration in the SMBs direct sales market, which represents a great potential for Sequoia.

During 2Q22, Frenet, our platform freight quote, advanced in negotiations with e-commerce platforms for SMBs and achieved a significant increase in the base of active SMB's on the platform, from 32 thousand in 1Q22 to 53 thousand in 2Q22. This indicator represents a growing opportunity, and Sequoia, through SFX, has increasingly participated in the freight carried out by Frenet. The results are very promising, and we are convinced of the effectiveness of this strategy to increase participation in the SMBs market.

Drops, which has a network of 1,500 pick-up and drop-off points ("PUDOs") and a reverse logistics operation, continues to advance in commercial negotiations with marketplaces and SMBs to ramp up volume in your network. On the commercial front with SMBs, the offer of PUDOs as part of the delivery solution within the Frenet platform is in the final stage of integration.

Finally, Lincros maintains an active agenda for the implementation of systemic improvements at Sequoia, advancing in projects focused on monitoring the last mile and collection (SFX) operations that will result in greater transparency at all stages of these processes, through the monitoring that allows for better monitoring of occurrences and reports.

OPERATING REVENUE

Our activities are segmented into three categories: (i) **B2C** (business to consumer) transport, (ii) **B2B** (business to business) transport and (iii) **Logistics** services.

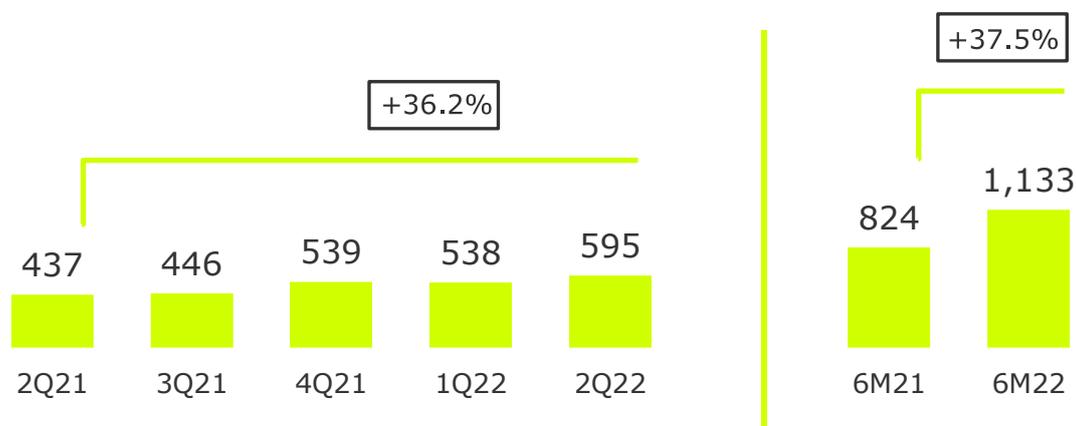
Gross Revenue by Segment

	*thousand					
	2Q22	2Q21	Δ	6M22	6M21	Δ
B2C	399,700	257,100	55.5%	760,500	487,000	56.2%
B2B	149,600	134,300	11.4%	279,000	248,600	12.2%
Logistics	45,600	45,340	0.6%	93,500	88,200	6.0%
Gross Operating Revenue	594,900	436,741	36.2%	1,133,000	823,800	37.5%
Taxes levied	(98,454)	(67,855)	45.1%	(187,400)	(128,500)	45.8%
% Gross Revenue	16.5%	15.5%	1.0 p.p.	16.5%	15.6%	0.9 p.p.
Net Operating Revenue	496,446	368,886	34.6%	945,600	695,300	36.0%

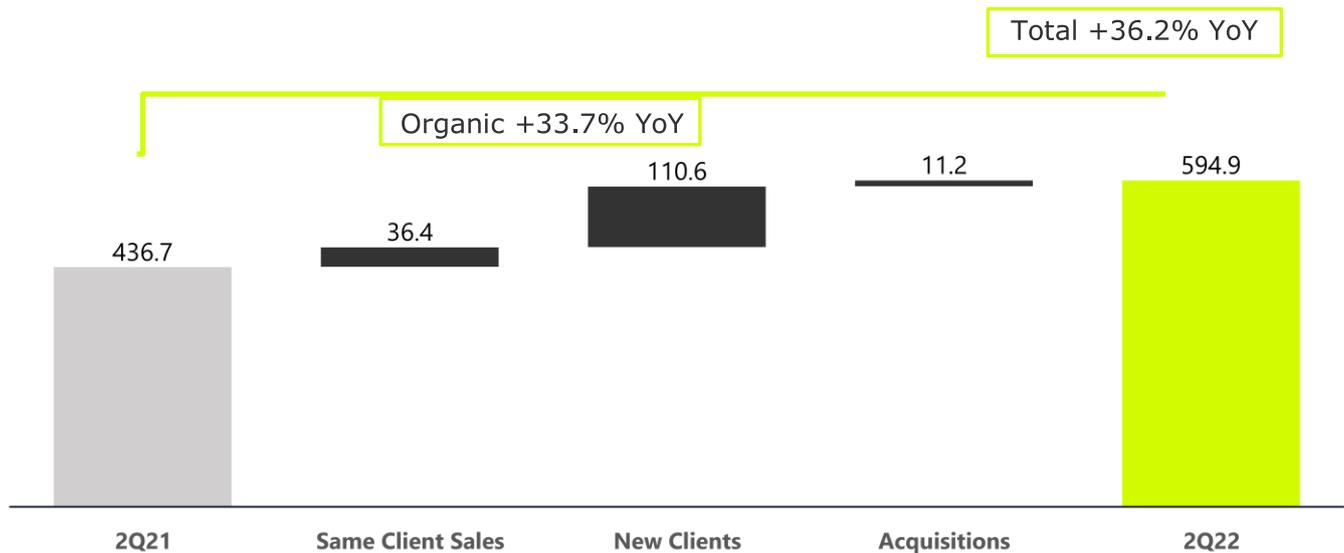
In 2Q22, the Company's Gross Revenue totaled R\$ 594.9 million, an increase of 36.2%. In 6M22, Gross Revenue reached R\$ 1,133.0 million, an increase of 37.5% compared to 6M21. We highlight the expansion of B2C Gross Revenue, which grew by 55.5% in 2Q22 and 56.2% in 6M22.

Taxes on Gross Revenue totaled R\$ 98.5 million in the quarter, representing an increase of 1.0 p.p. in the ratio of Taxes on Gross Revenue versus the same period of the previous year, as a result of the mix of States in the transport services that have different ICMS tax rates, considering the origin and destination of the packages. In 6M22, taxes totaled R\$ 187.4 million, showing a growth of 0.9 p.p. percentage in relation to gross revenue in the YoY comparison.

Gross Revenue (R\$ million)



Gross Revenue Evolution | 2Q21 x 2Q22 (R\$ million)

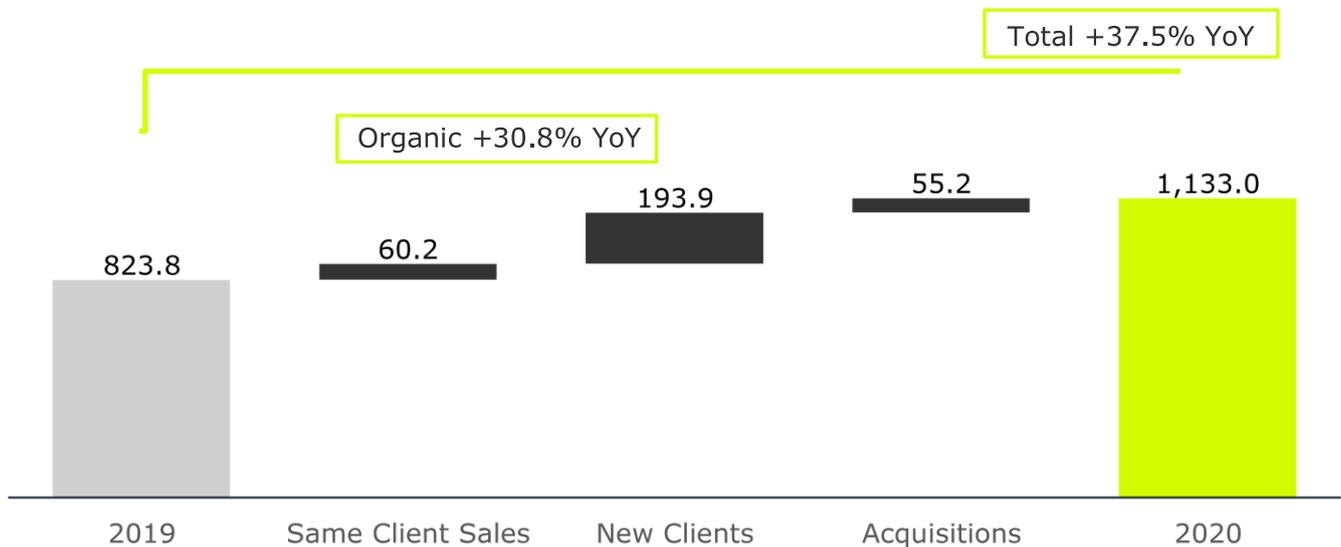


The change in Gross Revenue in the quarter stems from:

- (i) **Same Client Sales (SCS)**: increase of R\$ 36.4 million (+8.3%), with a recovery from previous quarters, mainly impacted by strong organic growth (SCS + new customers) in the B2C segment, which reached an increase of 33.7%.
- (ii) **New Clients**: strong increase of R\$ 110.6 million (+25.3%). The growth was mainly impacted by the B2C segment with the acceleration of light packages orders (up to 3 kilos) of Asian players; and
- (iii) **M&As**: increase in Revenue as a result of the acquisition of Plimor and, lower impact of Frenet (logtech), which combined contributed with R\$ 11.2 million.

We emphasize that, in the quarter, both Same Client Sales and M&As revenues were negatively impacted by the forced and one-off churn in the Heavy B2C and B2B segments, carried out in 3Q21, due to: (i) customers with a profile of products that could not be "sorted", and thus were not aligned with the investments made by the Company in automatic sorting, generating low profitability in operations; and (ii) customers with smaller operations whose contracts expired in 3Q21 and did not accept the price adjustment due to high inflation in the period.

Gross Revenue Evolution | 6M21 x 6M22 (R\$ million)



In the accumulated figures, the change is explained by:

- (iv) **Same Client Sales (SCS)**: increase of R\$ 60.2 million (+7.3%); as in the quarterly view, the result was mainly impacted by the strong organic growth (SCS + new customers) of the B2C segment, which reached an increase of 30.8%;
- (v) **New Clients**: strong increase of R\$ 193.9 million in Revenue (+23.5%). The growth was mainly impacted by the B2C segment with the acceleration of light packages orders (up to 3 kilos) of Asian players; and
- (vi) **M&A Revenue** increased as a result of the acquisitions of Prime, Plimor and, with a lesser impact, Frenet (logtech), which contributed with R\$ 55.2 million combined.

Consolidated Orders (thousand)



In the quarter, the Company delivered 20.9 million orders, representing a strong growth of 90%. The historic level achieved reflects the increase of light packages orders in the B2C segment and, consequently, with lower average tickets.

B2C Orders (thousand)



In **B2C**, we reached 19.3 million orders in 2Q22, a historic level with a strong growth of 102% compared to 2Q21.

The average ticket decreased by 13.2% YoY, mainly reflecting the acceleration of the lighter items segment (light B2C), in the revenue mix.

In comparison with 1Q22, the average ticket increased by 4%, also reflecting the price pass-through in 2Q22.

B2B Orders (thousand)



In **B2B**, we reached 1.6 million orders in 2Q22, 9% higher compared to 2Q21, with an increase of 2.7% in the average ticket.

In comparison with 1Q22, the average ticket increased by 5%, also reflecting the price pass-through in 2Q22.

GROSS PROFIT & MARGIN

*Thousand, unless otherwise indicated

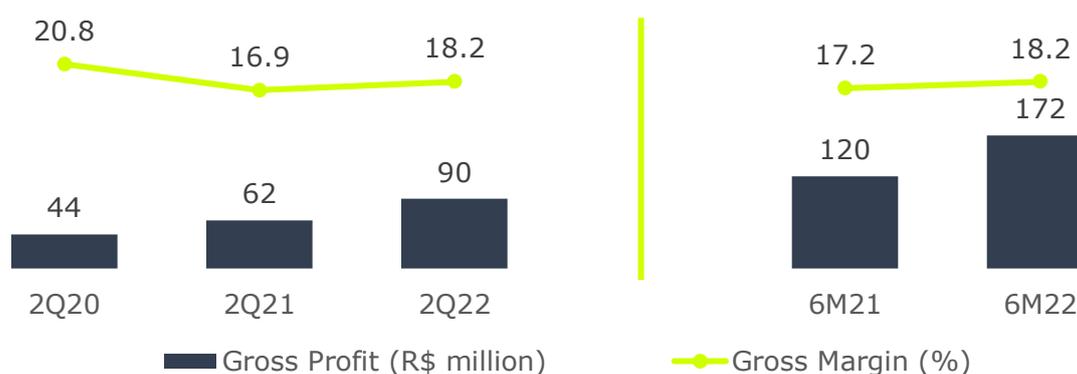
	2Q22	2Q21	Δ	6M22	6M21	Δ
Cost of services rendered	(406,227)	(306,589)	32.5%	(773,842)	(575,836)	34.4%
Distribution and transportation	(299,863)	(222,579)	34.7%	(570,980)	(419,383)	36.1%
Other	(106,364)	(84,011)	26.6%	(202,862)	(156,453)	29.7%
Gross Profit	90,219	62,297	44.7%	171,744	119,490	43.7%
Gross Margin	18.2%	16.9%	1.3 p.p.	18.2%	17.2%	1.0 p.p.

The Company's costs are essentially comprised of freight, fuel, tolls, personnel and other fixed costs related to the provision of storage and transport services. In the quarter, Costs totaled R\$ 406.2 million, growing 32.5% YoY. In 2Q22, Gross Margin increased by 1.3 p.p., reaching 18.2%. In 6M22, costs reached R\$ 773.8 million, representing a 34.4% increase compared to 6M21 and Gross Margin increased by 1.0 p.p., reaching 18.2% in 6M22.

Despite the relevant inflationary impacts that took place in the period, including the increase in wages as a result of the 12.4% collective agreement, Gross Margin improved, demonstrating the Company's ability to generate efficiency with the growing number of Orders and price pass-through of its services. During 2Q22, we carried out negotiations with our clients to adjust prices, successfully mitigating the increase in costs, mainly related to fuel. It is worth noting that the asset light model protects the Company from direct impact of inflation in freight-related costs.

The increase in Cost reflects: (i) the impacts of inflationary pressure in the last 12 months, mainly related to fuel, rent and materials; (ii) increase in the variable part of Costs with volume growth; and (iii) expansion of the operation to meet the strong demand of the B2C segment.

Gross Profit and Margin Evolution



Historically, the Gross Margin of the three segments (B2C, B2B and Logistics) shows similar levels, however, in the last 21 months, the categories were impacted in different ways. Despite the positive impact on gross margin from the increase in volume, mainly in the B2C segment, we believe that there is an opportunity to gain efficiency with the recovery and growth of the B2B segment. In 2Q22 and 6M22, the B2B segment presented a lower contribution margin than the B2C segment, due to a lower level of occupancy of the structures.

SELLING, ADMINISTRATIVE, GENERAL AND OTHER EXPENSES

*Thousand, unless otherwise indicated

	2Q22	2Q21	Δ	6M22	6M21	Δ
Selling, Administrative, General and Other adjusted expenses	(50,191)	(45,904)	9.3%	(130,529)	(107,965)	20.9%
% Net Revenue	10.1%	12.4%	-2.3 p.p.	13.8%	15.5%	-1.7 p.p.
(+) Depreciation & Amortization	18,686	15,211	22.8%	37,921	23,712	59.9%
(+) Non-recurring Effects	(14,111)	(1,746)	708.0%	(5,841)	7,951	nd
Adjusted Selling, Administrative, General and Other Expenses¹	(45,616)	(32,439)	40.6%	(98,449)	(76,303)	29.0%
% Net Revenue	9.2%	8.8%	0.4 p.p.	10.4%	11.0%	-0.6 p.p.
Personnel Expenses	(24,854)	(26,169)	-5.0%	(51,896)	(49,676)	4.5%
Other Expenses	(20,762)	(6,270)	231.1%	(46,553)	(26,627)	74.8%

¹ Excludes non-recurring expenses with: (i) mergers and acquisitions; and (ii) Depreciation and Amortization

In 2Q22, total Expenses reached R\$ 50.2 million, essentially comprising personnel, sales, administrative, third-party services, depreciation and amortization expenses. In comparison with the same period of the previous year, Expenses increased 9.3% and showed a dilution of 2.3 p.p. in relation to Net Revenue.

Adjusting Expenses for Non-Recurring Effects, depreciation and amortization of intangibles, the latter originated from acquisitions, Adjusted Expenses totaled R\$ 45.6 million, an increase of 40.6% compared to 2Q21. In relation to Net Revenue, Adjusted Expenses reached 9.2%, with a small increase of 0.2 p.p. compared to the previous year. The increase observed is related to the change in Other Expenses, with a positive impact generated in 2Q21 in Other Operating Income and Expenses, explained by the sale of fixed assets. In the period, Personnel Expenses decreased by 5.0%, despite the increase in salaries caused by the 12.4% collective agreement.

In the first six months, total Expenses reached R\$ 130.5 million, 20.9% higher year-on-year, resulting in a dilution of 1.7 p.p., while Adjusted Expenses were R\$ 98.4 million, 29.0% higher versus the first six months of 2021, showing a dilution of 0.6 p.p.

Evolution of Selling, Administrative, General and Other Adjusted Expenses



EBITDA AND ADJUSTED EBITDA

*Thousand, unless otherwise indicated

	2Q22	2Q21	Δ	6M22	6M21	Δ
EBITDA	75,802	47,897	58.3%	114,223	68,840	65.9%
EBITDA Margin	15.3%	13.0%	2.3 p.p.	12.1%	9.9%	2.2 p.p.
(+) Non Recurring Effects	(14,111)	(1,746)	708.0%	(5,841)	7,951	nd
Tax Credit	-	(10,367)	-100.0%	-	(10,367)	-100.0%
Non Recurring Revenue (Minority Interest Sale)	(14,111)	-		(14,111)	-	
M&A Expenses (non-recurring)	-	8,620	-100.0%	8,270	18,318	-54.9%
Adjusted EBITDA¹	61,691	46,151	33.7%	108,382	76,790	41.1%
Adjusted EBITDA Margin ¹	12.4%	12.5%	-0.1 p.p.	11.5%	11.0%	0.5 p.p.
(+) Rental Expenses	(19,087)	(16,003)	19.3%	(34,253)	(30,751)	11.4%
Adjusted EBITDA Ex IFRS²	42,604	30,148	41.3%	74,129	46,039	61.0%
Adjusted EBITDA Margin Ex IFRS ²	8.6%	8.2%	0.4 p.p.	7.8%	6.6%	1.2 p.p.

(1) Adjusted EBITDA is calculated by EBITDA, excluding M&A expenses and non-recurring income/expenses. (2) Adjusted EBITDA and including rental costs and expenses.

As a result of the factors listed above, EBITDA totaled R\$ 75.8 million in the quarter, with a strong expansion of 58.3% compared to 2Q21. The EBITDA margin reached 15.3%, 2.3 p.p. above the same period in 2021. In the first six months of the year, EBITDA reached R\$ 114.2 million, an expansion of 65.9% in the annual comparison, with an EBITDA margin of 12.1%, 2.2 p.p. higher compared to 6M21.

Adjusted EBITDA for non-recurring effects was R\$ 61.7 million in the quarter, an expansion of 33.7%, with a stable margin. In the first six months of 2022, Adjusted EBITDA was R\$ 108.4 million, with a margin of 11.5%, an expansion of 41.1% and 0.5 p.p., respectively, in the annual comparison.

In 2Q22, the Non-Recurring Effect, totaling R\$ 14.1 million, is related to the complete sale of the minority interest in Uello Tecnologia S.A., booked in Other Operating Income.

Finally, Adjusted EBITDA Ex IFRS, including rental expenses and costs, reached R\$ 42.6 million, an increase of 41.3%. The Adjusted EBITDA margin Ex IFRS was 8.6%, growing 0.4 p.p. In the 6M22 view, the result was R\$ 74.1 million, an increase of 61.0% and an expansion of 1.2 p.p. on the margin.

NET INCOME

*Thousand, unless otherwise indicated

	2Q22	2Q21	Δ	6M22	6M21	Δ
Net Income (Loss)	(25,769)	3,026	nd	(55,565)	(15,566)	-257.0%
Net Margin	-5.2%	0.8%	-6.0 p.p.	-5.9%	-2.2%	-3.6 p.p.
(+) Intangible Amortization	16,185	15,708	3.0%	33,723	24,213	39.3%
(+) Non-recurring effects	(14,111)	(1,746)	708.0%	(3,620)	7,951	nd
(+) Non-cash financial instruments adjustments (Share Buyback)	26,664	-	nd	22,967	-	nd
(+) Income Tax / Social Contribution over Non-recurring	4,798	594	708.0%	1,986	(2,703)	nd
Adjusted Net Income (Loss)	7,767	17,582	-55.8%	(509)	13,895	nd
Adjusted Net Margin	1.6%	4.8%	-3.2 p.p.	-0.1%	2.0%	-2.1 p.p.

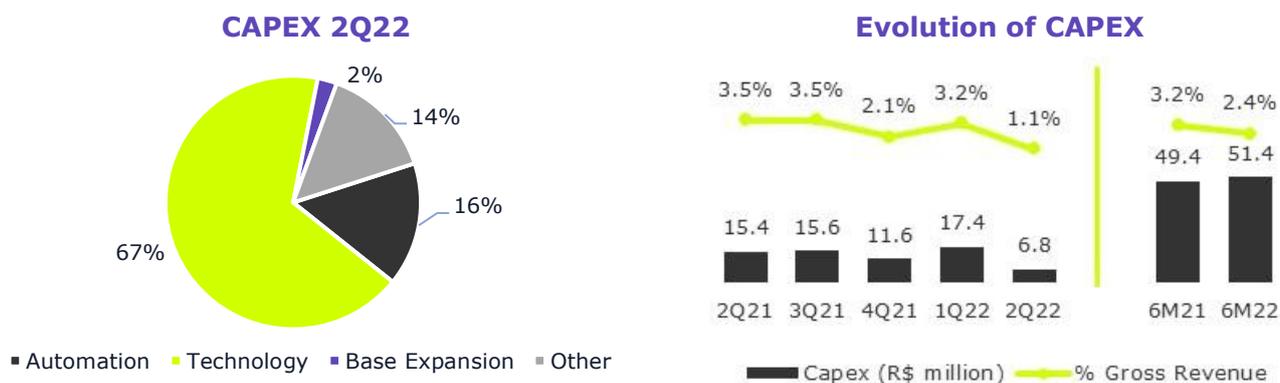
*thousand

In the quarter, Adjusted Net Income for non-recurring effects and amortization of intangibles generated by the acquisitions reached R\$ 7.8 million, compared to R\$ 17.6 million in 2Q21, with a Net Margin of 1.6%, 3.2 p.p. lower in the annual comparison. In 6M22, Adjusted Net Income was negative in R\$ 509 thousand.

In the quarterly and half-yearly views, the decrease observed in relation to the previous year is mainly due to the Financial Result (Financial Expenses) as a result of the increase in the basic interest rate of the economy ("Selic Rate") and its impact on the Company's cost of debt.

CAPEX

Historically, most of the the Company's investments are directed towards: (i) the expansion and automation of Distribution Centers, Hubs and Branches, with the expansion of capillarity and a positive impact on the Company's operational efficiency; and (ii) technological training for data storage and processing, software development and integration processes with new customers.



In 2Q22, CAPEX totaled R\$ 6.8 million, representing 1.1% of the Gross Revenue for the period. In the quarter, the CAPEX level below the historical average is mainly explained by the postponement of automation projects related to new sorters due to the high volume of the B2C segment and, consequently, the lack of the necessary stoppage window for the implementation of these kind of projects. It is worth mentioning that 13 of the 22 sorters committed by the Company are already operating, and we have five sorters in the implementation phase. In 6M22, CAPEX reached R\$ 51.4 million, representing 2.4% of Gross Revenue and in line with the expected level of investments.

ROIC – RETURN ON INVESTED CAPITAL

*Thousand, unless otherwise indicated

ROIC ¹	2Q22	2Q21	Δ
Adjusted EBITDA² LTM	A 233,883	168,064	39%
Depreciation LTM	B (77,414)	(65,692)	18%
Residual Value (Property & Equipment + Software)	C 153,446	131,685	17%
Accounts Receivable	395,443	283,602	39%
Suppliers	(177,834)	(109,123)	63%
Tax and Labor Liabilities	(135,139)	(98,354)	37%
Working Capital	D 82,470	76,124	8%
Income Tax Rate	E 34%	34%	
ROIC ((A+B)*(1-E))/(C+D)	43.8%	32.5%	11.3 pp

1 Sum of Adjusted EBITDA LTM plus Depreciation LTM, multiplied by (1 - Income Tax Rate) divided by Residual Value + Working Capital (The Income Tax and Social Contribution Rate used to calculate the ROIC was 34%).

2 Excludes non-recurring expenses with: (i) mergers and acquisitions; and (ii) other income/expenses.

In the last 12 months ended in 2Q22, ROIC reached 43.8%, 11.3 p.p. above that presented in the same period of the previous year. The result reflects the Company's ability to balance the strong growth of the operation, with the increased demand for working capital, with the benefit of the asset light model and the increase in Operating Income.

To calculate ROIC, the Company used the statutory rate of 34% – and not the effective rate – as it understands that it is temporarily benefiting from the tax loss carryforwards and goodwill on acquisitions, and the Adjusted EBITDA LTM is the basis for calculating NOPAT. Since last quarter, as in the comparison periods, we started to use Adjusted EBITDA as a basis for calculating NOPAT and ROIC. In this way, we understand that the calculation better represents the economic reality of the business.

NET DEBT

*Thousand, unless otherwise indicated

	jun/22	mar/22	Δ
(A) Indebtedness	495,827	496,765	-0.2%
Loans, Financing, Debentures and Derivatives	407,974	383,141	6.5%
Accounts payable due to acquisition of subsidiaries	87,853	113,624	-22.7%
(B) Cash and Cash Equivalents	(168,050)	(198,960)	-15.5%
(C=A+B) Net Debt	327,777	297,805	10.1%
(b) EBITDA LTM	229,427	201,522	13.8%
Financial Leverage Ratio (C/b)	1.4x	1.5x	-0.1x

¹The EBITDA consists of the net profit (loss) from the net financial result, the income tax and social contribution – current and deferred and expenses and depreciation and costs; calculated based on the provisions of CVM Instruction 527 of October 4, 2012, considering the last 12 months of each period.

At the end of June/22, the Company's Financial Leverage Ratio reached 1.4x (0.1x lower than the leverage level of March/22), remaining at a healthy level.

ESG AGENDA

The Company's ESG agenda has four strategic pillars, namely: Emissions & Waste, Mobility, Community and Drivers. Based on these pillars, objectives and ambitions were defined until 2030: (i) seek carbon neutrality; (ii) favor sustainable urban mobility in priority cities; (iii) enhance human development in the Sequoia ecosystem and (iv) ensure safety, development and fair work for partner drivers.

To achieve these ambitions, the Company has been working on defining strategic priorities, as well as annual goals and objectives. The Company's vision is to make Sequoia the best logistics integrator with a positive socio-environmental impact. In this regard, several initiatives were implemented in 2Q22, the main ones being:

- Finishing of the ESG strategy and agenda integrated to the business strategy in the 2022 – 2025 cycle;
- Establishment of the operational ESG Forum to monitor progress and results, share projects and disseminate the sustainability culture in the Company;
- Constitution of the Road Safety Forum to assess accidents, monitor indices and share projects;
- Start of the pilot project for the acquisition of 10 electric motorcycles for the Field Service operation.
- Implementation of the recycling program at the Shared Services Center located in the city of Americana, with actions to map out the infrastructure, installation of selective collection, training for employees and leaders and partnership with a local company.
- Launch of the Selective Collection Guide and distance learning course at the Company's Digital Academy.
- Environment Week: environmental education actions in partnership with Sest Senat, focusing on the preservation of natural resources and correct waste disposal. More than 700 employees and drivers took part in the action.

In the period, Sequoia also carried out a series of campaigns with diversity, representativeness and inclusion guidelines:

- Diversity Campaign: employees were invited to participate in a video testimonial about the LGBTQIA+ community, aiming to position the company, defending the pillar of diversity and inclusion at Sequoia. Courses on the topic were publicized at our Digital Academy, and the official launch of the community on the Sequoia Intranet (Beyond the Rainbow), which has one of our employees as its sponsor.
- “*Meu Mundo Azul*” (My Blue World) Campaign: employees who are parents of children with autism were invited to report their daily lives from the perspective of the autistic universe.

DISCLAIMER

The statements in this document related to business prospects, forecasts on operating and financial results and those related to Sequoia's growth outlook are merely forecasts and, as such, are based solely on the Executive Board's estimates on the future of the business.

These estimates substantially depend on market conditions, the Brazilian economy, the segment, and international markets and, therefore, are subject to changes without prior notice. All variations presented herein are calculated based on the number in thousands of reais, as well as rounding.

This performance report includes accounting and non-accounting data such as operating, pro forma financial statements and forecasts based on the Company's management expectations. Non-accounting data were not subject to review by the Company's independent auditors.

INVESTOR RELATIONS CONTACT

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INCOME STATEMENT

	2Q22	2Q21	6M22	6M21
Net operating revenue	496,446	368,886	945,586	695,326
(-) Cost of services provided	(406,227)	(310,800)	(773,842)	(582,144)
(=) Gross profit	90,219	58,086	171,744	113,182
(-) Operating Expenses	(53,533)	(45,905)	(135,038)	(107,965)
Sales, General and Administrative Expenses	(77,096)	(75,062)	(170,281)	(133,139)
Other revenue (expenses), net	26,906	29,157	39,753	25,174
Equity income	(3,343)	-	(4,510)	-
(=) Operating income before financial income	36,686	12,181	36,706	5,217
(+) Financial Result	(60,457)	(13,930)	(91,417)	(31,205)
Financial expenses	(64,732)	(19,958)	(98,535)	(40,182)
Financial revenue	4,275	6,028	7,118	8,977
(=) Earnings before income tax and financial contribution	(23,771)	(1,749)	(54,711)	(25,988)
Income tax and social contribution - current	(7,785)	(154)	(9,842)	(727)
Income tax and social contribution - deferred	5,788	4,929	8,988	11,149
Net Income (Loss)	(25,768)	3,026	(55,565)	(15,566)

BALANCE SHEET

*thousand

ASSETS	Jun 22	Dec 21	LIABILITIES	Jun 22	Dec 21
Current			Current		
Cash and cash equivalents	132,400	168,931	Borrowings and debentures	66,475	43,298
Accounts receivable	428,671	411,291	Derivatives	-	4,252
Advances	25,272	20,415	Lease liabilities	56,296	80,346
Taxes recoverable	43,497	24,442	Accounts payable and suppliers credit assignment	228,644	175,530
Prepaid expenses	9,502	7,444	Labor and tax obligations	149,700	121,926
Other accounts receivable	10,966	10,698	Payables for acquisition of investments	54,985	63,309
			Other payables	8,155	27,862
Total current assets	650,308	643,221	Total current liabilities	564,255	516,523
Non-current			Non-current		
Restricted financial investments	35,650	34,529	Borrowings and debentures	318,532	329,688
Indemnification assets due to acquisition of companies	-	-	Derivatives	22,967	2,694
Indemnity assets from the acquisition of companies	36,362	36,356	Lease liabilities	246,714	214,786
Deferred income tax and social contribution	96,034	87,046	Labor and tax obligations	50,067	63,854
Judicial deposits	10,679	9,185	Payables for acquisition of investments	32,868	57,516
Investments	32,439	34,419	Provision for legal claims	193,419	196,059
Property and equipment	136,159	138,332	Provision for investment losses	5,242	-
Right by option in the acquisition of investment	7,026	7,026	Other payables	188	221
Intangible assets	712,472	735,006	Total noncurrent liabilities	869,997	864,818
Right-of-use assets	265,482	257,053			
Total noncurrent assets	1,332,303	1,338,951	Total liabilities	1,434,252	1,381,341
			Equity	548,359	600,831
			Share capital	655,618	653,872
			Share issue expenses	(24,247)	(24,247)
			Capital reserves	4,903	3,556
			Income reserves	9,969	9,969
			Accumulated losses	(97,884)	(42,319)
Total Assets	1,982,611	1,982,172	Total liabilities and equity	1,982,611	1,982,172

STATEMENTS OF CASH FLOW | INDIRECT METHOD

*Million, except if otherwise indicated	2Q22	2Q21	Δ	6M22	6M21	Δ
EBITDA	75.9	47.2	60.8%	114.3	68.8	66.0%
(+) Provisions (Reversions) and non-cash effect items	(6.8)	(10.8)	37.0%	(16.8)	(4.6)	-264.4%
(=) Result Adjusted by Non-Cash Effects	69.0	36.3	90.1%	97.5	64.2	51.7%
(+) Financial and operating expenses and revenue	(7.0)	2.5	na	(21.3)	1.7	na
(+) Change in Working Capital	(44.4)	(74.1)	40.1%	(19.9)	(145.1)	86.3%
(=) Cash Flow from Operations (CFO)	17.6	(35.3)	na	56.2	(79.2)	na
(+) CAPEX	(6.8)	(15.4)	55.7%	(24.2)	(25.1)	3.8%
(+) Other Investment Activities	16.8	-	na	16.8	-	na
(=) Free Cash Flow to Firm	27.6	(50.7)	na	48.9	(104.3)	na
(+) Change in Indebtedness	(0.3)	(25.2)	98.7%	6.8	(8.1)	na
(+) Interest Paid (Received) and derivatives (Net)	(13.5)	(5.8)	-133.5%	(25.9)	(36.2)	28.6%
(+) Leasing	(24.0)	(17.8)	-34.7%	(41.9)	(33.1)	-26.7%
(=) Free Cash Flow to Equity	(10.2)	(99.4)	89.8%	(12.1)	(181.7)	93.3%
(+) Acquisition Payments	(22.4)	(132.4)	83.1%	(26.1)	(140.1)	81.4%
(+) Capital Increase (SOP)	1.0	200.4	-99.5%	1.7	204.9	-99.1%
(=) Change in Cash & Equivalents	(31.5)	(31.5)	0.0%	(36.5)	(116.9)	68.8%
Average Collection Period (days)	66	66	0 days	69	70	-1 days
Average Payment Period (days)	51	32	20 days	54	34	20 days
CFO to EBITDA Conversion	23%	-75%	na	49%	-115%	na