



sequoia

RELEASE 3Q22

Earnings Conference

October 19th, 2022
(Wednesday)
9h BRT

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[Link Webcast](#)

English

(Simultaneous Translation)

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B3:SEQL3

R\$ 5.72

Per share

(10/17/2022)

140,270,473

Total Shares

R\$ 0.8 Bi

Market Cap

ri@sequoialog.com.br

3Q22 EARNINGS RELEASE

São Paulo, October 18, 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 third quarter of 2022 (“3Q22”). 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.

3Q22 HIGHLIGHTS

- **Number of Orders** reached 20.8 million, an increase of 65.1% growth. Strong B2C growth with 19.2 million orders, up by 72.0%.
- **Gross Revenue** of R\$ 538.2 million, organic growth of 20.7%.
- **B2C Gross Revenue** of R\$ 343.6. million, an increase of 30.7%.
- **EBITDA** reaches R\$ 67.4 million, up by 19.8%. EBITDA margin reaches 14.9% (-0.1 p.p.)
- **ROIC** reaches 44.3% (+11.9 p.p.).

*Thousand, unless otherwise indicated

Destaques	2T22	2T21	Δ	6M22	6M21	Δ
B2C	19.2	11.1	72.0%	56.6	30.4	86.4%
B2B	1.6	1.5	12.4%	4.6	4.0	14.7%
Quantity of Orders	20.8	12.6	65.1%	61.3	34.4	78.0%
B2C	343.6	262.9	30.7%	1,104.2	749.9	47.2%
B2B	148.0	136.9	8.1%	427.1	385.5	10.8%
Logistics	46.6	46.1	1.1%	140.0	134.3	4.2%
Gross Revenue	538.2	445.9	20.7%	1,671.3	1,269.7	31.6%
Net Revenue	453.1	374.2	21.1%	1,398.7	1,069.5	30.8%
Gross Profit	85.6	71.5	19.7%	257.3	191.0	34.7%
Gross Margin	18.9%	19.1%	-0.2 pp	18.4%	17.9%	0.5 pp
EBITDA	67.4	56.2	19.8%	181.6	125.0	45.3%
EBITDA Margin	14.9%	15.0%	-0.1 pp	13.0%	11.7%	1.3 pp
Adjusted EBITDA¹	67.7	57.8	17.2%	176.1	134.6	30.8%
Adjusted EBITDA Margin	15.0%	15.4%	-0.4 pp	12.6%	12.6%	0.0 pp
Adjusted Net Profit²	8.6	17.1	-50.0%	8.1	31.0	-73.9%
Adjusted Net Margin	1.9%	4.6%	-2.7 pp	0.6%	2.9%	-2.3 pp
ROIC³	44.3%	32.4%	11.9 pp	-	-	0.0 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 MANAGEMENT

B2C reaches 19.2 million Orders and grows by 72%.

The 3Q22 maintained the strong trend observed in previous quarters with Orders totaling 20.8 million, up by 65.1% year-over-year and in line with the historical mark recorded in 2Q22. Total Gross Revenue grew by 20.7%, 100% of which was organic, to R\$538.2 million.

At the same time that the number of Orders strongly grew, the average ticket of the B2C and B2B segments fell year-over-year and quarter-over-quarter, in line with the growing volume trend of light items (up to 3 kg) in the B2C segment and the downturn of heavier and higher value-added items in the B2C and B2B segments. This trend increased in 3Q22 and reflects the lower market demand for higher value-added products.

The B2C segment, boosted by light items (up to 3 kg) and lower GMV (Gross Merchandise Value) categories, maintained the historical mark of Orders reached in 2Q22, reaching 19.2 million Orders, up by 72.0% year-over-year, 100% of which was organic. The Gross Revenue of this segment totaled R\$343.6 million in 3Q22, moving up by 30.7% organically. The strong increase reflects the Company's success in seeking new growth drivers allied with its flexible business model that aims to innovate and adapt logistics solutions to different types of customers, despite the slower growth of the e-commerce market in the period and, mainly, the downturn of heavier and higher GMV items.

The slowdown observed in the higher GMV market, that impacted the B2C Heavy and B2B segments, is a consequence of the hike in the interest rates, with a direct impact on consumer credit access, and the downturn in the economy caused by the pandemic. As has been widely reported in the media, the performance of these products in 2022 has shown a reduction in the annual comparison and according to data released by the IBGE (Brazilian Institute of Geography and Statistics), items with higher added value, such as furniture, appliances and electronics, tend to 8.7% drop from pre-pandemic levels.

With this result, the number of Orders grew by 78.0% and Gross Revenue moved up by 31.6% (27.3% organic) in the first nine months of 2022. Despite the challenges faced in 2022, we are confident in delivering a strong result and maintaining positive prospects for the coming years, when we will continue to explore the important growth drivers that we have been building through an integrated model between the B2C and B2B segments, with innovative solutions that will generate great benefits for our customers (large shippers), e-commerce, and small- and medium-sized sellers.

Gross Margin reaches 18.9%, contributing to the maintenance of the EBITDA margin.

The Gross Profit grew by 19.7% year-over-year in 3Q22, reaching a gross margin of 18.9%, similar to the figure reported in 3Q21 and 0.7p.p. higher than in 2Q22. Despite the positive impact on the gross margin arising from the strong volume growth in the Light items category in the B2C segment, the Heavy items category in the B2C and B2B segments has been impacted by lower market demand for higher value-added products, which has mitigated part of the positive effects achieved.

Given this macroeconomic scenario and understanding that the recovery of higher value-added items can take between 18 to 24 months, the Company has made adjustments to its service structure in the Heavy items and B2B segments targeting satisfactory profitability levels, through efficiency improvements, adjust the structure to a lower volume, and close loss-making contribution margin routes. We maintain our positive outlook for these segments, been the adjustments in the operation aimed at seeking a better balance in the short term in the face of macroeconomic challenges.

In 3Q22, EBITDA increased by 19.8%, to R\$67.4 million, with a margin of 14.9%, in line with 3Q21. In 9M22, the EBITDA margin increased by 1.3 p.p., while the EBITDA margin adjusted for non-recurring effects remained at 12.6%, the same level reached in 3Q21.

SFx, the best multi-origin pickup solution, maintains strong growth and reaches 13 million Orders

SFx, our multi-origin digital pickup solution, continues recording strong growth with 13 million Orders in the quarter. The platform continues to grow and now serves 27,000 pickup points (vs. 22,000 in 2Q22) in 644 cities. Currently, the platform mainly serves SMBs (small- and medium-sized businesses) that offer their products in large marketplaces, and SFx's integration with the other solutions that make up the Company's digital ecosystem (Frenet, Drops, and Lincros) will be increasingly essential to the greater penetration of this solution in the direct sales market of small- and medium-sized businesses (SMBs), which represent great potential for Sequoia and are currently mainly served by post offices.

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

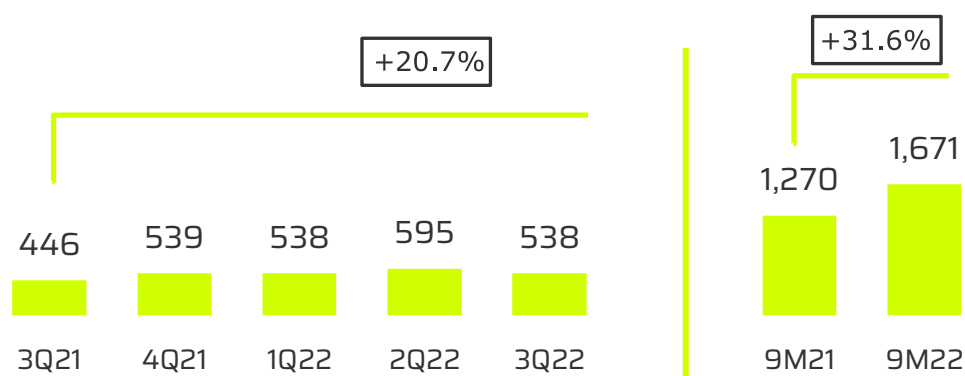
*thousand

	3Q22	3Q21	Δ	9M22	9M21	Δ
B2C	343,600	262,900	30.7%	1,104,200	749,900	47.2%
B2B	148,000	136,900	8.1%	427,100	385,500	10.8%
Logistics	46,600	46,140	1.0%	140,000	134,300	4.2%
Gross Operating Revenue	538,200	445,941	20.7%	1,671,300	1,269,700	31.6%
Taxes levied	(85,132)	(71,774)	18.6%	(272,600)	(200,200)	36.2%
% Gross Revenue	15.8%	16.1%	-0.3 p.p.	16.3%	15.8%	0.5 p.p.
Net Operating Revenue	453,068	374,167	21.1%	1,398,700	1,069,500	30.8%

In 3Q22, the Company's Gross Revenue totaled R\$ 538.2 million, an increase of 20.7%. In 9M22, Gross Revenue reached R\$ 1,671.3 million, an increase of 31.6% compared to 9M21. We highlight the expansion of B2C Gross Revenue, which grew by 30.7% in 3Q22 and 47.2% in 9M22. In 3Q22, B2C Light goods (packages weighing less than 3 kg) showed strong growth, while, due to macroeconomic scenario, B2C heavy goods and B2B segments (white and brown goods, and larger electronics) has shown a slowdown over the last quarters and low growth in the YoY comparison.

Taxes on Gross Revenue totaled R\$ 85.1 million in the quarter, representing a decrease of 0.3 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 9M22, taxes totaled R\$ 272.6 million, showing a growth of 0.5 p.p. percentage in relation to gross revenue in the YoY comparison.

Gross Revenue (R\$ million)



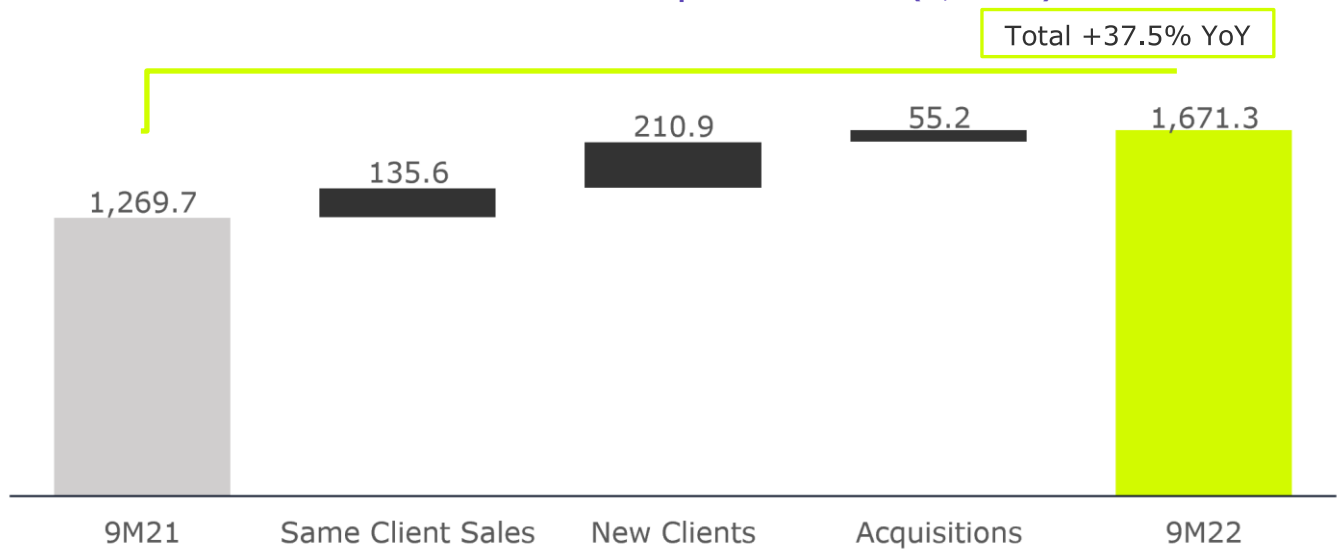
Gross Revenue Evolution | 3Q21 x 3Q22 (R\$ million)



The change in Gross Revenue in the quarter stems from:

- (i) **Same Client Sales (SCS):** increase of R\$ 75.3 million (+16.9%), the indicator considers clients who have been operating with the Company for at least 12 months. The increase observed reflects the strong performance of the B2C segment, mainly, in the segment of light goods products (packages weighing up to 3 kg);
- (ii) **New Clients:** increase of R\$ 17.0 million (+3.8%). The growth was mainly impacted by the B2C segment new clients, including new Asian players; and
- (iii) **M&As:** all acquisitions made have more than 12 months, so there was no inorganic impact in the quarter.

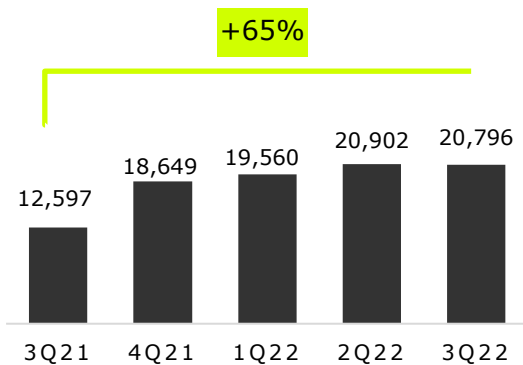
Gross Revenue Evolution | 9M21 x 9M22 (R\$ million)



In the accumulated figures, the change is explained by:

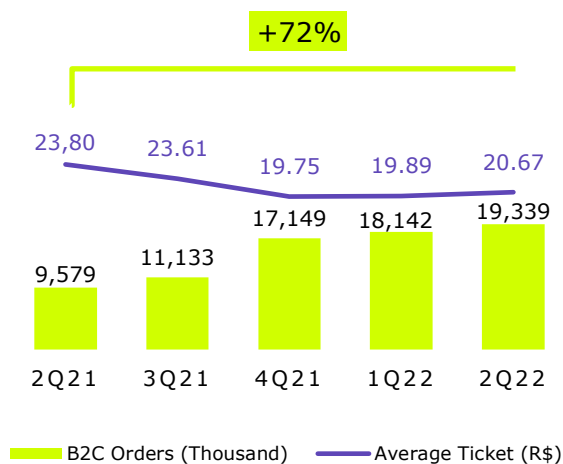
- (i) **Same Client Sales (SCS):** increase of R\$ 135.6 million (+10.7%), as observed in the quarter, the increase reflects the strong performance of the B2C Light segment;
- (ii) **New Clients:** increase of R\$ 210.9 million (+16.6%). The growth was mainly impacted by the B2C segment new clients, including new Asian players focus on light goods; and
- (iii) **M&As:** 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. Highlighting that as of 3Q22, growth is 100% organic.

Consolidated Orders (thousand)



In the quarter, the Company delivered 20.8 million orders, representing a strong growth of 65%, keeping the historic level achieved in previous quarter. The increase reflects the acceleration of light goods packages orders in the B2C segment and, consequently, with lower average tickets.

B2C Orders (thousand)

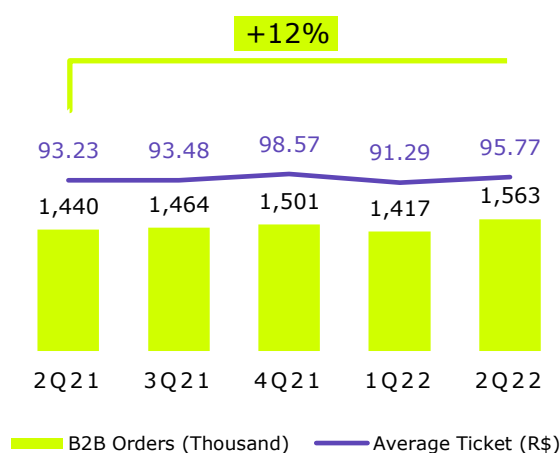


In **B2C**, we reached 19.2 million orders in 3Q22, flat level vs. 2Q22 and robust growth YoY. The increase is explained by light goods packages growth, with present lower average tickets.

The average ticket decreased by 24.0% YoY and 13.2% QoQ.

The decrease in the average ticket combined with the strong increase in the volume, demonstrates the change in the mix of the B2C segment, with strong growth in light goods Orders and lower growth pace in the heavy goods Orders, as a consequence of the lower demand for products with higher added value.

B2B Orders (thousand)



In **B2B**, we reached 1.6 million orders in 3Q22, 12.4% higher compared to 3Q21

The average ticket decreased by 3.8% YoY and 6.1% QoQ.

As the same way it can be observed in the heavy goods, the reduction in the average ticket is explained by the slowdown in the market demand for products with higher added value and which have a higher average ticket for freight.

GROSS PROFIT & MARGIN

*Thousand, unless otherwise indicated

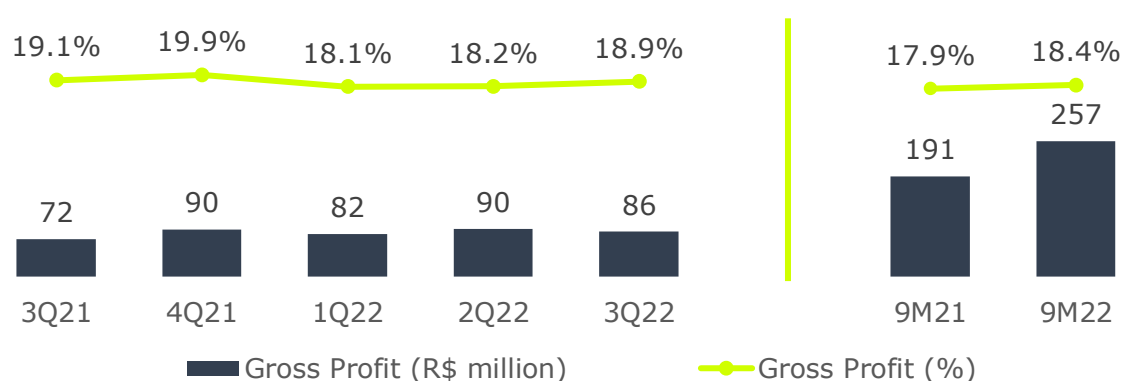
	2Q22	2Q21	Δ	6M22	6M21	Δ
Cost of services rendered	(367,505)	(302,656)	21.4%	(1,141,346)	(878,491)	29.9%
Distribution and transportation	(264,017)	(208,452)	26.7%	(834,997)	(627,835)	33.0%
Other	(103,488)	(94,203)	9.9%	(306,349)	(250,657)	22.2%
Gross Profit	85,564	71,511	19.6%	257,307	191,001	34.7%
Gross Margin	18.9%	19.1%	-0.2 p.p.	18.4%	17.9%	0.5 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\$ 367.5 million, growing 21.4% YoY. In 3Q22, Gross Margin decreased by 0.2 p.p., reaching 18.9%. In 9M22, costs reached R\$ 1,141.3 million, representing a 29.9% increase compared to 9M21 and Gross Margin increased by 0.5 p.p., reaching 18.4% in 9M22.

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 the year, 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 months, the categories were impacted in different ways. Despite the positive impact on gross margin from the increase in volume, mainly in the B2C Light segment, the heavy goods category in the B2C segment and the B2B segment have been impacted by lower market demand for products with higher added value, which has mitigated part of the positive effects achieved in the margin.

Given this macroeconomic scenario and understanding that the recovery of higher value-added goods can take between 18 to 24 months, the Company has made adjustments to its service structure in the Heavy items and B2B segments targeting satisfactory profitability levels, through efficiency improvements, adjust the structure to a lower volume, and close loss-making contribution margin routes. We maintain our positive outlook for these segments, been the adjustments in the operation aimed at seeking a better balance in the short term in the face of macroeconomic challenges.

SELLING, ADMINISTRATIVE, GENERAL AND OTHER EXPENSES

*Thousand, unless otherwise indicated

	3Q22	3Q21	Δ	9M22	9M21	Δ
Selling, Administrative, General and Other adjusted expenses	(60,539)	(46,771)	29.4%	(191,068)	(154,737)	23.5%
% Net Revenue	13.4%	12.5%	0.9 p.p.	13.7%	14.5%	-0.8 p.p.
(+) Depreciation & Amortization	22,902	14,660	56.2%	60,823	38,372	58.5%
(+) Non-recurring Effects	379	1,580	-76.0%	(5,462)	9,531	nd
Adjusted Selling, Administrative, General and Other Expenses¹	(37,258)	(30,531)	22.0%	(135,707)	(106,834)	27.0%
% Net Revenue	8.2%	8.2%	0.0 p.p.	9.7%	10.0%	-0.3 p.p.
Personnel Expenses	(25,540)	(18,382)	38.9%	(77,436)	(68,058)	13.8%
Other Expenses	(11,718)	(12,149)	-3.5%	(58,271)	(38,776)	50.3%

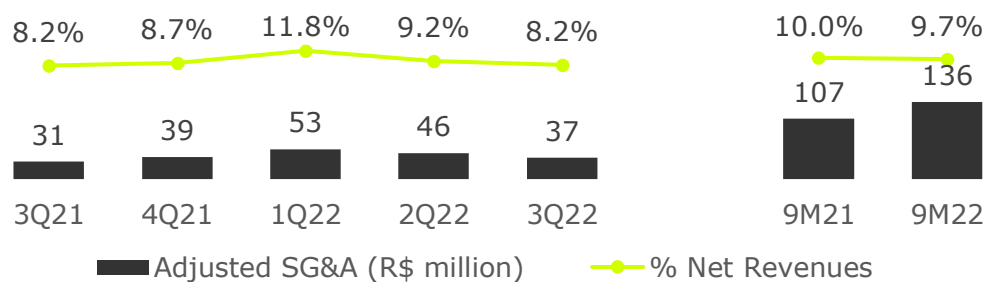
1 Excludes non-recurring expenses with: (i) mergers and acquisitions; and (ii) Depreciation and Amortization

In 3Q22, total Expenses reached R\$ 60.5 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 29.4% and showed an increase of 0.9 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\$ 37.3 million, an increase of 22.0% compared to 3Q21. In relation to Net Revenue, Adjusted Expenses reached 8.2%, in line compared to the previous year. In 3Q22, Personnel Expenses increased by 38.9% versus 3Q21, it should be noted that this increase was impacted by accounting reclassifications that took place in 3Q21, for a matter of comparison, the nine-month accumulated figure is more comparable, where the Personnel expenses increased by 13.8%.

In the first nine months, total Expenses reached R\$ 191.1 million, 23.5% higher year-on-year, resulting in a dilution of 0.8 p.p., while Adjusted Expenses were R\$ 135.7 million, 27.0% higher versus the first nine months of 2021, showing a dilution of 0.3 p.p.

Evolution of Selling, Administrative, General and Other Adjusted Expenses



EBITDA & ADJUSTED EBITDA

*Thousand, unless otherwise indicated

	3Q22	3Q21	Δ	9M22	9M21	Δ
EBITDA	67,364	56,209	19.8%	181,588	125,049	45.2%
EBITDA Margin	14.9%	15.0%	-0.1 p.p.	13.0%	11.7%	1.3 p.p.
(+) Non Recurring Effects	379	1,580	-76.0%	(5,462)	9,531	nd
Tax Credit	-	(10,811)	nd	-	(21,178)	nd
Non Recurring Price Adjustment and Revenue (Minority Stake Sale)	379	-	nd	(13,732)	-	nd
M&A Expenses (non-recurring)	-	12,391	nd	8,270	30,708	-73.1%
Adjusted EBITDA¹	67,743	57,789	17.2%	176,126	134,579	30.9%
Adjusted EBITDA Margin ¹	15.0%	15.4%	-0.4 p.p.	12.6%	12.6%	0.0 p.p.
(+) Rental Expenses	(21,863)	(16,136)	35.5%	(56,115)	(46,887)	19.7%
Adjusted EBITDA Ex IFRS²	45,881	41,653	10.1%	120,010	87,692	36.9%
Adjusted EBITDA Margin Ex IFRS ²	10.1%	11.1%	-1.0 p.p.	8.6%	8.2%	0.4 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\$ 67.4 million in the quarter, with an expansion of 19.8% compared to 3Q21. The EBITDA margin reached 14.9%, 0.1 p.p. below the same period in 2021. In the first nine months of the year, EBITDA reached R\$ 181.6 million, an expansion of 45.2% in the YoY comparison, with an EBITDA margin of 13.0%, 1.3 p.p. higher compared to 9M21.

Adjusted EBITDA for non-recurring effects was R\$ 67.7 million in the quarter, an expansion of 17.2%, decrease of 0.4 p.p. versus 3Q21. In the first nine months of 2022, Adjusted EBITDA was R\$ 176.1 million, with a margin of 12.6%, an expansion of 30.9% and flat margin, respectively, in the annual comparison.

In 3Q22, the Non-Recurring Effect, totaling R\$ 0.4 million, is related to the price adjustment related to the complete sale of the minority interest in Uello Tecnologia S.A., realized in the 2Q22.

Finally, Adjusted EBITDA Ex IFRS, including rental expenses and costs, reached R\$ 45.9 million, an increase of 10.1%. The Adjusted EBITDA margin Ex IFRS was 10.1%, decreasing 1.0 p.p. In the 9M22 view, the result was R\$ 120.0 million, an increase of 36.9% and an expansion of 0.4 p.p. on the margin.

NET INCOME

*Thousand, unless otherwise indicated

	3Q22	3Q21	Δ	9M22	9M21	Δ
Net Income (Loss)	(11,619)	(321)	-3514.0%	(67,184)	(15,888)	-322.9%
Net Margin	-2.6%	-0.1%	-2.5 p.p.	-4.8%	-1.5%	-3.3 p.p.
(+) Intangible Amortization	20,387	16,408	24.2%	54,110	40,622	33.2%
(+) Non-recurring effects	379	1,580	-76.0%	(3,241)	9,531	nd
Minority Interest Sale	379	-	nd	(13,732)	-	nd
M&A Expenses	-	12,391	nd	8,270	30,708	-73.1%
Tax Credits	-	(10,811)	nd	-	(21,178)	nd
Effect from Early Settlement of Debentures	-	-	nd	2,221	-	nd
(+) Non-cash financial instruments adjustments (Share Buyback)	(459)	-	nd	22,509	-	nd
(+) Income Tax / Social Contribution over Non-recurring	(129)	(537)	-76.0%	1,857	(3,240)	nd
Adjusted Net Income (Loss)	8,560	17,130	-50.0%	8,051	31,024	-74.1%
Adjusted Net Margin	1.9%	4.6%	-2.7 p.p.	0.6%	2.9%	-2.3 p.p.

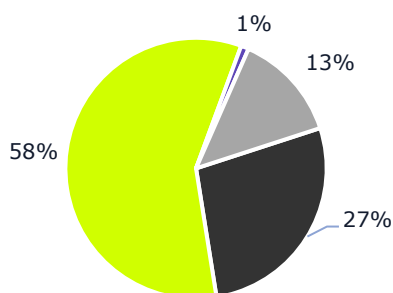
In the quarter, Adjusted Net Income for non-recurring effects and amortization of intangibles generated by the acquisitions reached R\$ 8.6 million, compared to R\$ 17.1 million in 3Q21, with a Net Margin of 1.9%, 2.7 p.p. lower in the annual comparison. In 9M22, Adjusted Net Income achieved in R\$ 8.1 million.

In the quarterly and nine-months 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

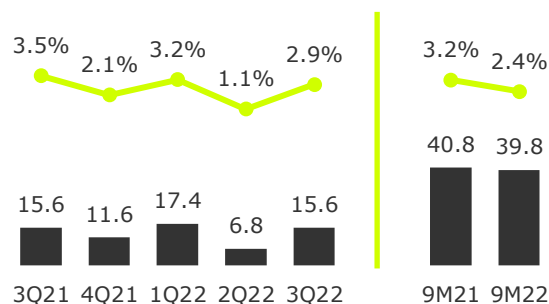
Historically, most of the the Company's investments are directed towards: (i) the expansion and automation of Distribution Centers, Hubs and Branches, with the expansion of capillarity and a positive impact on the Company's operational efficiency; and (ii) technological training for data storage and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

Investimentos 2T22



■ Automation ■ Technology ■ Base Expansion ■ Others

Evolução do CAPEX



■ CAPEX (R\$ million) — % Gross Revenue

In 3Q22, CAPEX totaled R\$ 15.6 million, representing 2.9% of the Gross Revenue for the period. Major part of the CAPEX was concentrated in technology and automation, representing 85% of total CAPEX. In 9M22, CAPEX reached R\$ 39.8 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	3Q22	3Q21	Δ
Adjusted EBITDA² LTM	A 243,837	185,069	32%
Depreciation LTM	B (80,269)	(72,972)	10%
Residual Value (Property & Equipment + Software)	C 162,488	143,450	13%
Accounts Receivable	426,227	306,921	39%
Suppliers	(203,078)	(110,308)	84%
Tax and Labor Liabilities	(141,875)	(111,584)	27%
Working Capital	D 81,274	85,029	-4%
Income Tax Rate	E 34%	34%	
ROIC ((A+B)*(1-E))/(C+D)	44.3%	32.4%	11.9 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 3Q22, ROIC reached 44.3%, 11.9 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

	Sep 22	Jun 22	Δ
(A) Indebtedness	507,181	495,827	2.3%
Loans, Financing, Debentures and Derivatives	428,184	407,974	5.0%
Accounts payable due to acquisition of subsidiaries	78,997	87,853	-10.1%
(B) Cash and Cash Equivalents	(107,094)	(168,050)	-36.3%
(C=A+B) Net Debt	400,087	327,777	22.1%
(D) EBITDA LTM	240,582	229,427	4.9%
Financial Leverage Ratio (C/D)	1.7x	1.4x	0.3x

¹ Adjusted by one-off effect in Accounts Receivable. Maturity in September/22 and cash inflow in October/22.

² The 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

At the end of September/22, the Company's Financial Leverage Ratio reached 1.74x (0.3x higher than the leverage level of June/22), remaining at a healthy level.

AGENDA ESG

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 3Q22, the main ones being:

- Finalization of the circular economy pilot project with stretch plastic in the DCs. Through recycling, the stretch is transformed into plastic bags, returning to use in the collection of organics and recycling in the Sequoia operation.
- Adherence to the Carbon Disclosure Project (CDP) on climate change and water security, raising the company's transfer and governance standards.
- Start of environmental walks in the Mega DC (Headquarter) to measure the quality of selective disposal and the level of engagement of the operational and administrative areas.
- Sequoia was ranked in the 1st in the Innovative Ranking - Large Company category of the IEL Regional Internship Award, 2022 edition, which recognizes the best internship practices, qualifying to compete for the National Award to be announced at the end of October.
- In the week of Driver's Day, several actions were carried out, such as: vital tests, blood glucose, blood pressure and vision, physical conditioning assessment, dental guidance, psychological care, elaborative gymnastics, workshop of lectures and celebrations with our main employees. In addition to publicizing the Na Mão Certa Program for our drivers, encouraging them to pursue education and human and professional development.

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

*thousand

	3T22	3T21	9M22	9M21
Net operating revenue	453,068	374,167	1,398,654	1,069,492
(-) Cost of services provided	(367,504)	(306,692)	(1,141,346)	(888,835)
(=) Gross profit	85,564	67,475	257,308	180,657
(-) Operating Expenses	(62,195)	(46,772)	(197,233)	(154,737)
Sales, General and Administrative Expenses	(74,420)	(50,315)	(244,701)	(183,454)
Other revenue (expenses), net	13,881	3,543	53,634	28,717
Equity income	(1,656)	-	(6,166)	-
(=) Operating income before financial income	23,369	20,703	60,075	25,920
(+) Financial Result	(35,591)	(18,195)	(127,009)	(49,400)
Financial expenses	(40,894)	(22,792)	(139,429)	(62,974)
Financial revenue	5,303	4,597	12,420	13,574
(=) Earnings before income tax and financial contribution	(12,222)	2,508	(66,934)	(23,480)
Income tax and social contribution - current	(3,706)	(2,941)	(13,548)	(3,673)
Income tax and social contribution - deferred	4,308	111	13,297	11,265
Net Income (Loss)	(11,620)	(322)	(67,185)	(15,888)

BALANCE SHEET

*thousand

ASSETS	Sep 22	Dec 21	LIABILITIES	Sep 22	Dec 21
Current			Current		
Cash and cash equivalents	67,450	168,931	Borrowings and debentures	118,965	43,298
Restricted financial investments	3,297	-	Derivatives	22,509	4,252
Accounts receivable	456,436	411,291	Lease liabilities	58,460	80,346
Advances	30,778	20,415	Accounts payable and suppliers credit assignment	199,813	175,530
Taxes recoverable	48,939	24,442	Labor and tax obligations	166,506	121,926
Prepaid expenses	9,676	7,444	Payables for acquisition of investments	61,694	63,309
Other accounts receivable	13,593	10,698	Other payables	7,276	27,862
Total current assets	630,169	643,221	Total current liabilities	635,223	516,523
Non-current			Non-current		
Restricted financial investments	36,347	34,529	Borrowings and debentures	286,710	329,688
Indemnity assets from the acquisition of companies	46,066	36,356	Derivatives	-	2,694
Deferred income tax and social contribution	100,343	87,046	Lease liabilities	246,319	214,786
Judicial deposits	11,493	9,185	Obligations to shareholders of FIDC Sequoia	2,914	-
Investments	26,795	34,419	Labor and tax obligations	45,345	63,854
Property and equipment	133,464	138,332	Payables for acquisition of investments	17,303	57,516
Right by option in the acquisition of investment	7,025	7,026	Provision for legal claims	187,438	196,059
Intangible assets	703,830	735,006	Other payables	169	221
Right-of-use assets	264,491	257,053			
Total noncurrent assets	1,329,854	1,338,951	Total noncurrent liabilities	786,198	864,818
			Total liabilities	1,421,421	1,381,341
			Equity	538,602	600,831
			Share capital	655,618	653,872
			Share issue expenses	(24,247)	(24,247)
			Capital reserves	5,530	3,556
			Income reserves	9,969	9,969
			Accumulated losses	(109,504)	(42,319)
			Non-controlling interests in FIDC Sequoia	1,236	-
Total Assets	1,960,023	1,982,172	Total liabilities and equity	1,960,023	1,982,172

STATEMENTS OF CASH FLOW | INDIRECT METHOD

*Million, except if otherwise indicated

	3Q22	3Q21	Δ	9M22	9M21	Δ
EBITDA	67.3	56.2	19.8%	181.6	125.0	45.2%
(+) Provisions (Reversions) and non-cash effect items	-4.8	-19.7	-75.4%	-21.6	-24.3	-10.8%
(=) Result Adjusted by Non-Cash Effects	62.5	36.6	70.9%	159.9	100.8	58.7%
(+) Financial and operating expenses and revenue	-12.3	0.0	31469.4%	-33.6	0.5	-7480.8%
(+) Change in Working Capital	-77.9	-50.4	54.4%	-97.8	-193.4	-49.4%
(=) Cash Flow from Operations (CFO)	-27.7	-13.9	99.1%	28.5	-92.2	-131.0%
(+) CAPEX	-15.6	-15.6	-0.1%	-39.8	-40.8	-2.4%
(+) Other Investment Activities	-1.6	0.0	nd	15.2	0.0	nd
(=) Free Cash Flow to Firm	-44.9	-29.5	52.2%	3.9	-132.9	-103.0%
(+) Change in Indebtedness	19.7	-10.4	-289.4%	26.5	-18.5	-243.0%
(+) Interest Paid (Received) and derivatives (Net)	-15.5	-7.2	115.8%	-41.3	-17.2	140.2%
(+) Restricted financial investments	-3.3	-25.0	-86.8%	-3.3	-25.0	-86.8%
(+) Credit Rights Investment Fund (FIDC Sequoia)	4.1	0.0	nd	4.1	0.0	nd
(+) Leasing	-23.8	-17.5	36.0%	-65.7	-50.6	29.9%
(=) Free Cash Flow to Equity	-63.7	-89.6	-28.9%	-75.8	-244.3	-69.0%
(+) Acquisition Payments	-1.3	-21.8	-94.0%	-27.4	-161.9	-83.1%
(+) Capital Increase (SOP)	0.0	2.1	-100.0%	1.7	207.0	-99.2%
(=) Change in Cash & Equivalents	-65.0	-82.2	-21.0%	-101.5	-199.2	-49.0%
Average Collection Period (days)	77	68	9 dias	75	72	3 dias
Average Payment Period (days)	50	29	20 dias	48	30	17 dias
CFO to EBITDA Conversion	-41%	-25%	nd	16%	-74%	nd