sequoia

2Q23 RELEASE

Earnings Conference

August 15, 2023
(Tuesday)
9:00 a.m. BRT

Portuguese

Webcast Link

English
(Simultaneous translation)

Webcast Link

B3:**SEQL3**
R$1.49
Per share
(06/30/2023)

206,985,433
Total Shares

R$ 0.3 Bi
Market Cap

ri@sequoialog.com.br

2Q23 EARNINGS RELEASE

São Paulo, August 14, 2023 – 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 2023 ("2Q23"). All numbers are compared to the same period of the previous year, unless otherwise stated.

As of 2022, the Company will no longer adjust Gross Profit and EBITDA due to the effects of IFRS 16. To better represent the business economic reality, Profit will be presented excluding the amortization of intangible assets generated in acquisitions ("Excluding Intangibles"). The reconciliation of Net Profit is presented on page 15 and the impacts related IFRS 16 ion the EBITDA on page 14.

2Q23 Highlights

- Despite the drop in revenue for the quarter, we can already see the beginning of the resumption of services through the signing of new contracts, especially in the month of August, with potential for revenue growth for the 2nd half.

- We successfully made the private capital increase, reaching almost 100% of the maximum value of R$ 100 million reais, defined in the offer. With the inflow of R$ 99 million, we equated the decrease in the suppliers financing, allowing important advances in the reduction of costs and expenses.

- However, the result for the quarter was greatly impacted by this significant reduction of suppliers financing and short-term working capital lines, affecting our services and revenues in the light segment as well. It is worth remembering that the amount raised by the capital increase only entered the Company's cash at the end of May and the end of June.

- We had high costs due to the Heavy restructuring and the idleness of Hubs and routes, in addition to the headcount above what was needed for the volume of the period.

- June and July are the low points of the reorganization process in terms of revenue and profitability, with a clear recovery from August onwards.

*Millions, unless otherwise stated

Highlights	2Q23	2Q22	Δ	6M23	6M22	Δ
B2C	7.5	19.3	-61.1%	21.9	37.5	-41.6%
B2B	0.6	1.6	-58.4%	1.5	3.0	-48.1%
Number of Orders	**8.2**	**20.9**	**-60.9%**	**23.4**	**40.5**	**-42.1%**
B2C	122.6	399.7	-69.3%	365.7	760.5	-51.9%
B2B	57.8	149.6	-61.4%	130.8	279.0	-53.1%
Logistics	42.6	45.6	-6.6%	83.7	93.5	-10.5%
Gross Revenue	**223.0**	**594.9**	**-62.5%**	**580.2**	**1,133.0**	**-48.8%**
Net Revenue	**191.3**	**496.4**	**-61.5%**	**493.4**	**945.6**	**-47.8%**
Gross Profit	**(34.6)**	**90.2**	**nd**	**(7.6)**	**171.8**	**nd**
Gross Margin	-18.1%	18.2%	-36.3 pp	-1.5%	18.2%	-19.7 pp
EBITDA	**(64.4)**	**75.8**	**nd**	**(63.6)**	**114.2**	**nd**
EBITDA Margin	-33.6%	15.3%	-48.9 pp	-12.9%	12.1%	-25.0 pp
Adjusted EBITDA[1]	**(47.1)**	**61.7**	**nd**	**(38.4)**	**108.4**	**nd**
Adjusted EBITDA Margin	-24.6%	12.4%	-37.0 pp	-7.8%	11.5%	-19.3 pp
Adjusted Net Profit[2]	**(121.4)**	**7.8**	**nd**	**(181.7)**	**(0.5)**	**-35572.4%**
Adjusted Net Margin	-63.5%	1.6%	-65.1 pp	-36.8%	-0.1%	-36.7 pp

1 Excludes non-recurring expenses with: (i) mergers and acquisitions; and (ii) other income/expenses.
2 Excludes amortization of intangible assets from acquisitions and non-recurring expenses.

MESSAGE FROM MANAGEMENT

Continuity of the Heavy Restructuring Project and impacts arising from the reduction of suppliers financing lines, as expected. Most of the reductions of costs and expenses have already been made, with a return to revenue and profitability in the near future.

The first half of 2023, as we expected, was very challenging, as a result of a difficult macroeconomic environment (with accumulated inflation, high interest rates and pressured defaults), in addition to the credit restriction of some banks, mainly in the Suppliers Financing lines. We suffered an impact on our working capital and on the Heavy Restructuring Project, with delays in structural adjustments.

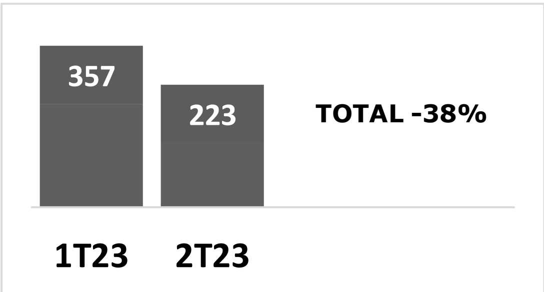
For context, the **Heavy Restructuring Project** is a strategic initiative through which the company **discontinued less profitable routes and contracts**. With that, we can give **full focus on Light B2C and B2B operations**, which, in addition to being more profitable, also have greater potential for operational synergy, as announced since 3Q22.

MOVEMENT IN GROSS REVENUE:

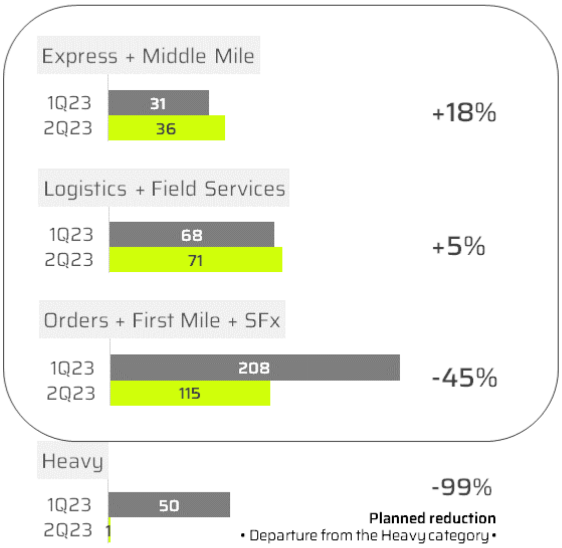
The Gross Revenue of the **Express and Middle Mile** segments had **18% growth** and that of the **Logistics and Field Services** segments have grown **5%** in the analyzed period (1Q23).

We had a 38% drop in Total Gross Revenue, driven by the closure of the heavy unit, which will bring important benefits in the short term, and the drop in some light categories.

Total Gross Revenue - **(R$ million)**



Business Units - **(R$ million)**



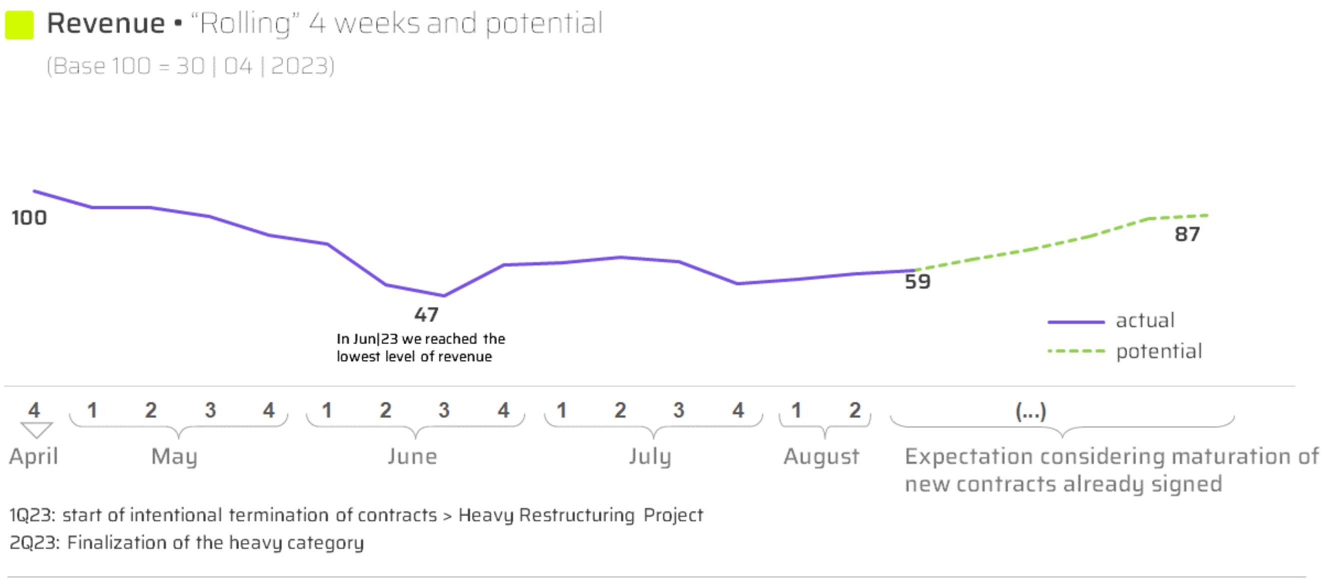
What are we doing?

As we mentioned earlier, the months of June and July reached the lowest levels of revenue, but from August we began to resume growth, with more significant increases expected for the 4th quarter of 2023.

During the first half, we added 36 new service contracts that, we expect, will bring R$30 million/month of additional revenue in their maturity - after the operations ramp-up.

The numbers in the chart below are at base 100 as from April 30, 2023 and show the 4-week rolling revenue advance. We can see that in the 3rd week of June we reached the lowest level of revenue (point 47 on the chart), but that in the 2nd week of August (ended last Friday), we already started to see the recovery (point 59 on the chart), result of the entry of new contracts. Point 87 on the chart represents our expectation for the maturity of these contracts added to the current baseline.

Finally, we continue with our robust commercial pipeline to surpass base 100 revenues, returning to the monthly revenue levels of the first quarter.



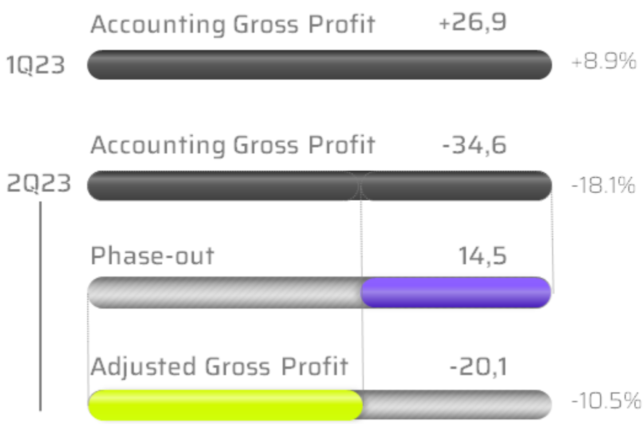
The estimates disclosed herein are assumptions made by the Company's Management, as well as currently available information. Future considerations substantially depend on market conditions, government rules, the performance of the sector and the Brazilian economy, among other factors, operating data may affect the Company's future performance and may lead to results that differ materially from estimates. Estimates are subject to risks and uncertainties, and do not constitute a promise of future performance.

MARGIN PRESSURE:

Margins for the quarter were strongly affected by two main factors: base and route idleness, and high headcount, fixed costs and expenses, especially in the months of April and May, before the capitalization that allowed concluding a large part of the reduction actions.

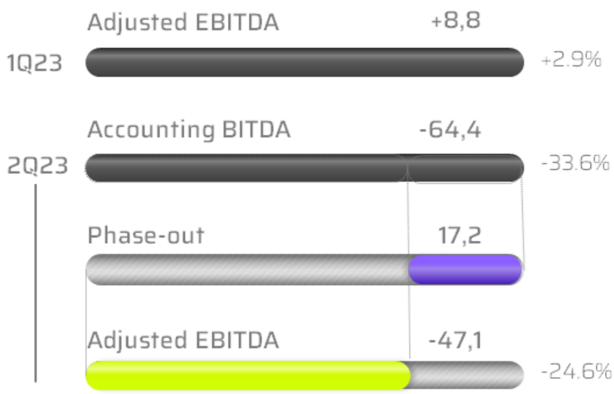
Gross Profit and Gross Margin%

(R$ million)



EBITDA and EBITDA Margin%

(R$ million)



What are we doing?

Throughout the 1st half of 2023, especially in this 2nd quarter, in the months of May and June, we significantly reduced our costs and expenses, totaling savings of approximately R$112.1 million.

The "one-off" impact of these reductions totaled R$25.3 million in the six-month period, as shown in the margin adjustments presented, R$17 million in this 2nd quarter and R$8 million in the 1st quarter.

For the 2nd half of this year, we expect to reach about R$ 22.7 million in additional reductions, including fixed and variable costs, building installations and SG&A. The estimated one-off impact for these reductions is R$10 million.

Initiatives with impact on EBITDA

Demobilization and Cost Reduction Initiatives – Total savings of R$134,8M | 6 months

		"Demobilized" 1st Half•23	One-Off Impact (Demobilization Costs)	To demobilize 2nd Half•23[1]	Status Current
Variable Costs	Reduction of costs with freight, labor, damages, supplies, etc.	R$ 67,1M	R$ 9M	R$7,6M	
Building Installations	Reduction of bases and DCs. Includes expenses with rents, facilities, etc.	R$ 9,1M	R$ 5,2M	R$ 5,5M	
Direct and Indirect Fixed Costs	Reduction of costs with insurance, leasing of equipment|vehicles, personnel, etc.	R$ 12,2M	R$ 6,1M	R$ 5,7M	
SG&A	Reduction of expenses with personnel, technology, third-party services, selling expenses, etc.	R$ 23,7M	R$ 5M	R$ 3,9M	
	TOTAL	R$ 112,1M	R$ 25,3M	R$ 22,7M	

(1): Expected one-off impact of around R$10 million. Demobilization costs include rental fines for delivering DCs, improvements prior to deliveries, labor terminations, etc.

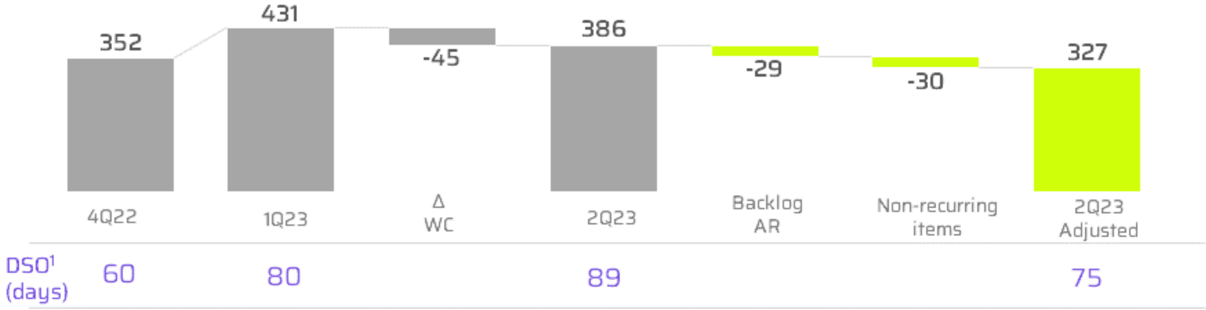
In order to illustrate the expected impact on results, we bring to the Company's managerial statement of profit or loss the results of the reductions that we have just seen. The pro forma result for the 1st half would reach around 4.5% of Adjusted EBITDA Margin Excluding IFRS, or an EBITDA of R$20.6 million. It is important to highlight that this margin is still not at the levels we consider ideal. We still have potential for scale gains with revenue growth.

Managerial P&L	6M•23	Demobilization	6M•23 Pro forma
Gross Revenue	580,2	(46,0)	534,2
Net Revenue	493,4	(39,6)	453,8
Variable Costs	(365,8)	74,7	(291,1)
Contribution Margin	127,6	35,1	162,7
Contribution Margin %	*25.9%*		*35.9%*
Building Installations (including Rent)	(81,6)	14,6	(67)
Direct and Indirect Fixed Costs	(33,2)	17,9	(15,3)
Managerial Gross Profit	12,8	67,6	80,4
Gross Margin %	*2.6%*		*17.7%*
SG&A	(87,5)	27,7	(59,8)
Adjusted EBITDA Excluding IFRS	(74,7)	95,3	20,6
Adjusted EBITDA Margin Excluding IFRS	*-15.1%*		*4.5%*
Demobilization Costs	(25,3)	(10,0)	(35,3)

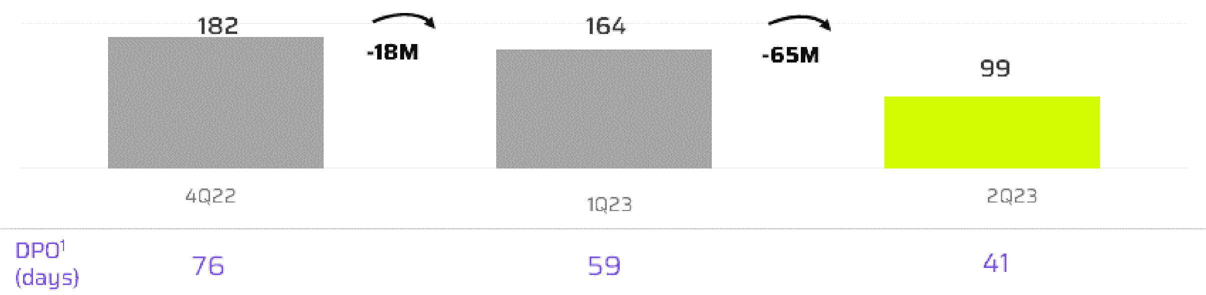
WORKING CAPITAL

As announced in 1Q23, in addition to the operational impacts, two other specific factors impacted the Company's working capital:

i. **Accounts Receivable:** We still have approximately R$29 million in receivables due to the Heavy Restructuring Project, which we expect to receive in 3Q23. In any case, after the adjustments presented, we can see a significant improvement in our average collection period (from 80 days in 1Q23 to 75 days in 2Q23). Our expectation is that by December of this year this average period will stabilize at 60 days. In addition, in the first quarter of 2023, we faced a series of collections held back, due to terminated contracts, totaling R$60 million - which impacted the average collection period. Of this total, we have already received more than half, but we still have about R$ 29 million in revenues held back.



ii. **Suppliers:** Substantial drop in the balance, which went from R$ 182 million in 4Q22 to 99 million in 2Q23 – a total reduction of R$ 83 million in just 6 months – effect of the abrupt reduction that the Company suffered in the suppliers financing lines.



What are we doing?

Regarding working capital, we expect to have only good news going forward. The Suppliers Financing balance is already stabilized – no longer causing additional cash pressure. And, with the completion of the contract termination process for the Heavy Restructuring Project, our Average Collection Period is already starting to improve (from 80 days in 1Q23 to 75 days in 2Q23). In addition, we have already received about half of the balance "held back" and we expect to receive the remainder during 3Q23.

CASH FLOW

In general terms, with regard to the Company's cash, in this quarter, we went from a balance of R$ 62.9 million as of March 31, 2023 to a balance of R$ 89.4 million as of June 30, 2023. The main accounts that affected this variation were the increase in private capital (+R$ 99M), our operating result (-R$ 76M) - a result of the drop in revenue and reduction of profitability – in addition to expenses with interest on borrowings (+R$ 33M) and the increase in debt (+R$ 46M). Despite the operational and financial challenge, we had a significant improvement in the working capital variation (from a consumption of R$ 60M in 1Q23 we reduced it to a consumption of R$ 9M) and we reduced Capex for the period (variation in consumption of R$ 12M in 1Q23 to R$ 2M in 2Q23)

R$ million	1Q23	2Q23
Initial Cash	119	63
Capital Increase	1	99
Operating Result	(54)	(76)
Δ Working Capital	(60)	(9)
Capex & Investment	(12)	(2)
Financial Result	(15)	(33)
(+) interest	(44)	(35)
(+) others	28	2
Debt	85	46
Final Cash	63	89

1 Drop in Revenue + Cost with demobilization

2 Expenses with interest on borrowings – resulting from the increase in debt

3 Replacement of Suppliers Financing by CCBs

FINAL MESSAGE

The scenario is still challenging, however, as we have shown, from now on we have started to resume growth focusing only on the light categories of both businesses (B2B and B2C), which we are fully confident of better results.

We continue to implement new structure adjustments to be carried out throughout 3Q23. Therefore, we expect a more normalized operation only in 4Q23, when we expect to present a leaner, more efficient and more integrated operation.

Even though the medicine was bitter, the initiatives we have taken so far have been essential to guarantee the health and strength of the Company. We knew that we would have a challenging period ahead of us, but we are confident that the 2nd half will be much more positive.

OPERATING REVENUE

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

Gross Revenue by Segment

*Thousands, unless otherwise stated

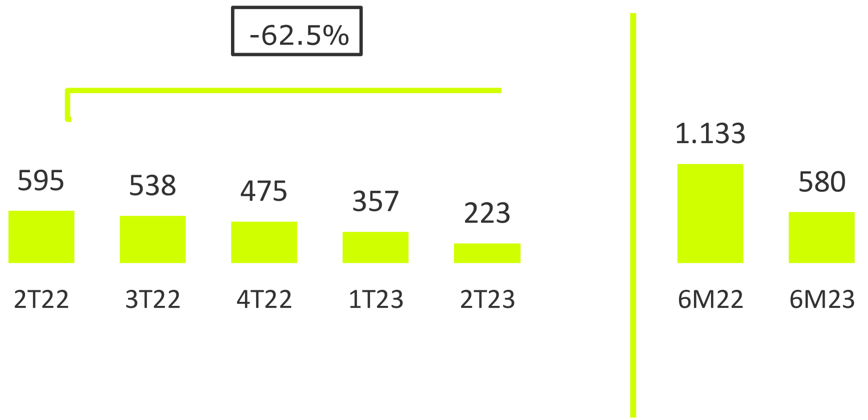
	2Q23	2Q22	Δ	6M23	6M22	Δ
B2C	122,600	399,700	-69.3%	365,700	760,500	-51.9%
B2B	57,800	149,600	-61.4%	130,800	279,000	-53.1%
Logistics	42,600	45,600	-6.6%	83,715	93,511	-10.5%
Gross Operating Revenue	**223,000**	**594,900**	**-62.5%**	**580,215**	**1,133,011**	**-48.8%**
Taxes levied	(31,715)	(98,454)	-67.8%	(86,773)	(187,411)	-53.7%
% Gross Revenue	14.2%	16.5%	-2.3 p.p.	15.0%	16.5%	-1.5 p.p.
Net Operating Revenue	**191,285**	**496,446**	**-61.5%**	**493,442**	**945,600**	**-47.8%**

In 2Q23, the Company's Gross Revenue totaled R$ 223 million, a decrease of 62.5%. Year-to-date, Gross Revenue reached R$ 580.2 million, down 48.8% compared to 6M22. We highlight three main reasons: (i) Heavy Restructuring Project, with intentional revenue reduction; (ii) reduction of light revenue, due to the working capital restriction that we suffered with the decrease in suppliers financing; and (iii) comparison basis with 2Q22, which was the quarter with the highest number of orders for the Company and with a large growth (89.7% vs 2Q21).

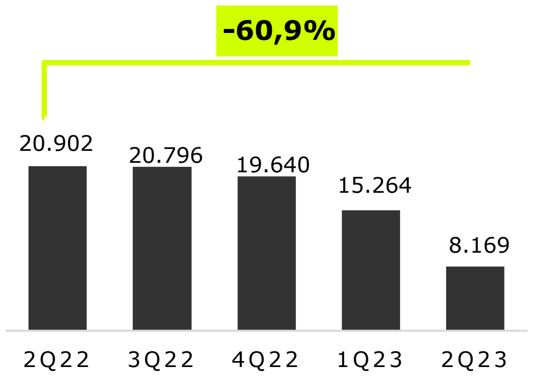
However, despite the drop in total revenue, compared to the first quarter of the year, the Company grew in the Express and Middle Mile segments (+18% vs. 1Q23) and Logistics and Field Services (+5% vs. 1Q23) and in August there is already a recovery of revenue with around R$12 million in additional revenue referring to 36 new routes and services contracted in the first half, with potential for growth after the maturity period.

Taxes levied on Gross Revenue totaled R$ 31.7 million in the quarter, representing a 2.3 p.p. drop in the Taxes on Gross Revenue ratio versus the same period of the previous year, as a result of the mix of States in the provision of transport services that have different ICMS rates, considering the origin and destination of the packages. In 6M23, taxes totaled R$ 86.8 million, presenting a decrease of 1.5 p.p. in percentage in relation to gross revenue in the annual comparison.

Gross Revenue (R$ million)



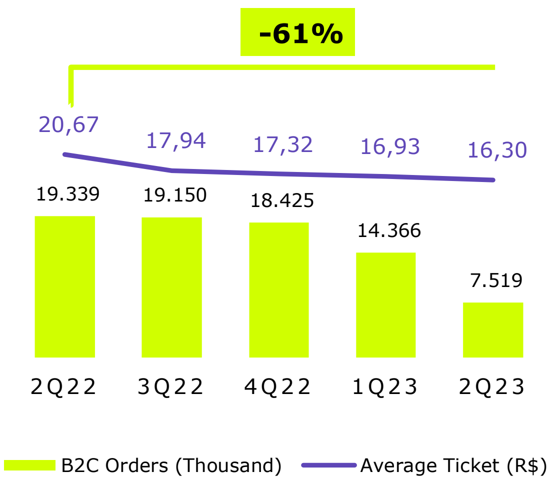
Consolidated Orders (thousands)



In the quarter, the Company processed 8.2 million Orders, a decrease of 60.9%. The main factor that impacted the quarter was the Restructuring Project, with the intentional reduction of revenue.

In addition, in 2Q22 we reached the highest number of orders, which generates a very strong comparison base.

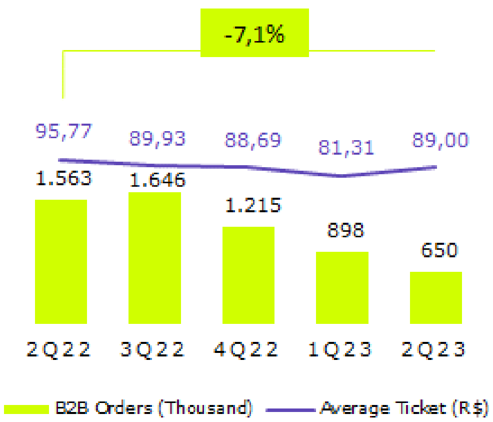
B2C Orders (thousands)



In **B2C,** we reached 7.5 million Orders in 2Q23, down 61% compared to the same period of the previous year.

The average ticket showed a decline of 21.1% YoY, as a result of the mix of orders which had a higher proportion of Light Orders in this quarter.

B2B Orders (thousands)



In **B2B,** we reached 650 thousand Orders in 2Q23, down 58.4% compared to 2Q22, with a drop in the average ticket of 7.1%.

Compared to 1Q23, the average ticket increased by 9.5%, already reflecting the gains related to the revisions of all contracts to prioritize those with greater profitability.

GROSS PROFIT AND MARGIN

*Thousands, unless otherwise stated

	2Q23	2T22	Δ	6M23	6M22	Δ
Cost of Services Rendered	(225,900)	(406,227)	-44.4%	(501,075)	(773,842)	-35.2%
Distribution and Transportation	(134,608)	(299,863)	-55.1%	(329,989)	(570,980)	-42.2%
Others	(91,292)	(106,364)	-14.2%	(171,086)	(202,849)	-15.7%
Gross Profit	**(34,615)**	**90,219**	**nd**	**(7,633)**	**171,744**	**nd**
Gross Margin	-18.1%	18.2%	-36.3 p.p.	-1.5%	18.2%	-19.7 p.p.
(+) Non-recurring Costs	14,470	-		14,470	-	
Adjusted Gross Profit	**(20,145)**	**90,219**	**nd**	**6,837**	**171,744**	**-96.0%**
Adjusted Gross Margin	-10.5%	18.2%	-28.7 p.p.	1.4%	18.2%	-16.8 p.p.

The Company's Costs have been impacted since last quarter by the Heavy Restructuring Project. Essentially, the Company's Costs comprise expenses with freight, fuel, tolls, personnel and other fixed costs related to the provision of storage and transportation services.

In this quarter, Costs totaled R$ 225.9 million, a decrease of 44.4% in relation to the same period of the previous year. This cost reduction is a result of the quarter's revenue reduction, but is still impacted by an idle operation that does not reflect the future reality of the Company. Gross margin decreased by 36.3 p.p., reaching -18.1% in 2Q23. Year-to-date, costs reached R$ 501.1 million, a decrease of 35.2% compared to 6M22. Gross margin decreased by -19.7 p.p versus the same period of the previous year, reaching -1.5% in the year.

Even though the Company has reviewed all contracts and prioritized those with a more profitable margin, what occurred in 2Q23 was a time mismatch between the outflow of revenue and the outflow of costs. With the process of terminating contracts and return of bases still in progress, we still had high costs in 2Q23, with routes operating with idleness and fixed costs still high for the reduced volume of packages. Adjusting the cost for non-recurring effects (costs related to demobilization in the amount of R$ 14.5 million), the gross margin for the quarter was -10.5%. Year-to-date, the margin was 1.4%.

SELLING, ADMINISTRATIVE, GENERAL AND OTHER EXPENSES

*Thousands, unless otherwise stated

	2Q23	2Q22	Δ	6M23	6M22	Δ
Selling, Administrative, General and Other Expenses	**(67,486)**	**(50,191)**	**34.5%**	**(133,848)**	**(130,528)**	**2.5%**
% Net Revenue	35.3%	10.1%	25.2 p.p.	27.1%	13.8%	13.3 p.p.
(+) Depreciation and Amortization	17,431	18,686	-6.7%	35,547	37,934	-6.3%
(+) Non-Recurring Effects	2,764	(14,111)	nd	10,817	(5,841)	nd
Adjusted Selling, Administrative, General and Other Expenses[1]	**(47,292)**	**(45,616)**	**3.7%**	**(87,485)**	**(98,435)**	**-11.1%**
% Net Revenue	24.7%	9.2%	15.5 p.p.	17.7%	10.4%	7.3 p.p.
Personnel Expenses	(20,776)	(24,854)	-16.4%	(48,754)	(51,896)	-6.1%
Other Expenses	(26,516)	(20,762)	27.7%	(38,740)	(46,539)	-16.8%

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

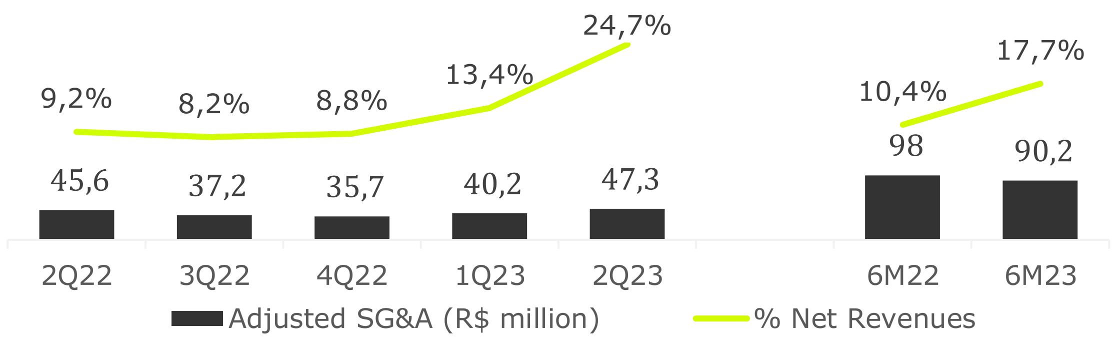
In 2Q23, total Expenses reached R$ 67.5 million, essentially comprising expenses with personnel, sales, administrative, third-party services, depreciation and amortization. Compared to the same period of the previous year, Expenses increased by 34.5% and presented a concentration of 25.2 p.p. in relation to Net Revenue.

Adjusting Expenses for Non-Recurring Effects such as depreciation and amortization of intangible assets , the latter originating from acquisitions, and for expenses necessary to reflect the new operating structure (in the amount of R$ 2.8M), Adjusted Expenses totaled R$ 47.3 million, an increase of 3.7% compared to 2Q22. In relation to Net Revenue, Adjusted Expenses reached 24.7%, still with a structure pending adjustments that will be implemented at the beginning of 3Q23.

In the period, Personnel Expenses decreased by 16.4%, already reflecting the headcount reduction announced since 1Q23.

In the first six months, total Expenses reached R$ 133.8 million, 2.5% higher in the annual comparison, but resulting in a concentration of 13.3 p.p., while Adjusted Expenses were R$ 87.5 million, 11.1% lower versus the first six months of 2022, with a concentration of 7.3 p.p.

Evolution of Adjusted Selling, Administrative, General and Other Expenses



EBITDA AND ADJUSTED EBITDA

*Thousands, unless otherwise stated

	2Q23	2Q22	Δ	6M23	6M22	Δ
EBITDA	**(64,359)**	**75,802**	**nd**	**(63,641)**	**114,223**	**nd**
EBITDA Margin	-33.6%	15.3%	-48.9 p.p.	-12.9%	12.1%	-25.0 p.p.
(+) Non-Recurring Effects	17,234	(14,111)	nd	25,287	(5,841)	nd
Adjusted EBITDA¹	**(47,125)**	**61,691**	**nd**	**(38,354)**	**108,382**	**nd**
Adjusted EBITDA Margin¹	-24.6%	12.4%	-37.0 p.p.	-7.8%	11.5%	-19.3 p.p.
(+) Rental Expenses	(16,443)	(19,087)	-13.9%	(36,297)	(34,253)	6.0%
Adjusted EBITDA Excluding IFRS²	**(63,568)**	**42,604**	**nd**	**(74,652)**	**74,129**	**nd**
Adjusted EBITDA Margin Excluding IFRS²	-33.2%	8.6%	-41.8 p.p.	-15.1%	7.8%	-22.9 p.p.

(1) The Adjusted EBITDA is calculated excluding expenses with mergers and acquisitions and non-recurring income/expenses (one-off). (2) Adjusted EBITDA and including rental costs and expenses.

As a result of the factors listed above, EBITDA totaled R$ -64.4 million in the quarter, heavily impacted by the working capital pressure caused by idleness of bases and routes, headcount, fixed costs, and high expenses, particularly in the months of April and May (before the capital increase funds were received).

EBITDA margin reached -33.6%, 48.9 p.p. below the same period of 2022. In the first six months of the year, EBITDA reached R$ -63.6 million with an EBITDA margin of -12.9%, 25.0 p.p. lower compared to 6M22.

It is worth mentioning that the comparison base for the first half of 2022 is very strong and had the impact of a significant demand from a non-recurring customer.

Adjusted EBITDA for non-recurring effects was R$ -47.1 million in the quarter. In the first six months of 2023, Adjusted EBITDA was R$ -38.4 million, with a margin of -7.8%, a reduction of 19.3 p.p, in the annual comparison.

Finally, Adjusted EBITDA Excluding IFRS, including rental expenses and costs, reached R$ -63.6 million. Adjusted EBITDA Margin Excluding IFRS was -33.2%, down 41.8 p.p. Year-to-date, the result was R$ -74.6 million, a drop of 22.9 p.p. in the margin.

Also noteworthy is the reduction in rental expenses in 2Q23, reflecting the demobilization of bases and DCs to reflect the new operational structure. Compared to the previous year, this line item decreased by 13.9%.

PROFIT

*Thousands, unless otherwise stated

	2Q23	2Q22	Δ	6M23	6M22	Δ
Net Profit (loss)	**(149,354)**	**(25,769)**	**-480%**	**(237,057)**	**(55,565)**	**-326.6%**
Net Margin	-78.1%	-5.2%	-72.9 p.p.	-48.0%	-5.9%	-42.2 p.p.
(+) Amortization of Intangible Assets	14,125	16,185	-12.7%	28,900	33,723	-14.3%
(+) Non-Recurring Effects [1]	17,234	(14,111)	nd	25,287	(5,841)	nd
(+) Non-Cash Adjustment of Financial Instruments	2,430	26,664	-90.9%	9,727	25,188	-61.4%
(+) Income Tax / Social Contribution on Non-recurring Effects	(5,859)	4,798	nd	(8,598)	1,986	nd
Adjusted Net Profit (Loss)	**(121,425)**	**7,767**	**nd**	**(181,741)**	**(509)**	**-35572.4%**
Adjusted Net Margin	-63.5%	1.6%	-65.0 p.p.	-36.8%	-0.1%	-36.8 p.p.

1 Non-Recurring Effects: Phase out costs and expenses with the B2B and Heavy Restructuring Project in 2Q23 and the Sale of Non-controlling Interest in 2Q22.

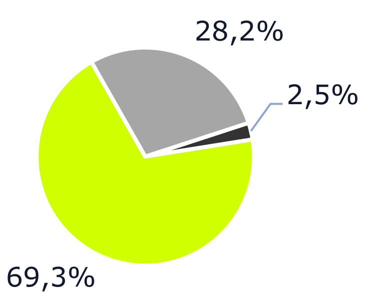
In the quarter, Adjusted Net Profit for non-recurring effects was negative by R$ 121.4 million, compared to R$ 7.8 million in 2Q22.

In addition to the non-recurring effects mentioned in previous sessions, the Company was impacted by the Financial Instruments used to buy back its shares. The share repurchase agreement was entered into in 1Q22. Thus, the effect related to the adjustment in share prices in the second quarter of that year had a positive impact on the result.

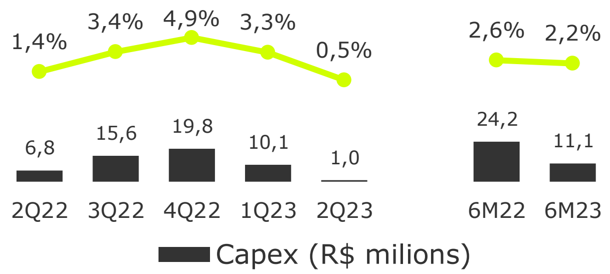
INVESTMENTS

In 2Q23, the Company's investments were mostly (69.3%) directed to software maintenance; 2.5% of the investment in the quarter was allocated to process automation (sorters and conveyors) and the remaining 28.2% was allocated to other projects.

2Q23 Investments



CAPEX evolution



In 2Q23, CAPEX totaled R$ 1 million, equivalent to 0.5% of Net Revenue for the period. The historical decrease in Capex reflects the Company's current situation, focusing only on investments for the maintenance of the operation.

In 6M23, CAPEX reached R$ 11.1 million, representing 2.2% of Net Revenue.

NET DEBT

*Thousands, unless otherwise stated

	Jun 23	Mar 23	Δ
(A) Indebtedness	736,403	684,956	7.5%
Borrowings, Debentures and Derivatives	696,809	646,258	7.8%
Payables for Acquisition of Subsidiaries	39,594	38,698	2.3%
(B) Cash and Cash Equivalents	(89,679)	(65,582)	36.7%
(C=A+B) Net Debt	646,723	619,374	4.4%
(b) Adjusted EBITDA LTM[1]	85,400	194,200	-56.0%
Financial Leverage Ratio (C/b)	**7.6x**	**3.2x**	**4.4x**

[1]EBITDA consists of the net profit (loss) from the net financial result, the income tax and social contribution – current and deferred, and expenses and costs of depreciation and amortization; 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/23, the Company's Financial Leverage Ratio reached 7.6x. On June 30, 2023, the Company held a General Meeting with its debenture holders and obtained approval for any non-compliance with the Financial Ratio in this second quarter. Obtaining this waiver is in line with the Company's commitment to efficiently manage its liability structure, in the best interest of its shareholders and transparently with its stakeholders and the market.

Thus, the Company is in compliance with the conditions established in the contract.

ESG AGENDA

Sequoia continues with the implementation of the ESG Program referring to the strategic planning of the 2022-2025 cycle, with the ambition of being the leading logistics provider in the 3PL market in terms of size, results and customer experience, at the forefront of ESG and innovation, with positive impact for our ecosystem and employees. In response to the commitments assumed for the coming years, we highlight actions and initiatives carried out in 2Q23 below:

- Completion of the 2022 Greenhouse Gas Inventory, using the GHG Protocol Methodology;
- Creation of Social Research with employees to unfold the Sequoia HDI (Human Development Index);
- Creation and publication of the Environmental Bulletin: monthly leadership report on actions and status of the company's environmental programs;
- Structuring and publication of the 05 Safe Driving Rules: aimed at drivers, to help us determine inviolable road safety standards;
- Vaccination program in partnership with the Health Department of Embu das Artes: in which 490 doses of the vaccine against COVID-19 were applied;
- Sequoia Seeds Program - Group VI, which aims to: identify and provide opportunities for potential young people from the communities surrounding the operations in which we operate and prepare them for the professional market, as well as qualify them to assume future positions within the Company;

During the period, the Company also carried out a series of campaigns and programs, such as:

- **Web series about Autism (Blue April):** in which mothers who are employed at Sequoia told, in a 4-episode special, about their daily lives and the relationship with their autistic children since discovering the diagnosis;
- **Green April:** Health and Safety Campaign aimed at raising awareness and reinforcing the importance and care related to the prevention of accidents and occupational diseases;
- **Yellow May**: "Whatever your route, go safely" – in which training and an educational webinar were held with employees, in an awareness movement about the importance of safer traffic;
- **Fala Diversidade Program**: composed of a team that represents different perspectives, visions and experiences. This program aims to stimulate discussions, ideas and more creative and innovative solutions on the DEI (Diversity, Equity and Inclusion) theme;
- **Proud to Be Sequoialoger Program**: with the aim of getting to know the trajectory of the team of protagonists and developing a greater sense of belonging among employees, in addition to strengthening the programs for internal use, seniority and diversity.
- **Environment Week**: theoretical and practical training with employees to make them aware of environmental impacts. That week, native seedlings were also planted as an act of preservation of the environment.

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 business, 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.

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