

sequoia

4Q20 RELEASE

Earnings Video

Conference

February 26, 2021
(Friday) 11:00 a.m. BRT

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4Q20 EARNINGS RELEASE

Since 2019, our financial statements and interim financial information have been prepared according to the International Financial Reporting Standards (IFRS), including IFRS 16. To better represent the economic reality of the business, the figures for this release are reported under the former IAS17/CPC06 standard.

The reconciliation with IFRS16 of 4Q20 and 2020 can be found on page 22.

4Q20 Highlights

B3: SEQL3
R\$30.94
 Per share

127,150,021
 Total Shares

R\$3.9 Bi
 Market cap

ri@sequoialog.com.br

- > **Number of Orders:** Total 12.3 million, +40% vs. 4Q19
- > **Same Client Sales:** R\$245.8 million, +28% vs. 4Q19
- > **Gross Revenue:** R\$409.6 million, +114% vs. 4Q19
- > **Net Revenue:** R\$344.1 million, +108% vs. 4Q19
- > **Gross Profit:** R\$82.8 million (margin of 24.1%) | +130% vs. 4Q19
- > **Adjusted EBITDA:** R\$38.0 million (margin of 11.0%) | +52% vs. 4Q19
- > **Adjusted Net Income:** R\$30.7 million (margin of 8.9%) | +144% vs. 4Q19
- > **ROIC:** +32%
- > **Subsequent Event:** Conclusion of Prime acquisition in Jan'2021

Highlights				Million		
	4Q20	4Q19	4Q20x4Q19	2020	2019	2020x2019
B2C	11.1	7.9	40%	37.0	22.7	63%
B2B	1.3	0.9	39%	4.3	3.5	23%
Number of Orders	12.3	8.8	40%	41.3	26.2	57%
B2C	234.5	101.8	130%	602.6	258.1	133%
B2B	134.3	63.5	112%	437.6	252.8	73%
Logistics	40.7	26.2	56%	139.8	97.0	44%
Gross Revenue	409.6	191.4	114%	1,180.0	607.9	94%
Same Clients Sales	245.8	191.4	28%	657.2	607.9	8%
Net Revenue	344.1	165.5	108%	998.1	527.3	89%
Gross Profit	82.8	35.9	130%	218.5	100.8	117%
Gross Margin	24.1%	21.7%	2.4 p.p.	21.9%	19.1%	2.8 p.p.
Adjusted EBITDA¹	38.0	25.0	52%	89.8	47.6	89%
%Net Revenue	11.0%	15.1%	-4.1 p.p.	9.0%	9.0%	-
Adjusted Net Income²	30.7	12.6	144%	42.7	15.1	182%
%Net Revenue	8.9%	7.6%	1.3 p.p.	4.3%	2.9%	1.4 p.p.
ROIC³	32.6%	33.7%	-1.1 p.p.			

¹ **Adjusted EBITDA** is calculated by EBITDA, excluding M&A expenses and non-recurring income/expenses.

² **Adjusted Net Income** is calculated by Net Income, excluding goodwill amortization and non-recurring income/expenses.

³ **ROIC** is calculated by the sum of Adjusted EBITDA LTM + Depreciation LTM, multiplied by 1 - Income tax rate and divided by residual value + working capital. (The income tax rate applied to calculate ROIC was 34%).

MESSAGE FROM MANAGEMENT

With great pleasure we are excited to announce our results for the fourth quarter and financial year 2020. It was a remarkable year in the history of Sequoia Logística e Transportes S.A. Sequoia is a company focused on high-quality logistics solutions for B2C freight transportation (last mile), B2B freight transportation (express, fractioned, complete, field services, reverse logistics) and logistics services (storage, sorting, shipping, reverse, repairs). Along with modular and integrated solutions, the company is supported by the continuous evolution of their proprietary technology. In 2020, Sequoia celebrated their first 10 years of history (a very young company). The biggest success of this first decade was the company's IPO during fourth quarter, under the ticker SEQL3.

The year 2020, marked by a multitude of achievements, also posed great challenges, and required resilience. New safety protocols inflicted by the Covid-19 pandemic compelled us to adjust our governance models and operations to continue growing sustainably. We aspire to increasingly build our vision of being recognized as the best multichannel specialized logistics service for the Brazilian consumer market. Albeit all the adjustments necessary, and amidst a highly adverse macroeconomic scenario in the country over the past 10 years, we kept the pace of accelerated growth and high ROIC.

Our gross operating revenue more than doubled in 4Q20, highlighting B2C sales that jumped 130% y/y, while B2B soared 112% and logistics by 56%. The B2C growth reflects the 40% y/y greater number of orders in 4Q20, coupled with a higher average ticket due to greater relative share in inland regions of the country. This was especially true for the states of the Northeast region, which also recorded an increase in average weight of orders. Thus, we added R\$1.2 billion to gross revenue in 2020, 94% higher than the previous year. Such performance is a combination of organic growth, higher penetration in the current customer base, and the acquisition of new contracts. Business synergies were obtained from the recent acquisitions of Nowlog, Transportadora Americana, and Direcional.

This expansion was accompanied by higher profitability, even considering M&A expenses and pandemic-related adjustments. The EBITDA adjusted by these items surged 52% y/y in the fourth quarter and 89% in 2020 versus 2019.

During 2020, we made investments focused on our accelerated and sustainable growth strategy. The results delivered confirm our commitment to annual plan targets and the use of IPO proceeds.

Among key investments, we want to highlight the following:

- The acquisition of 100% capital stock of Direcional Transporte e Logística S.A. (“Direcional Transportes”) focused on heavy freight for B2C and B2B logistics, present in the Southeast region of the country over the past 20 years.
- The definitive signature, for the subsequent conclusion of acquisition in 2021, of Prime Express and Prime Time (“Prime”): a company specialized in transportation and logistics of large products for the B2C, in the South, Southeast, the Federal District, and Goiás regions.
- The launch of SFx in November 2020: a digital business platform built to connect small and medium-sized merchants (seller, mall, and marketplace) with Sequoia’s collection and delivery services. Within one month of operation, over 136,000 deliveries were made with an SLA of 97.7%, and R\$2.7 million of gross revenue.
- Opening of 13 new units and implementation of new sorters (automated equipment that picks orders).

These investments aim to meet the demands of high B2C growth, along with the expectation of solid growth for the upcoming years, as a result of great technological advance, digital transformation, and greater e-commerce demands, which have been consolidated and accelerated during the pandemic, also the upswing of B2B volume which already recovered from the strong impact seen in the early pandemic, in March and April 2020.

Each investment aims to reinforce our business strategy, which, coupled with relevant contracts signed in the e-commerce segment over the last three years, position us as one of the leading private logistics operators to end consumers. We offer integrated solutions, services, high-quality storage, and specialized freight transportation such as supply for merchants, stores, field services of installation, uninstallation, exchange of electronic equipment, and others.

Another milestone in 2020 was the advancement in the consolidation of acquirees. The consolidation of Transportadora Americana Ltda. (“TA”), acquired in February 2020, followed the schedule and now is fully integrated. The consolidation of Direcional Transportes, acquired in October 2020, initiated in the fourth quarter, should be concluded by the early second half of 2021.

During our 10 years of history, we successfully consolidated five companies, enabling us to enter into new regions and business segments. The acquisitions of TA and Direcional made in 2020 were no different. TA is one of Brazil’s most renowned express shipping companies. They serve various segments, such as for electronic devices, IT, pharmaceuticals, garment, and others. Direcional is specialized in the delivery of products above 20kg for companies and e-commerce consumers. They give us access to the heavy product delivery segment, such as for white line home appliances, large home appliances, furniture, refrigeration equipment, gymnastics equipment, and others. We believe there is still room for growth and consolidation in the logistics sector. We are ready to continue expanding our footprint throughout the country, in line with retail and e-commerce growth.

Technology is one of our great competitive advantages sustaining our consolidation process. Over the past years, we devised several proprietary systems and apps to manage transportation and storage, as well as last-mile tracking and customer experience. In 2020, we continued investing in the automation of order picking and routing at our distribution centers and hubs. This increased our installed capacity, reduced processing times for orders, and at the same time, obtained substantial gains in lines of productivity. These investments also required operating expenses related to the implementation and testing of equipment, which raised our expenses during the period. They will represent relevant returns in the coming years and will benefit both our organic growth and synergies obtained from acquisitions.

We are aware that we are nothing without our team, and for this reason, we will continue investing in training programs for our leaders and operational teams. We saw great advances provided by the People & Management executive board, such as the index of utilizing in-house staff for promotions and vacancies filled, which exceeded 75% in 2020. We were also recognized by IEL Institute with the award for having the "best internship program in 2019." This only reinforced our belief in training, developing our team, and our future leaders.

We have pleasantly maintained our partnership with the lochpe Foundation under the Formare Program, concerning the qualification of socially vulnerable young apprentices (with household incomes of up to one minimum wage) residing near our headquarters and distribution center in the city of Embu das Artes. This program concluded on a satisfactory note by employing nearly 77% of young apprentices. These apprentices can double their household income and generate a positive impact on their families.

Due to the expansion of our operations, widespread services throughout the country continued investments in technology, automation, and in team development. Our core belief is that "growing and evolving is in our DNA." We are guided by a strong culture that highlights the following:

- **The Best Solutions:** we work to offer the best solutions for our clients.
- **Passion For Delivering:** we have a passion for delivering more while continuously improving.
- **Flexibility With Excellence:** we work with flexibility and excellence to make a difference.
- **Team of Leading Agents:** teamwork is our strength.
- **We Grow Together:** we foster team development to grow together.
- **We Innovate With Sustainability:** we invest in innovation and sustainability to create value.

We want to thank our clients, operational partners, our board of directors, and the US fund, Warburg Pincus, our strategic partner since 2014, for their continued support. Above all, we would like to thank our 5,800 employees, located in each of our 11 DCs, 47 hubs, and 350 operating bases located throughout the country.

Each and every employee deserves an applause for their daily efforts to run our operations and serve our clients. For always being available, 365 days of the year, even under adverse conditions such as the Covid-19 pandemic. We want to thank our 2,600 clients for their trust in Sequoia's teams, logistics operations, products, and orders. We also want to thank our partners, suppliers, and especially our drivers who make our deliveries in over 3,300 cities across the country on a daily basis.

We are committed to growth, the evolution of the gross margin, ROIC, and improving the performance of the company. We remain focused on expanding our national footprint, offering innovative solutions with a level of customer service superior to that of the market, taking care of our team, and our drivers. This allows us to consolidate the best logistics and transportation solutions for the multichannel Brazilian market online and offline.

Armando Marchesan Neto
Founder and CEO

OPERATIONAL HIGHLIGHTS

CORPORATE PROFILE

We are a Brazilian tech-enabled logistics company that provides transportation and logistics services. We focus on express deliveries and e-commerce reverse logistics solutions.

We developed a proprietary and scalable technology platform that supports the growth of Brazilian e-commerce and logistics markets. This makes us a logistics operator with an asset-light structure, which offers highly customized solutions for each type of business and client. We provide operational efficiency and reliable levels of service at each stage of the delivery chain.

Considering the number of deliveries in the e-commerce sector, we are a leader among private Brazilian companies.



National footprint in 3,359 Brazilian cities, covering 92% of Brazil GDP.



Over 5,000 employees in Brazil



In one year, we recorded 1.4 million same-day delivery



We serve 8 of top 10 largest e-commerce players in Brazil

OPERATIONAL GROWTH & TECHNOLOGY

During 2020, we expanded our areas of activity and improved the quality of services rendered. We are present in 3,359 municipalities, an addition of 1,056 new municipalities in 2020.

We bolstered network expansion and our own bases in the inland of the state of Minas Gerais, resulting in widespread deliveries to end consumers. We also advanced our position within the Northeast region by opening our own bases in the cities of Fortaleza, Jaboatão dos Guararapes, João Pessoa, Teresina, and Campina Grande. We continuously aim for higher service quality.

We also took a relevant step concerning expansion, with the service process called Multiple Origin of Collection and Transfer in the states of Rio Grande do Sul, Santa Catarina, Goiânia, Minas Gerais, the Federal District, Vitória, Bauru, Paraná, and Salvador.

In 2020, we inaugurated three distribution centers:

- > Belo Horizonte DC | Capacity of 12,406m² with eventual expansion to 22,841m²
- > Rio de Janeiro DC | Capacity of 12,584m² with eventual expansion to 21,799 m²
- > Canoas DC | Capacity of 8,000m², with eventual expansion to 18,000m²

Keeping pace with our quality and automation strategy, we acquired a new sorter (automated equipment that picks orders) to provide services to the state of Minas Gerais. A new sorter was implemented in the Embu das Artes Mega DC, increasing by 89% the capacity of orders processed per hour. In the sorters located in the states of Rio de Janeiro and Recife, the capacity of hourly processed orders surged 20%.

By 2021, the Company expects to automate more than 20 operational bases, with investments in Sorters.



SFx

Aiming at building a digital business platform that connects small and medium-sized merchants (seller, mall, and marketplace) to Sequoia's collection and delivery services, in the second half of 2020, we launched the SFx platform which allows brick-and-mortar stores and sellers to offer a valuable delivery structure to its consumers, using our services, allowing full tracking of the process until final delivery. As this is a flexible service, a minimum volume of orders is not necessary. Thus, we managed to provide the B2C delivery service with Sequoia's quality standard and excellent cost-benefit for all company sizes.

The collection and delivery process through the SFx platform takes place as follows: the seller, mall, or marketplace register on the website, after approval, they request the collection of their orders via the website or app. Our branches and hubs are used as operational bases that will distribute the orders. The distribution of each product is analyzed according to the volume of orders and place of delivery.



Thus, the dedicated network, the B2C (Business-to-consumer) delivery network, or LTL (Less than Truckload) network are used.

Present in the South, Southeast, Mid-West, and Northeast regions, until December 2020, **over 136,000 deliveries were made via the SFX platform, generating gross revenue of R\$2.7 million, with an SLA of 97.7%.**

M&A I INTEGRATIONS & SYNERGIES

Transportadora Americana (“TA”)

In February 2020, Sequoia acquired Transportadora Americana (“TA”): one of Brazil’s most renowned express shipping companies. This company provides services to various product categories, such as electronic devices, IT, pharmaceuticals, garments, and others.

We initiated a cycle of capturing operational and commercial synergies, assuring full adhesion to the original plan (“acquisition business case”). The company was able to turn things around, as we significantly increased the cross-sell. This allowed us to reach a higher level than the volume of deliveries and sales, exceeding the pre-Covid 19 levels. These results attest to our ability to diversify services and conquer new clients.

Within a short time frame, we expanded our B2C operations in the regions of São Paulo (capital city and inland) and Porto Alegre: regions that in the past concentrated their efforts on B2B transportation services. We also advanced the integration of our operations in the city of Curitiba, optimized routes in the state of Espírito Santo, and the southern region of the country, and built freight synergies with higher margins.

We mapped out all duplicate bases and consolidated all operations, concluding the operational integration between the company and acquiree.

Direcional Transportes

On October 2, 2020, we concluded the acquisition of Direcional Transporte e Logística S.A. (“Direcional Transportes”), a company operating in the transportation and logistics sector, with a focus on fractional “heavy” cargo, e-commerce, cross-docking, door-to-door, milk-run models, and reverse logistics for B2C and B2B.

We are in the process of capturing operational and commercial synergies, we could notice the adhesion to the original plan (“acquisition business case”). We conducted the transition as planned, sustaining the Company’s positive results and exceptional level of service.

Since the first months of the joint operation, we managed to significantly increase operational synergies and optimize the relationship with various clients, which attests to our capacity of diversifying services. Within a short time frame, we also managed to expand and increment our operations in the states of Minas Gerais and Espírito Santo and advance in the consolidation of the operating base, building freight synergy and increasing margin. As an example, the consolidation of distribution centers in the cities of Rio de Janeiro and Belo Horizonte.

The process to implement the mapped synergies is underway and should be concluded in the beginning of second half of 2021, bringing benefits to the Company, always with a focus on providing the best services to our clients.

Prime

On January 29, 2021, the acquisition of Prime was concluded, a company operating the transportation and logistics sector, with a focus on the large products e-commerce, called in the market as “medium road” and “heavy road”, operating in the cross-docking, door-to-door, milk-run modes and B2C reverse logistics for the South, Southeast, the Federal District, and Goiás regions.

Prime has been operating in the market for over 10 years, in 8 states of the Brazilian territory, plus the Federal District, with 11 hubs, 6 branches, and more than 700 employees. Prime is based in the city of Itupeva-SP, operating with standardized operating processes that aim at providing agility and safety to its clients. In 2020, it made 2.4 million deliveries and recorded R\$220.4 million sales, 59.6% higher than in 2019.

Our consolidation plan foresees operational, administrative synergies, and regional expansion. With the conclusion of Prime acquisition, the Company reinforces its intention of bolstering its service capacity to the e-commerce of medium and heavy road, improving its widespread distribution and operational density.

ENVIRONMENTAL, SOCIAL & CORPORATE GOVERNANCE RESPONSIBILITY (ESG)

Sequoia's sustainability program was created to develop a culture that reinforces the company's commitment to three core sustainability pillars: social, environmental, and economic. We understand that today our activities have a great impact on environmental and social spheres. It will be a long journey to minimize these impacts.



Currently, the Company has the following projects underway:

> Same Day - Sustainable delivery

In partnership with one of our largest clients in the B2C division, in 4Q20 we started operating a same-day sustainable delivery using bikes. With this service, we cooperate with mobility and the environment.

The initial project serves the great area of São Paulo and Rio de Janeiro. During the first two months of the project, over 3,000 bike deliveries were made. All orders made and approved by noon are delivered to the end customer until 10:00 p.m. on the same day. We also have reverse logistics for recycling. This service is offered by a biker to end consumers, with no additional cost. The next steps are to extend this project to other Brazilian states. The cities of Porto Alegre and Recife will be the next to be served with our Sustainable Delivery.

With this project, we avoided the emission of over 5,000 kg carbon, and nearly 30,000 km were run.

> Internship Program

We promote the Sequoia internship program: which aims to identify and develop undergraduate students in communities where the company operates. In line with our company's culture, these individuals contribute our results with an innovative vision. In 2019, the program was elected as "Brazil's best internship program" by the Evaldo Lodi Institute (IEL).

In 2020, we qualified the second class of this program, with 13 interns, and 9 of them were hired. In the third class, initiated still in 2020, we hired 12 interns. Our hiring index in this program is 82%.

> Apprentice Program

The apprentice program targets adolescents in socially vulnerable households with incomes of up to 1 minimum wage. In 2019, 25 apprentices were employed (83% of total). This program was conceived by the Lochpe Foundation: the partner that qualifies young students at an average of 10 students per year. The company's program qualifies an average of 28 students per year.

In 2020, 23 apprentices were hired (77% of the total class of apprentices). Also, we started a new class in 2020, with 30 young students. This program has a 10-month duration, and at the end, apprentices receive a certificate of logistics operations assistant recognized by MEC (Ministry of Education and Culture).

Sequoia's employees voluntarily assist as educators to qualify these young students. In light of challenges faced in 2020, to ensure these apprentices' development, they attended distance education.

> Inclusion Program (For Disabled Persons – PcD)

We also launched the inclusion program aiming at building an environment that values diversity and inclusion of disabled and rehabilitated persons. We offer equal opportunities and promote the alignment of the company's business and culture.

We ended 2020 with 150 PcDs active in the Company. The "Padrinhos" Program was monitored, which mainly aims at promoting inclusion & diversity at the Company, giving support to disabled employees when requested, prompting leadership or the People & Management team, in cases of adversity.

We regularly promote coffees observing all the safety protocols to prevent the Covid-19, aiming at strengthening the relationship among employees, hear and understand communication noises, explain the relevance of their work, as well as reinforce the engagement and alignment with Sequoia's objectives and culture. We also conduct online lectures with the topic, "Diversity is a fact, inclusion is a choice", to celebrate the National Day of People with Disabilities.

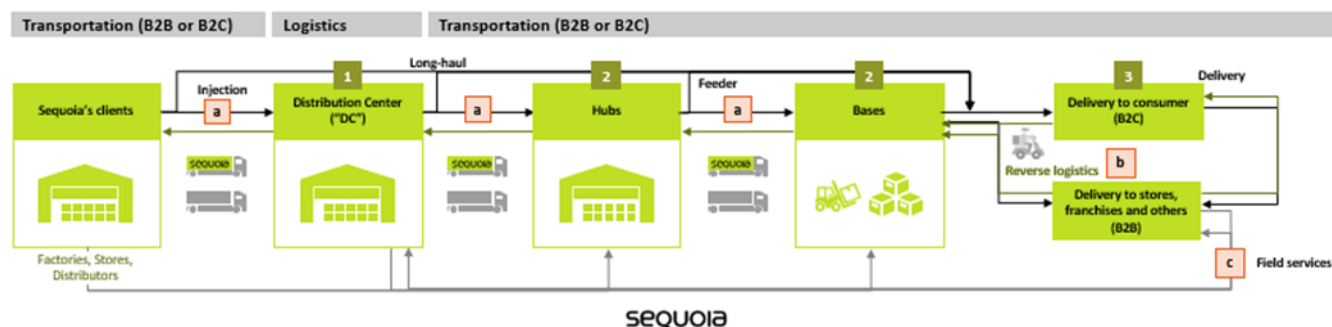
> Environmental

A program that promotes selective collection, and solid waste recycling (Biodigestor), and the conscious use of materials and resources. Biodigestor was implemented to treat organic waste coming from the dining hall.

Nearly 26 tons of organic waste will have a sustainable destination, generating biogas to be used in the kitchen, and biofertilizer, which will be destined to the community of Embu das Artes, also will be used in our organic garden.

OPERATING REVENUE

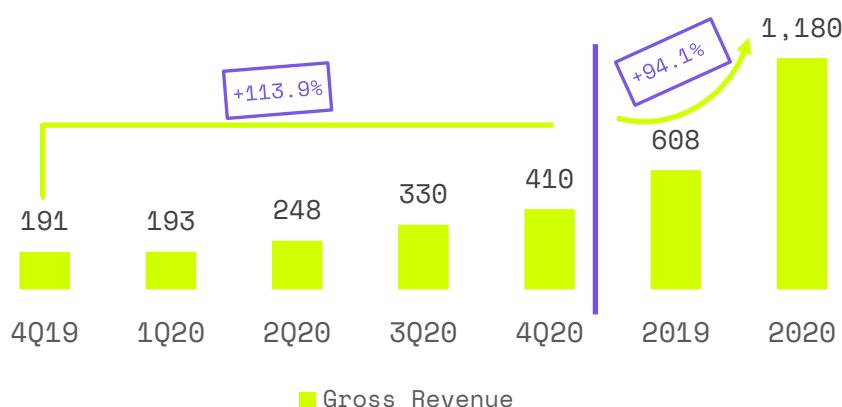
We provide customized transportation and logistics services to our clients to meet the specific needs of their businesses. Our activities can be divided into three main categories: (i) B2C freight transportation; (ii) B2B freight transportation; and (iii) logistics services.



	4Q20	4Q19	Δ	2020	2019	Δ
B2C	234,533	101,793	130.4%	602,622	258,102	133.5%
B2B	134,295	63,472	111.6%	437,577	252,831	73.1%
Logistics	40,729	26,181	55.6%	139,837	96,964	44.2%
Gross Operating Revenue	409,556	191,446	113.9%	1,180,036	607,898	94.1%
Taxes levied	(65,491)	(25,988)	152.0%	(181,927)	(80,635)	125.6%
% Gross Revenue	16.0%	13.6%	2.4 p.p.	15.4%	13.3%	2.1 p.p.
Net Operating Revenue	344,066	165,457	107.9%	998,109	527,263	89.3%

*thousands

The company's gross operating revenue is derived from B2C and B2B transportation and logistics services. Gross revenue grew by 113.9% to R\$409.6 million in 4Q20, or R\$218.1 million versus 4Q19. In 2020, gross revenue surged 94.1% to R\$1,180.0 million, or R\$572.1 million.



*million

In 2020, among the key aspects that compose our growth, we want to highlight the B2C segment, which was positively impacted by e-commerce growth in the domestic market. The signature of new contracts was positively impacted by business synergies between Sequoia and recently acquirees (Nowlog, T.A, and Direcional).

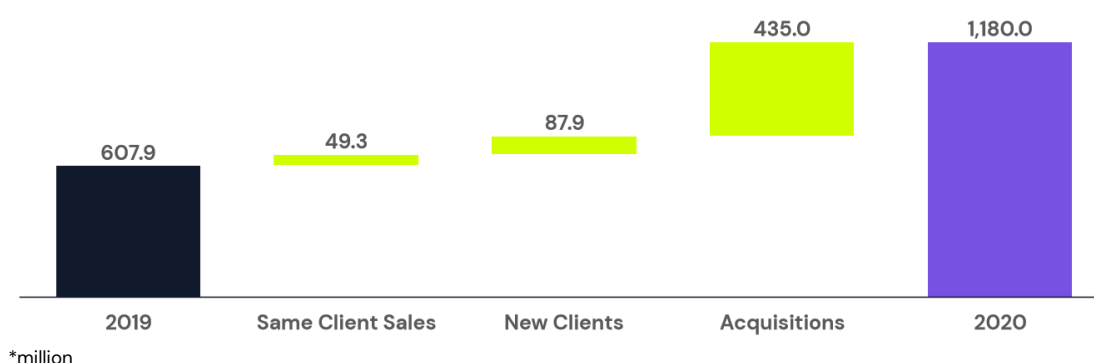
Gross Revenue Evolution | 4Q19x4Q20



From the 4Q20, the Company started to adopt the criterion for addition on the historical basis (moving average) for the construction of the bridge, previously the criterion adopted was the variation between moving bases. The Company understands that this way is the best model to present the addition of revenue.

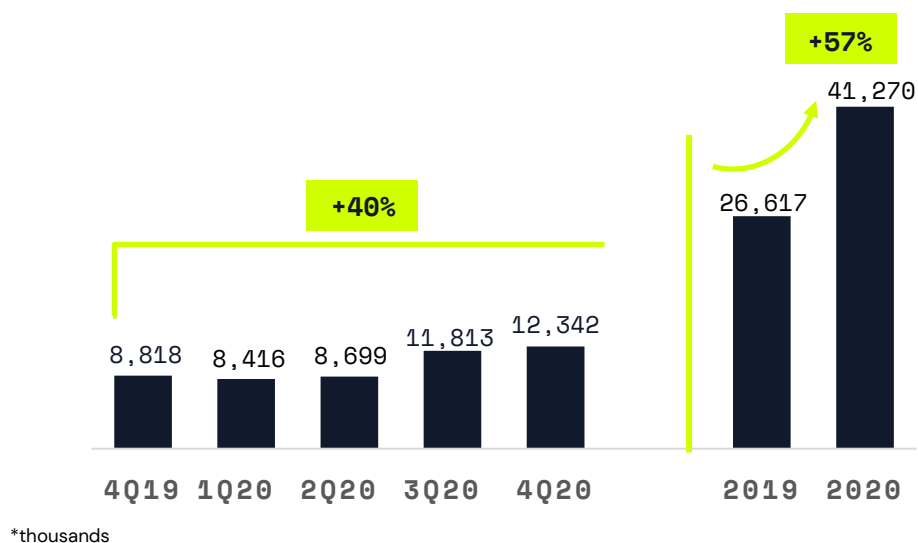
The variation in the quarter is due to (i) a R\$54.3 million increase in same client sales, especially in B2C in the e-commerce market; (ii) R\$6.8 million of new clients, mainly in the B2B and B2C segments in the e-commerce segment; (iii) increase in revenue resulting from the acquisitions of Nowlog (Nov'19), TA (Feb'20) and Direcional (Oct'20) which contributed R\$157.0 million (considering new clients, same client sales as those acquired in the period).

Gross Revenue Evolution | 2019x2020

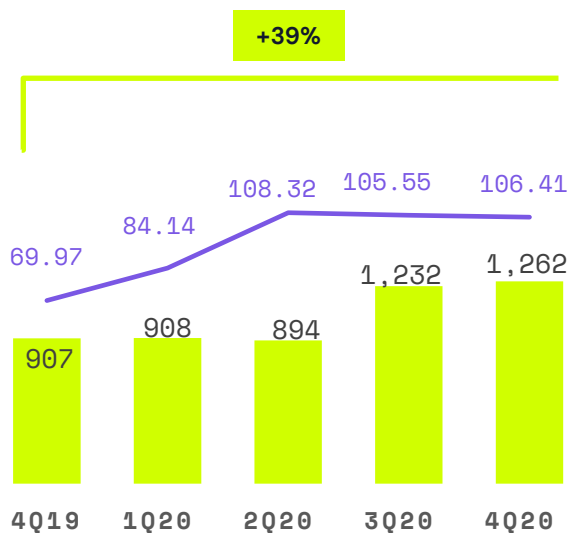


Out of addition of R\$572.1 million compared to the same period of last year: (i) R\$49.3 million increase in same client sales, especially in B2C, e-commerce; (ii) R\$87.9 million of new clients, mainly in the B2B and B2C segments, e-commerce, telecommunication, and education; and (iii) R\$435.0 million deriving from the acquisition of Nowlog (Nov'19), TA (Feb'20) and Direcional (Oct'20), (considering new clients, same client sales as those acquired in the period).

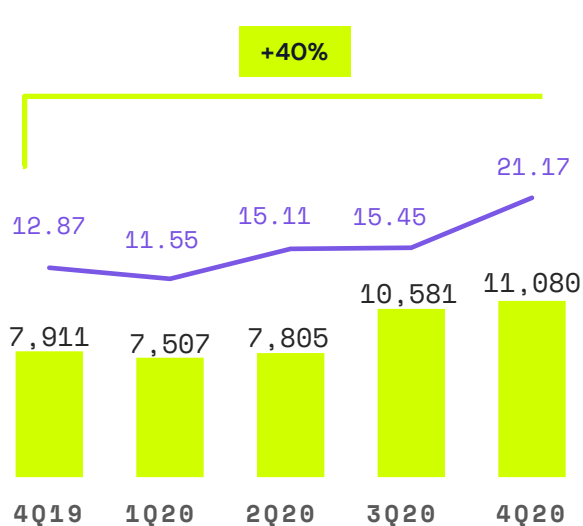
Number of Orders



B2B ORDERS



B2C ORDERS



■ B2B Orders (Thousands) — Average Ticket (R\$)

■ B2C Orders (Thousands) — Average Ticket (R\$)

*thousands

*thousands

In 4Q20, the Company made 12.3 million deliveries: 1.3 million in B2B and 11.1 million in B2C. This accounts for 40% growth y-o-y. Such growth is due to an increase in the number of deliveries for e-commerce and acquisitions of TA and Direcional.

For B2B, orders volume rose by 39% comparing 4Q2020 versus 4Q2019, reflecting the upturn of B2B volume, mostly hit during the early pandemic, while the average ticket surged 52% among these periods. This increase is a result of the entry of TA contracts, accounted for in the Company's results as from March 2020, with higher value-added, especially from the electronics segment and air deliveries.

Comparing the same periods, the B2C segment saw volumes increase by 40%. The average ticket surged 64%, on the back of (i) Direcional contracts, which accounted for 24% of B2C revenue and included in the heavy cargo segment, practicing an average price 10 times higher than those practiced in the light cargo segment; and (ii) the logistics network mix, with a greater share of inland routes.

Taxes levied on gross operating revenue totaled R\$65.5 million in 4Q20, and R\$181.9 million in 2020, or 16.0% and 15.4% of gross revenue, an increase of 2.4 p.p and 2.1 p.p. versus the same period of the previous year, respectively, due to a higher share in the transportation segment in relation to logistics in revenue structure, and the mix of states in transportation services (variation in ICMS [VAT] tax rate).

GROSS MARGIN

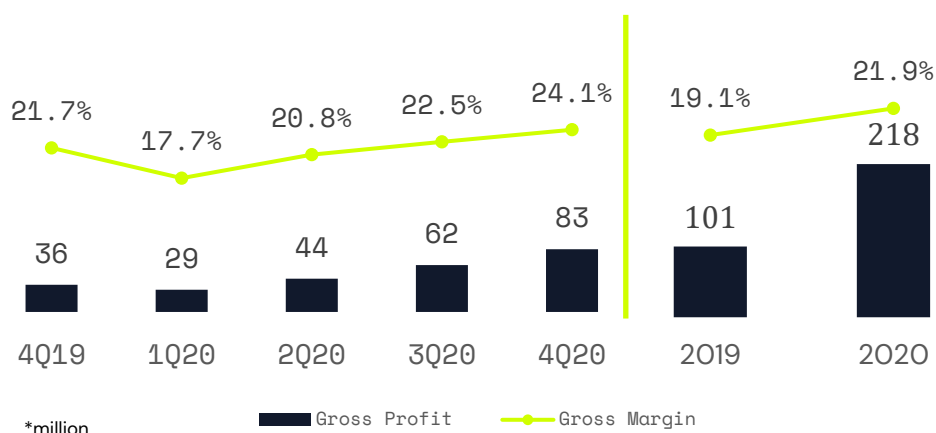
	4Q20	4Q19	Δ	2020	2019	Δ
Distribution and transportation	(206,143)	(96,113)	114.5%	(571,842)	(288,547)	98.2%
Others	(55,163)	(33,425)	65.0%	(207,790)	(137,927)	50.7%
Cost of services rendered	(261,306)	(129,538)	101.7%	(779,632)	(426,474)	82.8%
Gross margin	24.1%	21.7%	2.4 p.p.	21.9%	19.1%	2.8 p.p.

*thousands

The company's costs composed of freight, fuel, toll, personal expenses, and other fixed costs, relating to storage and transportation services, totaled R\$261.3 million in 4Q20, 101.7% higher than in 4Q19.

The 2.4 p.p. and 2.8 p.p. increase in gross margin compared to 4Q19 and 2020, respectively, is a result of synergies captured with the consolidation of Nowlog and TA, the entry of Direcional in the fourth quarter, and investments made in processes automation, thus, generating increased productivity and gains of scale.

Evolution of Gross Margin



Gross profit totaled R\$82.8 million in 4Q20, 130.4% higher than in 4Q19. In 2020, gross profit surged 116.8%, or R\$117.7 million. Such increase reflects the higher revenue during the time periods. The cost optimization, resulting from route density and investments in automation during previous periods, already delivered positive results for the company.

SELLING, ADMINISTRATIVE, GENERAL & OTHER EXPENSES

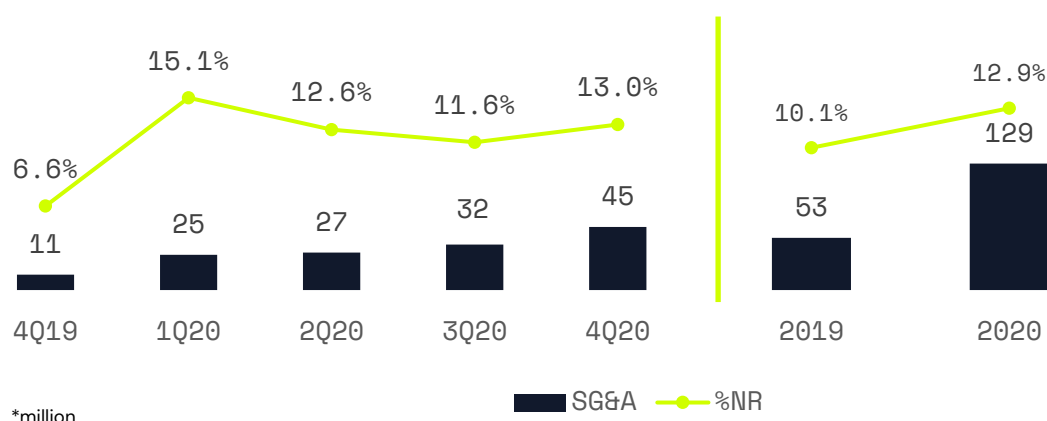
	4Q20	4Q19	Δ	2020	2019	Δ
Personnel Expenses	(23,448)	(5,256)	346.1%	(72,910)	(26,622)	173.9%
Other Expenses	(21,326)	(5,684)	275.2%	(55,734)	(26,555)	109.9%
Selling, Administrative, General and Other Expenses	(44,774)	(10,940)	309.3%	(128,644)	(53,177)	141.9%
% Net Revenue	13.0%	6.6%	6,4 p.p.	12.9%	10.1%	2,8 p.p.

*thousands

Selling, administrative, general, and other expenses are composed of personal, selling, and administrative expenses, as well as outsourced services. In 4Q20, the Company's expenses totaled R\$44.8 million, up 6.4 p.p. over net revenue compared to the same period of the previous year.

A weaker dilution of expenses relate to the following factors: (i) an increase in personal expenses, the consolidation of administrative activities of Transportadora Americana, and the impact of Direcional acquisition; (ii) the process of capturing synergies already initiated, but not yet concluded for acquirees (TA and Direcional) and; (iii) one-off increase, in the lines of attorney's fees and advisory services, referring to due diligence processes for the acquisition of Direcional and Prime totaling R\$3.2 million.

Evolution of Selling, Administrative, General & Other Expenses



EBITDA & ADJUSTED EBITDA

	4Q20	4Q19	Δ	2020	2019	Δ
EBTIDA ¹	31,819	21,741	46.4%	72,784	40,172	81.2%
COVID-19	-	-	-	2,011	-	-
M&A Expenses	6,167	3,239	90.4%	15,038	7,440	102.1%
Adjusted EBITDA	37,986	24,980	52.1%	89,833	47,612	88.7%
Adjusted EBITDA Margin ²	11.0%	15.1%	-4.1 p.p.	9.0%	9.0%	-

¹Adjusted EBITDA is calculated by EBITDA, excluding M&A expenses and non-recurring income/expenses.

²The Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by net operating revenue.

*thousands

The Company's adjusted EBITDA totaled R\$38.0 million in 4Q20 and R\$89.8 million in 2020, 52.1% higher than in 4Q19 and 88.7% higher than in 2019.

In 4Q19, non-recurring items were recorded in the net income for the year that positively impacted the EBITDA margin in the period, such as, for instance, extemporaneous credits of PIS and COFINS, INSS, totaling R\$2.1 million. This impact raised margin at levels higher than recurring levels posted by the Company.

Normalizing the extemporaneous effects, Adjusted EBITDA in 4Q19 would have been R\$ 18.2 million, compared to the same period in 2020, it would represent an increase of 109% in 4Q20, and with a margin in line with that presented, approximately 11%. This improvement were boosted by an increase in net revenue and a reduction in cost of services rendered, as mentioned above.

The non-recurring items adjusted to EBITDA are (i) Covid-19-related expenses (home office structuring, signaling, acquisition of cleaning products, hand sanitizers, masks, gloves, severance pay to adjust cost structures); and (ii) and expenses related to the acquisition and integration of acquirees Nowlog, TA and Direcional.

NET INCOME

	4Q20	4Q19	Δ	2020	2019	Δ
Net Income (Loss)	17,711	5,982	196.1%	7,028	(7,146)	na
Price Allocation Amortization	8,897	4,473	98.9%	24,427	17,359	40.7%
Net Income ex-Goodwill	26,607	10,456	154.5%	31,455	10,213	208.0%
M&A I COVID19	6,167	3,239	90.4%	17,049	7,440	129.2%
Income Tax	(2,097)	(1,101)	90.4%	(5,797)	(2,529)	129.2%
Adjusted Net Income	30,677	12,593	143.6%	42,707	15,124	182.4%
Adjusted Net Margin	8.9%	7.6%	1.3 p.p.	4.3%	2.9%	1.4 p.p.

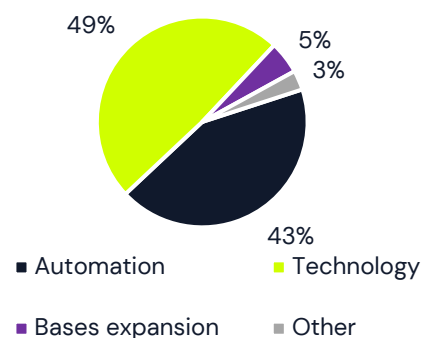
*thousands

On 4Q20, Sequoia posted a adjusted net income of R\$30.7 million, versus a net income of R\$12.6 million in the same period of the previous year, reflecting higher revenues and synergy gains obtained from the transactions mentioned above.

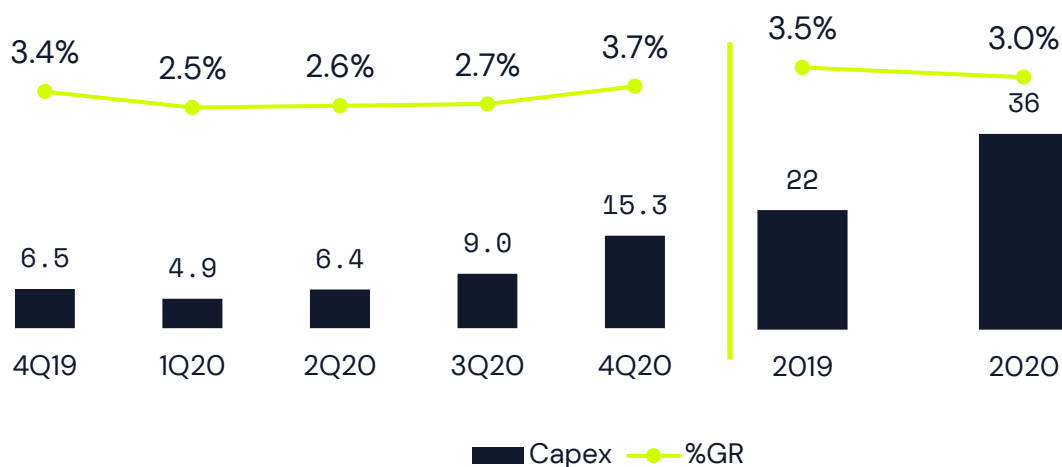
Investments | ROIC

Historically, the company's investments are mostly allocated to expansion/automation of distribution centers, hubs, and branches, with a positive effect on operational efficiency, as well as, for the technological capacity of storage and data processing, software development, and integration programs with new clients.

Investments 4Q20



Evolution of Capex



*million

In 4Q20, Capex totaled R\$15.3 million, 135% higher than in 4Q19, on the back of the Company's higher investments in (i) automation, deriving from the acquisition of Sorters for the B2C operation; and (ii) new businesses innovation, by developing the SFX platform, launched in November 2020.

Investments in technology and expansion of our structure compose Sequoia's strategic plan and will be intensified in 2021, thus, allowing continued growth of the company, organically also through acquisitions in line with improved productivity and quality of services rendered.

ROIC		2020	2019	2020 x 2019
Adjusted EBITDA	A	89.8	47.6	89%
Depreciation	B	(13.4)	(8.3)	61%
Residual Value (Property & Equipment + Software)	C	88.6	58.1	53%
Accounts Receivable		268.4	105.5	154%
Suppliers		(121.6)	(51.8)	135%
Tax and labor liabilities		(80.6)	(35.0)	130%
Working Capital	D	66.2	18.8	253%
Income Tax Rate	E	34.0%	34.0%	
ROIC $((A+B)*(1-E))/(C+D)$		32.6%	33.7%	-1.1 p.p.

*thousands

The Company's ROIC stood at 32.6%, 1.1 p.p. lower than in 4Q19. This reduction is mainly due to the entry of Direcional acquisition in October 2020, thus, considering in results, 3 months of EBTIDA. Annualizing the acquiree's EBTIDA, ROIC would be 37.8%. To calculate ROIC, the Company applied the statutory rate of 34%, and not the effective rate, as it understands that it temporarily benefited from tax loss and acquisitions goodwill.

NET DEBT

	Dec 20	Dec 19	Δ
(A) Indebtedness	397,055	228,402	73.8%
Loans, Financing, Debentures and Derivatives	357,446	228,402	56.5%
Accounts payable due to acquisition of subsidiaries	39,609	34,776	13.9%
Accounts payable due to stock redemption	-	12,273	na
(B) Cash and cash equivalents	(417,199)	(99,430)	319.6%
(C=A+B) Net Debt	(20,144)	176,021	na
¹ CVM527 EBITDA (b)	113,489	64,860	75.0%
Financial Leverage Ratio (C/b)	-0.2x	2.7x	2.9x

¹ EBITDA consists of net income (loss) adjusted by net financial result, current and deferred income tax and social contribution, depreciation and amortization expenses; calculation was based on provisions of CVM Instruction No. 527 of October 4, 2012.

*thousands

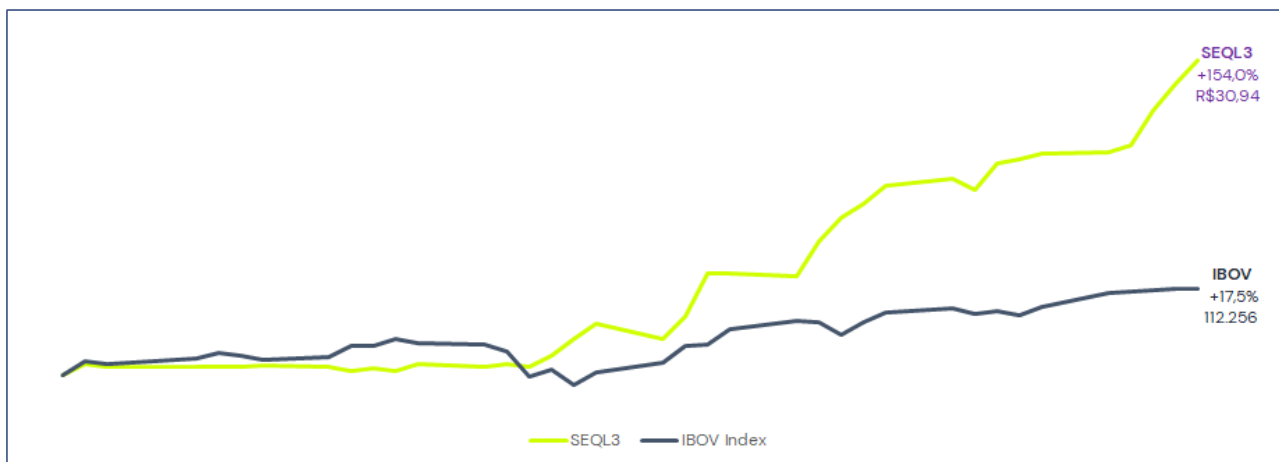
During 4Q20, the Company kicked-off its capital structure optimization plan, with a focus on cost-savings and higher indebtedness terms. This process resulted in (i) decreasing the average cost of CDI +5% to CDI +2.4%, a 2.6 p.p. reduction; and (ii) lengthening the duration of transactions, from 1.81 to 2.41 years.

In 4Q20, the Company reduced the financial leverage ratio to $-0.2x$, on the back of the primary tranche of R\$331.4 million obtained in IPO and higher profitability in the period.

OWNERSHIP STRUCTURE

Sequoia Logística e Transportes S.A. has 127,150,021 common shares, 59.6% of its capital represented by free-float. In 4Q20, 93.9% of free-float was composed of institutional investors. Our shareholding base at the year-end recorded 42.7% local investors and 57.3% foreign investors.

The graph below shows share performance from IPO (10/07/2020) until the closing of February 25, 2021. The SEQL3 share appreciated by 154.0% during this period, while the Ibovespa index appreciated 17.5%.



DISCLAIMER

The forward-looking statements contained herein relating to businesses, operational, and financial results projections, and those referring to Sequoia's growth prospects, are merely projections. As such, they are solely based on management's expectations regarding the future of the businesses.

These expectations mainly rely on market conditions, the performance of the Brazilian economy, the sector, and international markets, and are therefore subject to changes, with or without prior notice. All variations stated herein are calculated based on figures in thousands of Brazilian reais and use rounding.

This performance report includes accounting and non-accounting information, such as pro forma operational, and financial data, as well as projections based on company management's expectations. Non-accounting information was not the purpose of a review conducted by the company's independent auditors.

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Income Statement Reconciliation | IFRS16

*thousands

	Corporate	4Q20	4Q19	Δ	2020	2019	Δ
	Gross Operating Revenue	409,556	191,446	113.9%	1,180,036	607,898	94.1%
	Net Operating Revenue	344,066	165,457	107.9%	998,109	527,263	89.3%
A	Cost of Services Rendered	(266,369)	(127,944)	108.2%	(782,679)	(422,652)	85.2%
	Direct Costs	(248,802)	(122,448)	103.2%	(738,927)	(401,786)	83.9%
A.1	Depreciation / Amortization	(2,173)	(1,454)	49.5%	(6,832)	(6,126)	11.5%
C.1	Goodwill Amortization	(4,975)	-		(4,975)	-	
A.2	Depreciation - IFRS	(10,418)	(4,042)	157.8%	(31,944)	(14,741)	116.7%
	Gross Profit	77,697	37,514	107.1%	215,430	104,611	105.9%
B	Selling, Administrative, General and Other Expenses	(56,736)	(19,299)	194.0%	(171,736)	(80,177)	114.2%
	Selling, general and administrative expenses	(51,461)	(15,484)	232.3%	(152,343)	(63,642)	139.4%
	Other operating income (expenses), net	521	1,306	-60.1%	6,651	3,025	119.9%
B.1	Depreciation / Amortization	(1,874)	(648)	189.4%	(6,592)	(2,200)	199.6%
C.2	Price Allocation Amortization	(3,921)	(4,473)	-12.3%	(19,452)	(17,359)	12.1%
	Net Financial Result	(13,637)	(9,111)	49.7%	(46,986)	(37,012)	26.9%
	EBITDA	44,323	28,831	53.7%	113,489	64,860	75.0%
	Income (Loss) before Income Tax	7,324	9,103	-19.5%	(3,292)	(12,578)	-73.8%
	Income Tax and Social Contribution	10,387	(3,121)	na	10,320	5,432	90.0%
	Net Income for the Period	17,711	5,982	196.1%	7,028	(7,146)	na

	Reconciliation	4Q20	4Q19	Δ	2020	2019	Δ
	Gross Operating Revenue	409,556	191,446	113.9%	1,180,036	607,898	94.1%
	Net Operating Revenue	344,066	165,457	107.9%	998,109	527,263	89.3%
	Adjusted Costs	(261,306)	(129,538)	101.7%	(779,632)	(426,474)	82.8%
A	Cost of Services Rendered	(266,369)	(127,944)	108.2%	(782,678)	(422,652)	85.2%
A.1+A.2	Depreciation/ Amortization / IFRS	17,567	5,495	219.7%	43,751	20,866	109.7%
D	Rental - IFRS	(12,504)	(7,090)	76.4%	(40,705)	(24,688)	64.9%
	Adjusted Gross Profit	82,759	35,919	130.4%	218,477	100,789	116.8%
	Adjusted Expenses	(44,774)	(10,940)	309.3%	(128,644)	(53,177)	141.9%
B	Selling, General and Administrative Expenses	(56,736)	(19,299)	194.0%	(171,737)	(80,177)	114.2%
B.1	Depreciation / Amortization	5,796	5,121	13.2%	26,044	19,560	33.2%
E	M&A I COVID19	6,167	3,239	90.4%	17,049	7,440	129.2%
	Adjusted EBITDA	37,986	24,980	52.1%	89,833	47,612	88.7%
A.1+A.2+B.1	Depreciation	(23,362)	(10,616)	120.1%	(69,796)	(40,426)	72.7%
D	IFRS - Rental	12,504	7,090	76.4%	40,705	24,688	64.9%
E	M&A I COVID19	(6,167)	(3,239)	90.4%	(17,049)	(7,440)	129.2%
	Earnings before Income Tax	20,961	18,214	15.1%	43,694	24,434	78.8%
	Financial Result	(13,637)	(9,111)	49.7%	(46,986)	(37,012)	26.9%
	Income Tax	10,387	(3,121)	na	10,320	5,432	90.0%
C.1+C.2	Price Allocation Amortization	8,897	4,473	98.9%	24,427	17,359	40.7%
	Net Income ex-Goodwill	26,607	10,456	154.5%	31,455	10,213	208.0%
E	M&A I COVID19	6,167	3,239	90.4%	17,049	7,440	129.2%
	Income Tax/Social Contribution over adjustment	(2,097)	(1,101)	90.4%	(5,797)	(2,529)	129.2%
	Adjusted Net Income	30,677	12,593	143.6%	42,707	15,124	182.4%

BALANCE SHEET

ASSETS	Dec 20	Dec 19	LIABILITIES	Dec 20	Dec 19
Current			Current		
Cash and cash equivalents	409,183	91,599	Borrowings and debentures	8,878	60,889
Accounts receivable	268,417	105,496	Lease liabilities	59,629	28,371
Derivatives	1,376	-	Accounts payable and suppliers credit assignment	121,634	51,754
Advances	8,126	2,668	Labor and tax obligations	65,864	34,990
Taxes recoverable	9,962	4,203	Payables for acquisition of subsidiaries	22,441	3,748
Prepaid expenses	7,374	2,078	Other payables	49,591	21,450
Indemnifications receivable	209	3,202			
Other accounts receivable	4,171	3,898			
Total current assets	708,818	213,144	Total current liabilities	328,037	201,202
Non-current			Non-current		
Restricted financial investments	8,016	7,831	Borrowings and debentures	348,224	167,513
Indemnification assets due to acquisition of companies	36,663	-	Derivatives	1,720	-
Deferred income tax and social contribution	59,270	41,189	Lease liabilities	182,392	90,898
Judicial deposits	2,132	810	Labor and tax obligations	14,701	64
Convertible loan	-	2,020	Payables for acquisition of subsidiaries	17,168	31,028
Investments	2,653	-	Provision for legal claims	71,005	23,672
Property and equipment	69,532	41,037	Other payables	1,306	12,273
Intangible assets	260,629	192,640			
Right-of-use assets	228,165	114,323			
Total non-current assets	667,060	399,850	Total non-current liabilities	636,516	325,448
			Total liabilities	964,553	526,650
			Shareholders' equity	411,325	86,344
			Capital stock	438,043	89,473
			Share issue expenses	(27,881)	-
			Capital reserve	3,160	162,395
			Accumulated losses	(1,997)	(165,524)
Total assets	1,375,878	612,994	Total liabilities and shareholders' equity	1,375,878	612,994

CASH FLOW | INDIRECT METHOD

Cash flow from operating activities	Dec 20	Dec 19
Result before income tax and social contribution	(3,292)	(12,578)
Cash flow generated by (used in) operating activities	28,350	29,929
Investment Activities		
Purchase of property and equipment and intangible assets	(35,741)	(21,559)
Acquisition of investment	(700)	-
Acquisition of subsidiaries, net of cash acquired	(64,551)	(50,091)
Cash flow used in investment activities	(100,992)	(71,650)
Financing Activities		
Proceeds from borrowings and debentures	278,113	242,006
Repayment of borrowings and debentures - principal	(171,871)	(138,302)
Payment of principal portion of lease liabilities	(33,214)	(16,125)
Capital increase, net of issue expenses	320,689	7,000
Restricted financial investments	-	(7,500)
Payment of dividends on preferred shares	(3,491)	(4,269)
Net cash flow generated by financing activities	390,226	82,810
Net increase (decrease) of cash and cash equivalents	317,584	41,089
Opening balance of cash and cash equivalents	91,599	50,510
Closing balance of cash and cash equivalents	409,183	91,599
	317,584	41,089