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# Earnings Presentation | 2Q23

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# 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 here are calculated based on balances in thousands of reais, as well as rounding. This performance report includes accounting and non-accounting data such as operating, pro forma financial and projections based on the Company's management expectations. Non-accounting data were not subject to review by the Company's independent auditors.

# 01

# 2Q23 Results

# Highlights

- Customers restarting services and signing new contracts already showing revenue recovery for the 2nd half of 2023.
- The capital increase made in June minimized the effect of the decrease in suppliers financing, making it possible to advance significantly in the reduction of costs and expenses.
- 2Q23 result strongly impacted by the significant decrease in Suppliers Financing and short-term working capital lines affecting services and revenue.
- High costs in Heavy restructuring and idle hubs, headcount and routes in the period reduced margins.
- June and July are the low points of the reorganization process in terms of Revenue and Profitability, and August marks the beginning of the recovery.

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# 2Q23 RESULTS

## 01 Increase in Private Capital

**Inflow of R$99.4 million**

## 02 Drop in Revenue

Planned reduction in the Heavy segment, zeroing the operation – **Heavy Restructuring Project** started in 3Q22

Volume reduction in the Light segment – working capital restriction before capital increase funds (-33% 2Q23 vs. 1Q23)

## 03 Margin Contraction

Partial reduction of fixed costs (-R$17 million vs. 1Q23)

Most adjustments made

Ongoing optimization opportunities

## 04 Working Capital

Working capital consumption of - R$8.6 million vs. -R$60 million in 1Q23

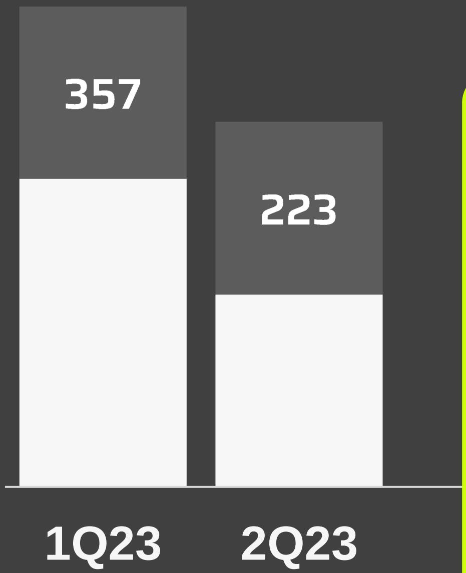
High Accounts Receivable balance > around R$29 million "held back" (effect of **Heavy Restructuring Project**).)

Abrupt reduction of suppliers financing lines (**-R$88 million in the six-month period**) > effect of "suppliers financing"

# Movement in Gross Revenue

## Total Gross Revenue • R$ million

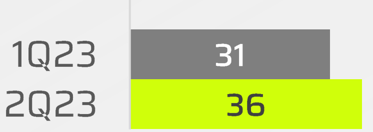
TOTAL **-38%**




Impact of the Heavy Restructuring Project and reduction in volume in Light segment due to pressure on working capital, reflecting the abrupt reduction of Suppliers Financing

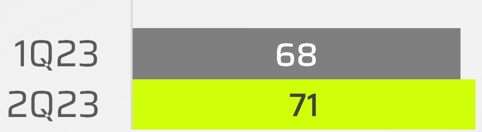
# Business Units

### Express + Middle Mile




+18%

### Logistics + Field Services

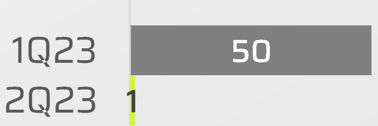



+5%

### Orders + First Mile + SFx


-45%

### Heavy



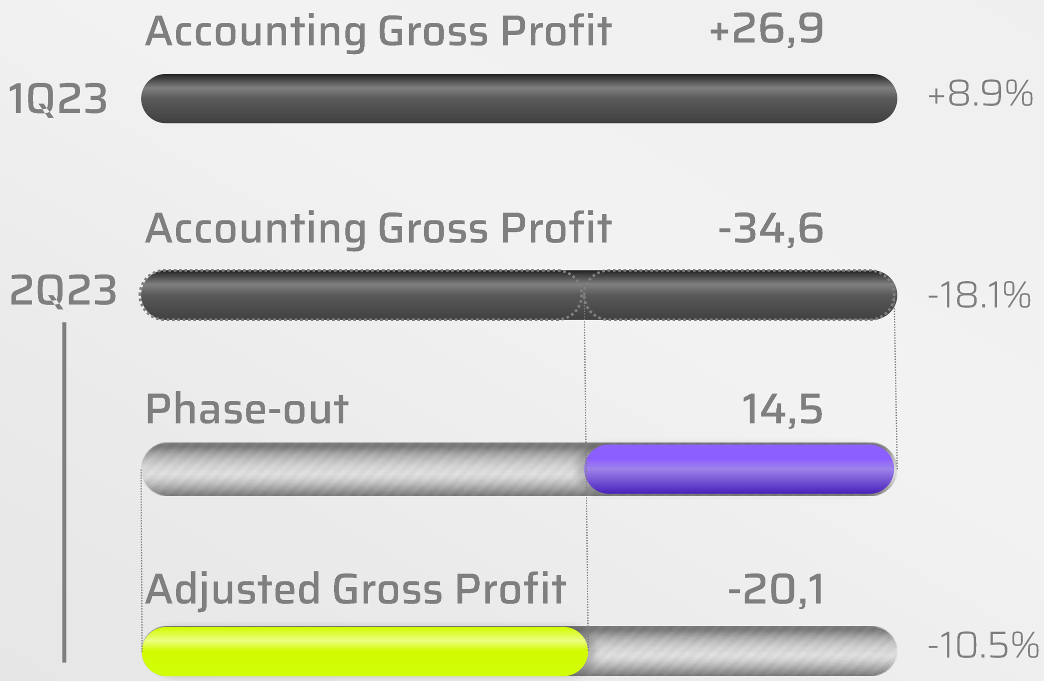

-99%

**Planned reduction**

• Departure from the Heavy category •

# Gross Profit and EBITDA

## Gross Profit and Gross Margin % • R$ million



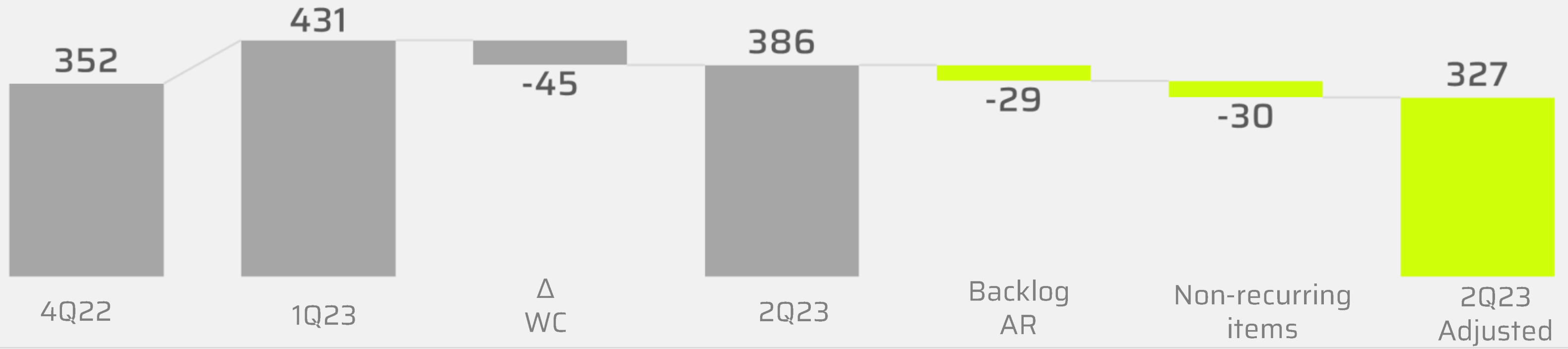

## EBITDA and EBITDA margin % • R$ million


Margins impacted by the Heavy Restructuring Project – as expected.

R$ 17M on non-recurring costs and expenses with terminations and rental fines

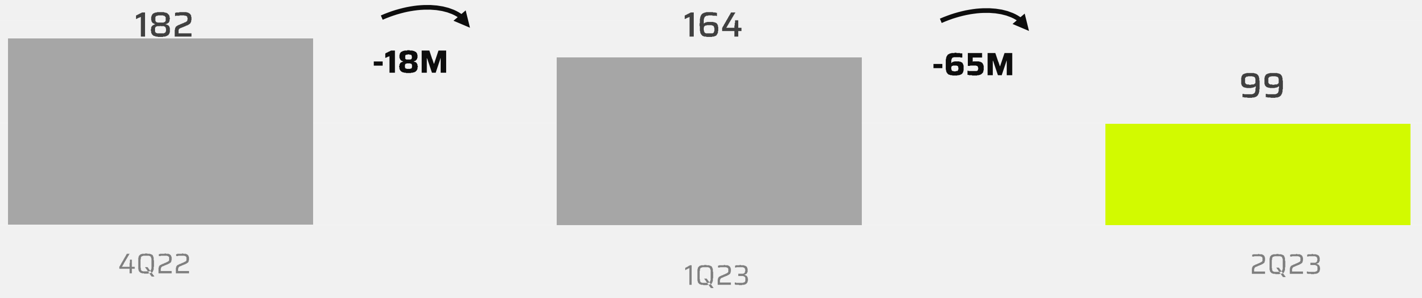
# Working Capital

## Accounts receivable • R$ million




| | 4Q22 | 1Q23 | 2Q23 | 2Q23 Adjusted |
|---|---|---|---|---|
| DSO[1] (days) | 60 | 80 | 89 | 75 |

## Suppliers • R$ million




| | 4Q22 | 1Q23 | 2Q23 |
|---|---|---|---|
| DPO[1] (days) | 76 | 59 | 41 |

R$29M in Accounts Receivable “held back” due to the Heavy Restructuring Project - awaiting contractual terminations.

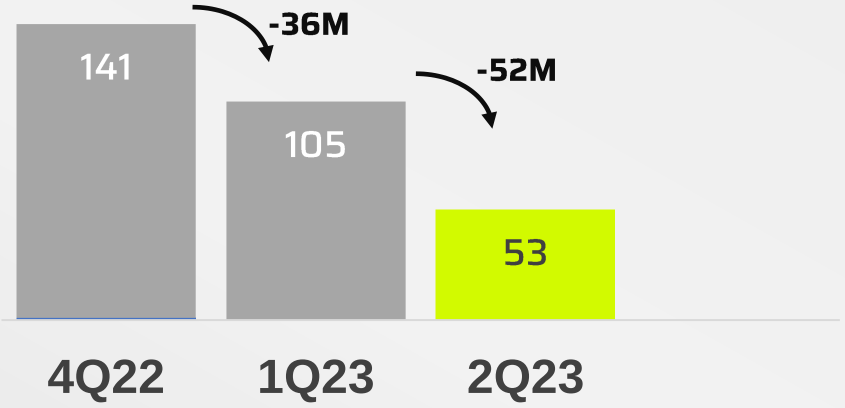
Adjusted Average Collection Period indicates improvement in the Company's Working Capital.

Average Payment Term goes from 76 to 41 days - impacted by the reduction of Suppliers Financing.

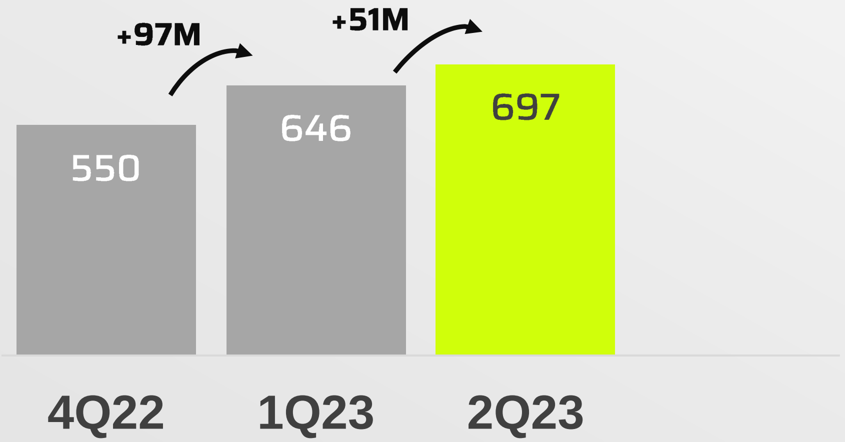
(1) Calculation for the average collection period and payment term does not take into account non-recurring items, such as asset sales, for instance.

# Suppliers Financing and Indebtedness

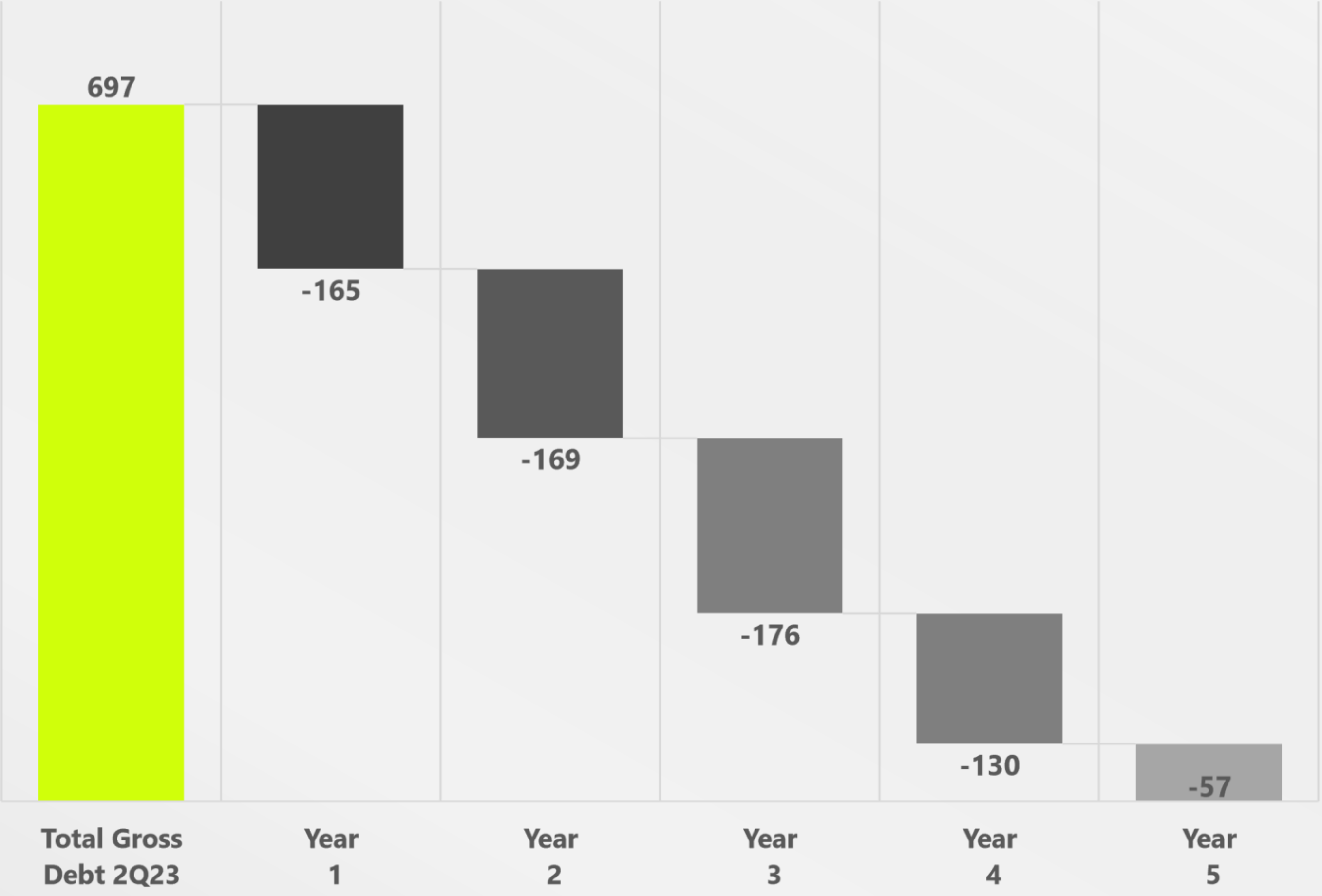
## Suppliers Financing • R$ million




## Indebtedness[1] • R$ million




## Amortization Schedule[2] • R$ million




(1): Gross Bank Debt: Borrowings, Debentures, Derivatives • (2): Year = sum of 12 months as from Jul/23

# Cash Flow

## Cash Position • R$ million


| 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

# 02

# Update on Ongoing Initiatives

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# Main Ongoing Initiatives

## Recovery of Revenue

As from August, growth began to resume, with more significant increases expected for the 4th quarter of 2023.

36 new contracts reached in 1H23 under implementation, with new routes and contracted services.

## Margin Improvement

At the end of June, a good part of the funds from the private capital increase entered the Company's cash, making it possible to carry out another stage of disconnections and returns of DCs, with the aim of adapting capacity and reducing idleness.

In 4Q23 we should present a “cleaner” P&L, with already reduced fixed costs and SG&A.

## Working Capital

Suppliers Financing is already stabilized – no longer causing additional pressure.

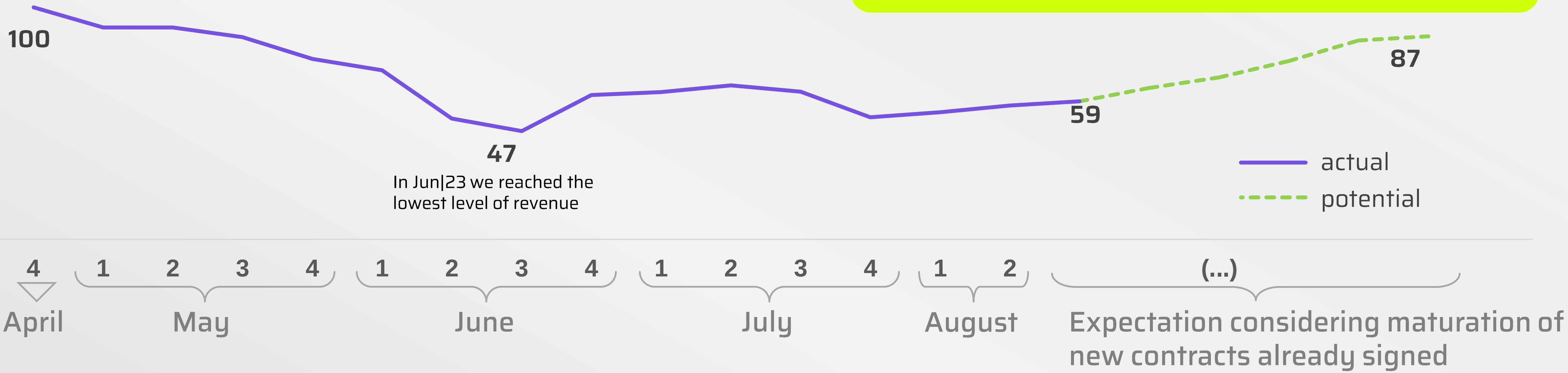
With the completion of the contract termination process for the Heavy Restructuring Project, our Average Collection Period is already starting to improve (from 80 days in 1Q23 to 75 days in 2Q23) - PMR normalization in 60 days.

In addition, we have already received about half of the balance “held back” and we expect to receive the remainder during 3Q23.

# Start of Revenue Recovery

**Revenue** • "Rolling" 4 weeks and potential

(Base 100 = 30 | 04 | 2023)




## Resumption of Growth

- New contracts starting to operate in August | 23
- Expectation R$30M|month in the maturation of signed contracts(1)
- 36 new services contracted
- Robust commercial pipeline to return to "base 100" revenue

1Q23: start of intentional termination of contracts > Heavy Restructuring Project

2Q23: Finalization of the heavy category

(1): Operation post ramp-up.

* 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.

# 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.

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# 6M2023 Results
## Pro forma

* Millions, except where indicated otherwise

| 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) |

# 03

## Final message and opening for Q&A

# Thank you

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